



Boonklun Property



Quino Checkerspot



Mountain Lion



Granite Spiny Lizard



**Regional
Conservation
Authority**

Western Riverside County

BASIC FINANCIAL STATEMENTS

with Independent
Auditor's Report

FISCAL YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Western Riverside County Regional Conservation Authority
Riverside, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Western Riverside County Regional Conservation Authority (the Authority) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the respective changes in financial position for the fiscal 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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

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 the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 the Authority'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 the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

statements. The 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of the Authority'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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

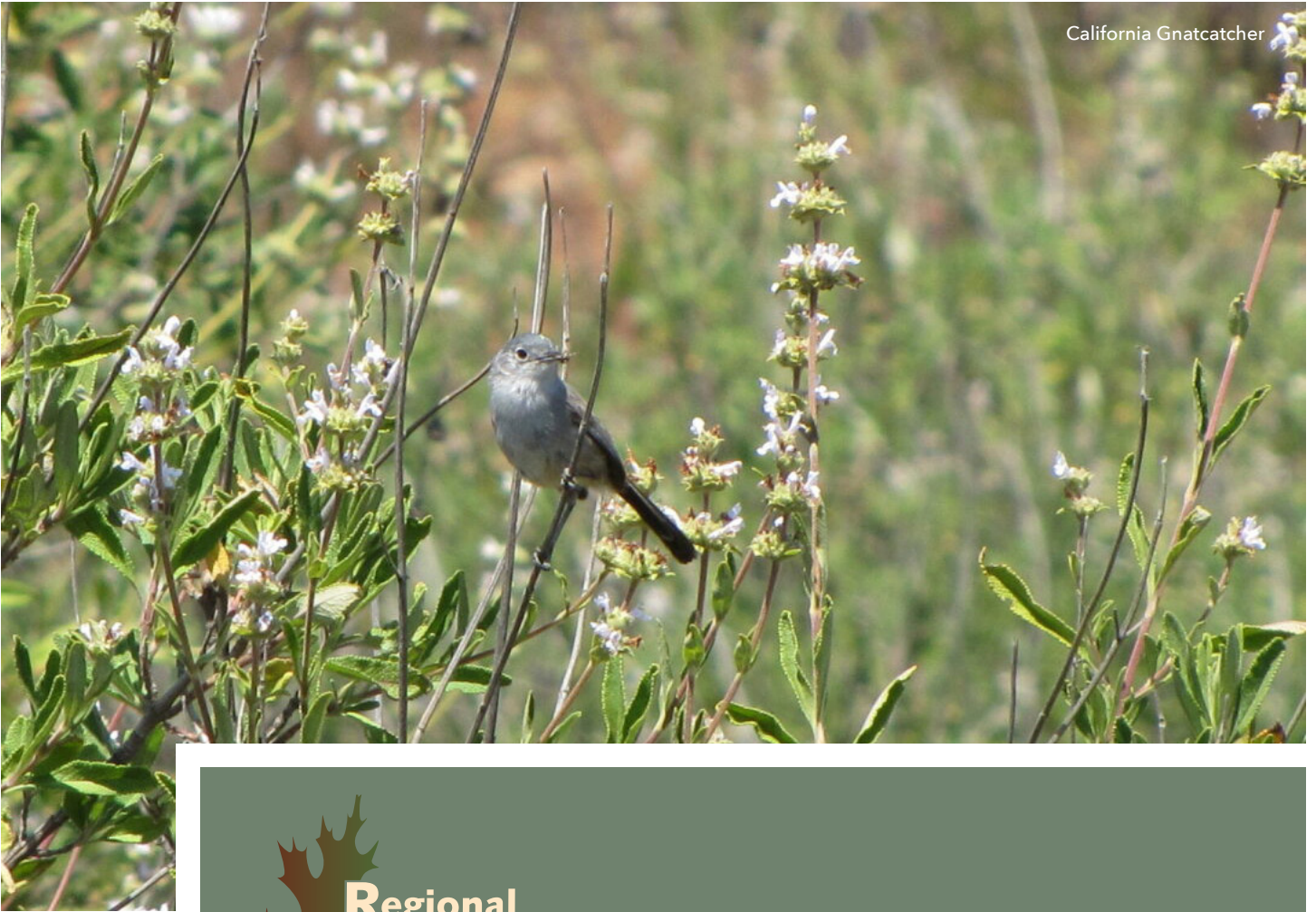
BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
November 17, 2023



California Gnatcatcher



MANAGEMENT'S DISCUSSION & ANALYSIS



Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

As the management of the Western Riverside County Regional Conservation Authority (Authority), we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Authority's financial statements.

Financial Highlights

- The Authority's net position increased by \$40.4 million or 7.0% during fiscal year 2023 as a result of greater than expected capital grants and contributions. This is the amount by which total revenues exceeded total expenses for the year.
- Capital assets, net of accumulated depreciation and amortization increased by \$18.1 million. Approximately 1,674 acres of Additional Reserve Land (ARL) were acquired during the year. Funding for the properties included Multiple Species Habitat Conservation Plan (MSHCP) local development mitigation fees (LDMF), Transportation Uniform Mitigation Fees (TUMF), and land/conservation easement donations.
- Total fund balances of the Authority's governmental funds were \$111.0 million as of June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* includes all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. It includes all the current year's revenues and expenses, regardless of the timing of related cash flows. The government-wide financial statements report the functions of the Authority that are principally supported by mitigation contributions, intergovernmental revenues, and charges for services. The governmental activities of the Authority include general operations, management and monitoring, and land acquisition.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All the Authority's funds are governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements; however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and related statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the related statement of revenues, expenditures, and changes in fund balances for the Authority's major governmental funds comprised of the General Fund, Capital Projects Fund, and Permanent Endowments Fund. The governmental funds financial statements, including the reconciliations between the fund financial statements and the government-wide financial statements, can be found on pages 21-24 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25-44 of this report.

Other Information

The Authority adopts an annual budget for its General Fund, Capital Projects Fund, and Permanent Endowments Fund. A budgetary comparison schedule has been provided for the General Fund as Required Supplementary Information to demonstrate compliance with this budget; the Capital Projects Fund and Permanent Endowments Fund budgetary comparison schedules are included as Other Supplementary Information. This other information can be found on pages 47-52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$620.1 million as of June 30, 2023.



Alzaga Property

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

NET POSITION

As of June 30:

	2023	2022	Change
Assets			
Capital assets, net of accumulated depreciation	\$ 509,968,375	\$ 491,916,642	\$ 18,051,733
Right-to-use lease assets, net of accumulated amortization	1,042,226	1,246,584	(204,358)
Other assets	125,867,645	102,589,524	23,278,121
Total assets	636,878,246	595,752,750	41,125,496
Liabilities			
Current liabilities	14,836,575	13,870,308	966,267
Non-current liabilities	880,211	1,076,961	(196,750)
Total liabilities	15,716,786	14,947,269	769,517
Deferred inflow of resources	1,042,966	1,135,884	(92,918)
Net position			
Net investment in capital assets	509,778,361	491,741,263	18,037,098
Restricted	84,308,691	62,435,232	21,873,459
Unrestricted	26,031,442	25,493,102	538,340
Total net position	\$ 620,118,494	\$ 579,669,597	\$ 40,448,897

- By far the largest portion of the Authority's net position, \$509.8 million (82.2%), reflects its investment in capital assets (i.e., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. During the year, the Authority acquired approximately 1,674 acres of land, conservation easements, and right-to-use leased assets, increasing capital assets by \$17.8 million and net investment in capital assets by \$18.0 million.
- A portion of the Authority's net position, \$84.3 million (13.6%), represents resources that are subject to external restrictions on how they can be used. The remaining balance of \$26.0 million (4.2%) is unrestricted and may be used to meet the Authority's ongoing obligations.

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

The Authority's total program and general revenues were \$49.3 million, while the total cost of all programs was approximately \$9.3 million. Total revenues increased by \$12.7 million (34.8%) whereas the total cost of all programs increased by \$1.4 million (18.1%). Key elements of these changes are as follows:

Changes in Net Position
For the Years Ended June 30:

	2023	2022	Change
Revenues			
Program revenues			
Charges for services	\$ 242,542	\$ 152,018	\$ 90,524
Operating grants/contributions	7,286,277	4,188,938	3,097,339
Capital grants/contributions	41,047,071	32,455,995	8,591,076
General revenues			
Unrestricted investment earnings	604,936	(375,832)	980,768
Other general	114,894	134,983	(20,089)
Total revenues	49,295,720	36,556,102	12,739,618
Expenses			
General operations	3,263,888	3,048,721	215,167
Management and monitoring	3,678,368	2,893,029	785,339
Land acquisition	2,368,367	1,942,389	425,978
Interest	-	1,500	(1,500)
Total expenses	9,310,623	7,885,639	1,424,984
Excess before permanent contributions	39,985,097	28,670,463	11,314,634
Contribution to permanent endowment	463,800	-	463,800
Increase/(Decrease) in net position	40,448,897	28,670,463	11,778,434
Net position, beginning	579,669,597	550,999,134	28,670,463
Net position, ending	\$ 620,118,494	\$ 579,669,597	\$ 40,448,897

- Charges for services consist of joint project reviews and land management and monitoring service agreements. Charges for services increased by 59.5% from approximately \$152,000 in fiscal year 2022 to approximately \$243,000 in fiscal year 2023. In fiscal year 2020, the Authority entered into a reimbursable service agreement with Riverside County (County) to provide monitoring of species on a County owned overcrossing to study its effectiveness. During fiscal year 2023, the Authority received a total of 32 private joint project reviews compared to 22 during fiscal year 2023.
- Operating grants and contributions increased by \$3.1 million, or 73.9%, for the following reasons:
 - In fiscal year 2022, the Authority received approximately \$333,000 participating special entity from various entities; approximately \$207,000 was received from various entities in the current year.
 - Infrastructure and Civic projects contributions from various member agencies increased by approximately \$488,000 from \$258,000 in fiscal year 2022 to \$746,000 in fiscal year 2023.
 - Restricted interest income increased by approximately \$2.7 million from a negative \$1.1 million in fiscal year 2022 to \$1.6 million in the current year. This is a result of a higher yield in the current year.
 - Miscellaneous revenues increased by \$62,000 in the current year.

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

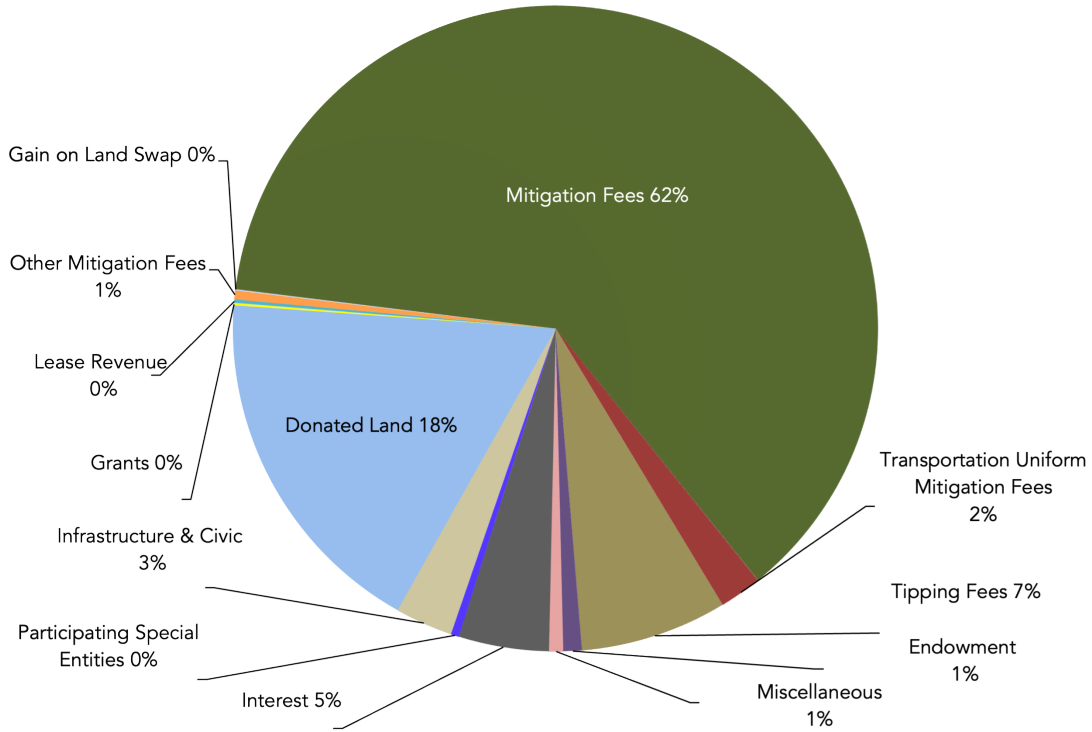
- Landfill tipping fees decreased by approximately \$165,000, from \$3.8 million in fiscal year 2022 to \$3.7 million in the current year. Tipping fees are contributed to the Authority from the County based on tonnage of out-of-county waste collected at County landfills. The County reported a decrease of 5% in out-of-county waste disposal, or 109,919 tons.
- Infrastructure contributions from Riverside County Flood Control and Water Conservation District decreased by approximately \$128,000 from \$818,000 in fiscal year 2022 to \$690,000 in fiscal year 2023.
- Capital grants and contributions increased by \$8.6 million, or 26.5%. The following amounts represent the significant sources:
 - Development mitigation fees increased by \$4.8 million in the current year in comparison to the prior year. In fiscal year 2022, the Authority received development mitigation fees, including prepayments, from the member agencies for approximately 6,414 new residential units and about 582 of new commercial/industrial acreage as compared to approximately 7,551 new residential units and about 553 of new commercial/industrial acreage received in the current year.
 - The Authority's federal and state capital grant contributions decreased by \$2.0 million. Last fiscal year, the Authority received \$2.1 million in federal and state capital grant contributions to acquire 225 acres of ARL. In fiscal year 2023, the Authority received approximately \$54,000 in state grant funds to reimburse costs related to acquiring 2 properties.
 - Land donations increased by about \$5.9 million. In the current year, the Authority received five land donations/conservation easements and two land swaps with an acquisition value of \$9.0 million for approximately 341 acres, whereas in fiscal year 2022 the Authority received three land donations with an acquisition value of \$3.1 million for approximately 147 acres.
 - Transportation Uniform Mitigation Fees decreased by approximately \$78 thousand.
- Unrestricted investment earnings increased by approximately \$981,000 from approximately a \$376,000 loss in fiscal year 2022 to an approximate gain of \$605,000 in the current year. This is a result of a higher yield in the current year.



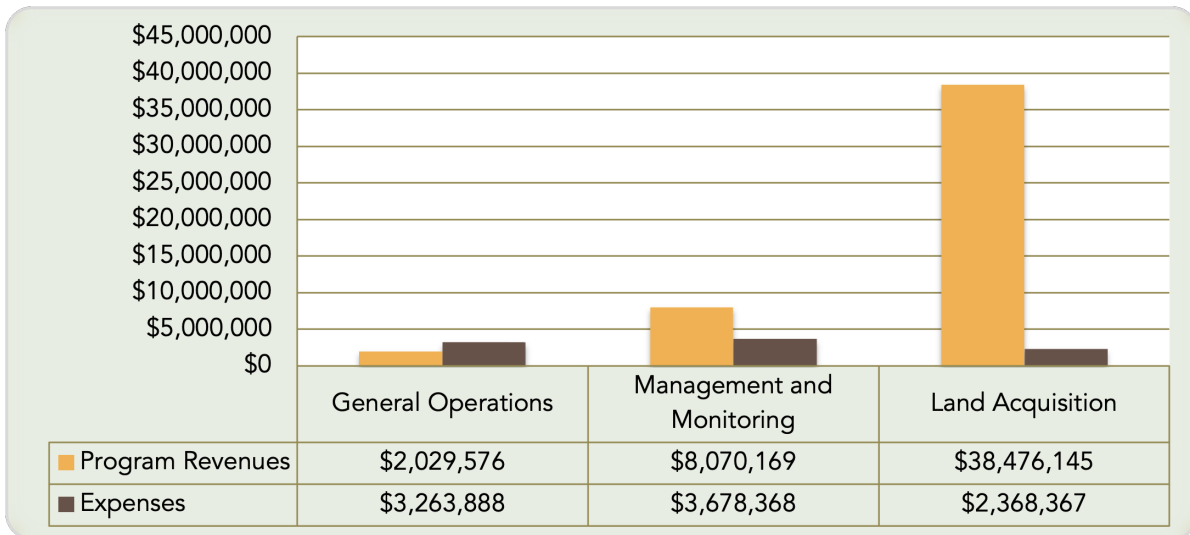
Influence Church Property

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
 June 30, 2023

Total Program and General Revenues by Source



Expenses and Program Revenues - Governmental Activities



Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

Financial Analysis of Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with legal requirements. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the Authority's governmental funds reported a combined fund balance of \$111.0 million, an increase of \$22.0 million in comparison with the prior year. Approximately 22.5%, or \$25.0 million, is unassigned, which is available for spending at the Authority's discretion. About \$5.2 million, or 4.7%, is nonspendable from permanent endowment contributions. An additional \$78.7 million, or 70.9%, constitutes restricted fund balance for land acquisition and land management and monitoring programs as outlined in Note 5 to the basic financial statements. The remaining \$2.1 million has been committed for specific purposes as detailed in Note 5.

The General Fund is the chief operating fund of the Authority. As of June 30, 2023, the unassigned fund balance of the General Fund was \$25.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 362.1% of total General Fund expenditures, while total fund balance represents approximately 363.3% of that same amount.

The Capital Projects Fund had a \$16.6 million increase in fund balance during fiscal year 2023 from \$53.5 million in fiscal year 2022, to \$70.1 million in the current year. The increase is attributable to a large increase in development mitigation fees collected and lesser than anticipated acquisition costs during fiscal year 2023. The fund balance of \$70.1 million is restricted by external contributors for land acquisition and related costs.

Fund balance in the Permanent Endowments Fund increased by approximately \$5.0 million. The increase was attributable to the 15% set aside for LDMF endowment. The 2020 Nexus Study required that 15% of LDMF collections be set aside for an endowment. The set aside began in July 2021. There were no expenditures from the Permanent Endowments Fund during the current year.

General Fund Budgetary Highlights

Original budget compared to final budget.

During the year, original budgeted revenues were increased for infrastructure mitigation contributions by \$26,000 and \$25,000 for charges for services. Appropriations within the general operations program were increased by \$26,100 for services and supplies.

Final budget compared to actual results.

The most significant differences between estimated revenues and actual revenues were as follows:

- Landfill tipping revenues were budgeted at \$3.7 million. The County contributes \$1.50 per ton of the tipping fees for out-of-county waste collected at the County's landfills. The out-of-county tonnage disposal's actual revenues were approximately \$34,000 less than anticipated.
- The actual revenues of \$1.4 million in infrastructure mitigation contributions exceeded the budget of \$636,100. The infrastructure and civic projects contributions collected from various member agencies and the Riverside County Flood Control and Water Conservation District were approximately \$1.4 million in the current year as compared to approximately \$1.1 million collected in fiscal year 2022.

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

- Interest was budgeted at \$24,100 assuming an interest rate of .1%. The actual interest revenue of approximately \$605,000 was due to higher yields in the current year.

The variance between the final budget and actual expenditures:

- Actual expenditures for general operations services and supplies were approximately \$986,000 less than budgeted due to lower than anticipated legal representation and contract services in fiscal year 2023.
- Actual expenditures for management and monitoring services and supplies were approximately \$642,000 less due to lower than anticipated costs related to the Parks and Open Space and Santa Ana Watershed Association's management and monitoring services of reserve lands.

Capital Assets and Debt Administration

The Authority's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$511.0 million. This investment in capital assets includes land and conservation easements, buildings and improvements, land improvements, vehicles, and equipment. The total increase in the Authority's capital assets was \$17.8 million or 3.6%.

Capital Assets

	June 30,	
	2023	2022
Land	\$ 502,101,168	\$ 484,201,757
Land acquisition in process	1,325,119	1,104,498
Conservation easements	5,273,496	5,246,076
Buildings and improvements	1,618,757	1,618,757
Land improvements	509,067	509,067
Equipment and vehicles	315,733	315,733
Right-to-use leased asset	1,450,942	1,450,942
Total capital assets	512,594,282	494,446,830
Less accumulated depreciation	(1,174,965)	(1,079,246)
Less accumulated amortization	(408,716)	(204,358)
Total capital assets, net	\$ 511,010,601	\$ 493,163,226

During the year, the Authority acquired 21 new properties with a total of 1,674 ARL acres as follows:

- The Authority received five land donations. The donated ARL of approximately 339 acres had an acquisition value of \$9.0 million at the time of donation.
- The Authority also acquired 16 properties totaling 1,333 ARL acres using MSHCP local development mitigation fees, and Transportation Uniform Mitigation Fees funds.
- The Authority also gained 2.2 ARL acres due to two land swap transactions.

Additional information on the Authority's capital assets can be found in Note 4 to the financial statements.

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023

Long-term Debt

The Authority had an installment sale note with a private seller at year-end. For additional information regarding long-term debt, see Note 8. The Authority had the right-to-use a lease asset with future principal payments of \$1,076,961.

Economic Factors and Next Year's Budget and Rates

On June 5, 2023, the Authority's Board of Directors' (Board) approved the fiscal year 2023 Budget. The local development mitigation fee automatically increases each July for the increase in the consumer price index for the Riverside-San Bernardino-Ontario area. The fee increase on July 1, 2023 was 7.33%. As such development mitigation fee revenue is expected to increase in fiscal year 2023.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the office of the Western Riverside County Regional Conservation Authority, 4080 Lemon Street 3rd Floor, Riverside, California, 92501 or (951) 787-7141.

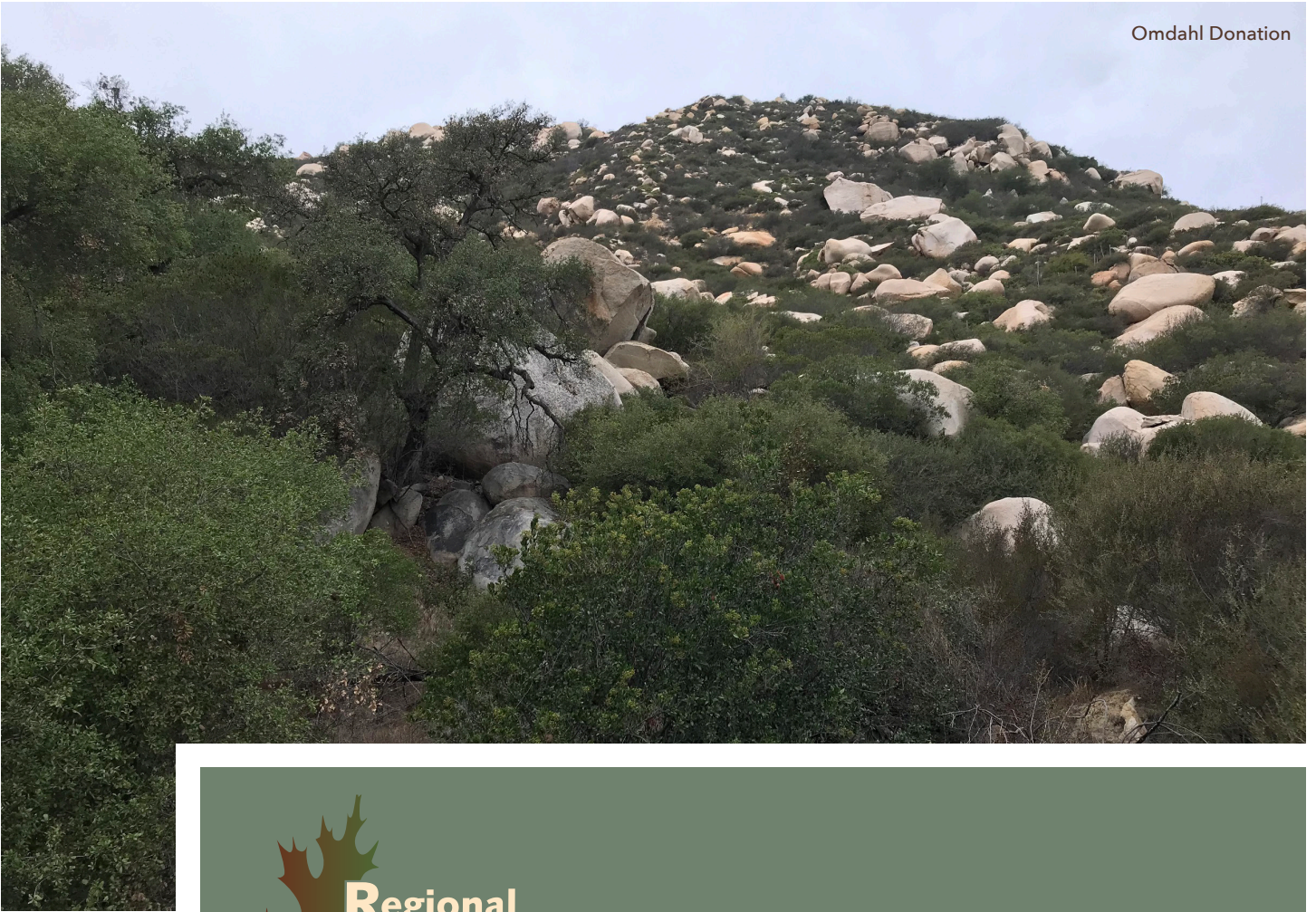


Welsh Property

Western Riverside County Regional Conservation Authority
Management's Discussion and Analysis
June 30, 2023



Western Pond Turtle



BASIC FINANCIAL STATEMENTS



WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	\$ 102,351,207
Accounts receivable, net (Note 3)	9,129,165
Interest receivable	947,565
Deposit with others	1,725,617
Restricted cash and investments (Note 2)	10,607,668
Land held for resale	10,126
Lease receivable (Note 10)	1,096,297
Capital assets: (Note 4)	
Capital assets, net of accumulated depreciation (Note 4)	1,268,592
Capital assets, not being depreciated (Note 4)	508,699,783
Right-to-use leased assets, net of accumulated amortization (Note 10)	1,042,226
Total Assets	636,878,246
LIABILITIES	
Accounts payable	2,435,238
Accrued interest payable	1,072
Customer deposits	3,742
Unearned revenue (Note 7)	12,044,494
Long-term liabilities	
Portion due within one year:	
Lease liabilities (Note 10)	196,750
Installment sale note (Note 8)	155,279
Portion due in more than one year:	
Lease liabilities (Note 10)	880,211
Total Liabilities	15,716,786
Deferred inflow - lease revenue	1,042,966
NET POSITION (Note 5)	
Net investment in capital assets	509,778,361
Restricted for:	
Management and monitoring:	
Expendable	8,641,047
Nonexpendable	5,260,153
Land acquisition	70,407,491
Unrestricted	26,031,442
Total Net Position	\$ 620,118,494

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General operations	\$ 3,263,888	\$ 169,946	\$ 1,859,630	\$ -	\$ (1,234,312)
Management and monitoring	3,678,368	72,596	3,671,283	4,326,290	4,391,801
Land acquisition	2,368,367	-	1,755,364	36,720,781	36,107,778
Total governmental activities	\$ 9,310,623	\$ 242,542	\$ 7,286,277	\$ 41,047,071	39,265,267
General Revenues:					
Unrestricted investment earnings					604,936
Other revenue					114,894
Contributions to permanent endowment					463,800
Total general revenues and contributions					1,183,630
Change in net position					40,448,897
Net position at beginning of the year					579,669,597
Net position at end of the year					\$620,118,494

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	Permanent Endowments Fund	Total
ASSETS				
Cash and investments (Note 2)	\$23,872,978	\$68,714,878	\$ 9,763,351	\$ 102,351,207
Accounts receivable, net (Note 3)	804,768	7,410,273	914,124	9,129,165
Interest receivable	191,678	634,355	121,532	947,565
Deposit with others	1,725,617	-	-	1,725,617
Lease receivable (Note 10)	1,096,297	-	-	1,096,297
Restricted cash and investments (Note 2)	82,515	5,265,000	5,260,153	10,607,668
Total assets	<u>27,773,853</u>	<u>82,024,506</u>	<u>16,059,160</u>	<u>125,857,519</u>
LIABILITIES				
Accounts payable	\$ 894,493	\$ 1,408,506	\$ 132,239	\$ 2,435,238
Customer deposits	3,742	-	-	3,742
Unearned revenue (Note 7)	684,518	10,208,510	4,803	10,897,831
Accrued interest payable (Note 10)	1,072	-	-	1,072
Total liabilities	<u>1,583,825</u>	<u>11,617,016</u>	<u>137,042</u>	<u>13,337,883</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow lease revenue (Note 10)	1,042,966	-	-	1,042,966
Unavailable revenue (Note 1)	76,867	352,254	49,578	478,699
Total deferred inflows of resources	<u>1,119,833</u>	<u>352,254</u>	<u>49,578</u>	<u>1,521,665</u>
FUND BALANCES (Note 5)				
Nonspendable	-	-	5,260,153	5,260,153
Restricted	83,244	70,055,236	8,527,724	78,666,204
Committed	-	-	2,084,663	2,084,663
Unassigned	24,986,951	-	-	24,986,951
Total fund balances	<u>25,070,195</u>	<u>70,055,236</u>	<u>15,872,540</u>	<u>110,997,971</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$27,773,853</u>	<u>\$82,024,506</u>	<u>\$ 16,059,160</u>	<u>\$ 125,857,519</u>

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds	\$ 110,997,971
Amounts reported for <i>governmental activities</i> 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 governmental funds.	509,968,375
Land surplus held for resale is not a financial resource and, therefore, is not reported in the governmental funds.	10,126
Leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Right-to-use leased asset (Note 10)	1,042,226
Lease liability	(1,076,961)
Certain revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	478,699
Unearned revenues exchanged for land are not reported in the governmental funds (Note 7).	(1,146,663)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Notes payable	(155,279)
Net position of governmental activities	\$ 620,118,494

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the year ended June 30, 2023

	General Fund	Capital Projects Fund	Permanent Endowments Fund	Total
REVENUES				
Mitigation fees (Note 6)	\$ -	\$ 26,365,774	\$ 4,276,712	\$ 30,642,486
Transportation uniform mitigation fees	-	1,061,947	-	1,061,947
Infrastructure mitigation contributions	1,391,678	-	-	1,391,678
Participating special entities	186,781	-	15,391	202,172
Other mitigation fees	-	223,380	-	223,380
Landfill tipping fees	3,665,863	-	-	3,665,863
Federal and state contributions	-	53,620	-	53,620
Interest	604,936	1,404,773	220,584	2,230,293
Charges for services	216,292	-	-	216,292
Lease revenue (Note 10)	92,918	-	-	92,918
Miscellaneous revenue	41,476	29,695	-	71,171
Total revenues	<u>6,199,944</u>	<u>29,139,189</u>	<u>4,512,687</u>	<u>39,851,820</u>
EXPENDITURES				
Current:				
General operations	3,040,940	-	-	3,040,940
Management and monitoring	3,653,160	-	-	3,653,160
Land acquisition	-	2,237,825	-	2,237,825
Debt service:				
Lease principal (Note 10)	189,723	-	-	189,723
Lease interest (Note 10)	17,417	-	-	17,417
Capital outlay	-	9,223,955	-	9,223,955
Total expenditures	<u>6,901,240</u>	<u>11,461,780</u>	<u>-</u>	<u>18,363,020</u>
Excess (deficiency) of revenues over (under) expenditures	(701,296)	17,677,409	4,512,687	21,488,800
OTHER FINANCING SOURCES (USES)				
Transfers in	1,150,000	-	-	1,150,000
Transfers out	-	(1,150,000)	-	(1,150,000)
Contributions to permanent endowment	-	-	463,800	463,800
Total other financing sources	<u>1,150,000</u>	<u>(1,150,000)</u>	<u>463,800</u>	<u>463,800</u>
Net change in fund balances	448,704	16,527,409	4,976,487	21,952,600
Fund balances at beginning of the year	24,621,491	53,527,827	10,896,053	89,045,371
Fund balances at end of the year	<u>\$25,070,195</u>	<u>\$ 70,055,236</u>	<u>\$15,872,540</u>	<u>\$110,997,971</u>

The accompanying notes are an integral part of these financial statements.

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	21,952,600
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets		9,162,751
Donations of capital assets		8,958,500
Gain on land swap		26,201
Less current year depreciation expense		(95,719)
Less current year amortization expense		(204,358)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Lease principal payment (Note 10)		189,723
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Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in unavailable funds		459,199
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Change in net position of governmental activities	\$	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">40,448,897</td> </tr> </table>	40,448,897
40,448,897			

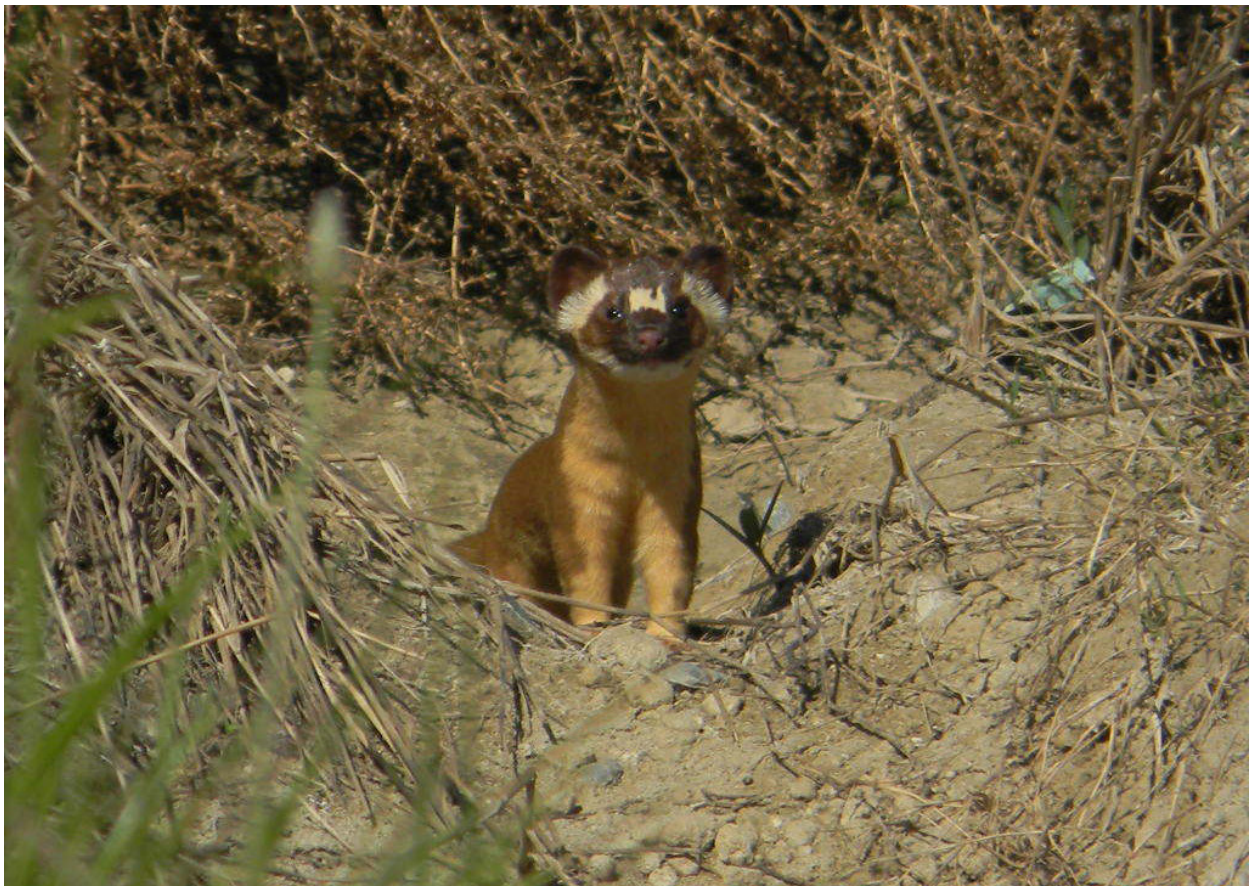
The accompanying notes are an integral part of these financial statements.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

1. Reporting Entity and Significant Accounting Policies

The Western Riverside County Regional Conservation Authority (Authority) was formed in January 2004 under a Joint Exercise of Powers Agreement between the County of Riverside (County) and the cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, and Temecula for the purpose of acquiring, administering, operating, and maintaining land and facilities for ecosystem conservation and habitat reserves for certain rare, threatened, and endangered species covered by the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) under Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. Amendment No. 3 to the Joint Exercise of Powers Agreement dated April 7, 2009 annexed the cities of Menifee and Wildomar. Amendment No. 4 to the Joint Exercise of Powers Agreement dated May 5, 2011, annexed the city of Eastvale. Amendment No. 5 to the Joint Exercise of Powers Agreement dated December 5, 2011, annexed the city of Jurupa Valley.

The Authority uses the County's accounting system to record all of its financial transactions. The accounting policies of the Authority conform to the accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).



Long-Tailed Weasel

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

1. Reporting Entity and Significant Accounting Policies (Continued)

The Authority's Board of Directors (Board) is composed of the five members of the County Board of Supervisors and one elected official from each member city. The Authority's Board of Directors is as follows:

Western Riverside County Regional Conservation Authority Board of Directors		
Natasha Johnson	Chairperson	City of Lake Elsinore
Kevin Bash	Vice Chairperson	City of Norco
Colleen Wallace	Member	City of Banning
Julio Martinez	Member	City of Beaumont
Jeff Cervantez	Member	City of Calimesa
Jennifer Dain	Member	City of Canyon Lake
Tony Daddario	Member	City of Corona
Jocelyn Yow	Member	City of Eastvale
Joe Males	Member	City of Hemet
Leslie Altamirano	Member	City of Jurupa Valley
Lesa Sobek	Member	City of Menifee
David Marquez	Member	City of Moreno Valley
Lori Stone	Member	City of Murrieta
David Starr Rabb	Member	City of Perris
Patricia Lock-Dawson	Member	City of Riverside
Crystal Ruiz	Member	City of San Jacinto
James Stewart	Member	City of Temecula
Joseph Morabito	Member	City of Wildomar
Kevin Jeffries	Member	County of Riverside, 1st District Supervisor
Karen Spiegel	Member	County of Riverside, 2nd District Supervisor
Chuck Washington	Member	County of Riverside, 3rd District Supervisor
V. Manuel Perez	Member	County of Riverside, 4th District Supervisor
Yxstian Gutierrez	Member	County of Riverside, 5th District Supervisor

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The *Government-wide Financial Statements* report information on all of the activities of the Authority. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Mitigation fees are recorded as revenue in the year they are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

1. Reporting Entity and Significant Accounting Policies (Continued)

Amounts reported as *program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items such as unrestricted interest and miscellaneous income, not properly included among program revenues, are reported as general revenues.

The *Governmental Fund Financial Statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Interest, mitigation fees, and infrastructure mitigation contributions associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the acquisition of land and construction thereon for ecosystem conservation and habitat reserve. Operating expenditures incurred for accomplishing this purpose are also accounted for in this fund.

The *Permanent Endowments Fund* is used to account for resources that are restricted to the extent that only earnings, and not principal, may be used.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

1. Reporting Entity and Significant Accounting Policies (Continued)

Investment Valuation

The Authority recognizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority reported an unrealized loss in the amount of approximately \$.6 million which is reported with investment earnings.

Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net position but are not reported in the governmental fund financial statements.

Capital assets are stated at cost. Capital assets that have been donated are stated at their estimated acquisition value at the date of donation. The Authority maintains a capitalization threshold of \$5,000 for equipment, intangible assets, land improvements, and construction in progress and \$1 for real property and acquisitions in progress. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized. Unimproved land and conservation easements are not depreciated. Land improvements, buildings and improvements, and equipment are depreciated on a straight-line basis over the assets' estimated useful lives. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Asset Type	Useful Life
Buildings and Improvements	10 - 50 Years
Land Improvements	10 - 25 Years
Equipment	3 - 5 Years
Vehicles	6 Years
Website Development	15 Years

Leases

Lessee: The Authority is a lessee for a noncancellable lease of a building. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Authority recognizes lease liabilities with an individual, lease value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

1. Reporting Entity and Significant Accounting Policies (Continued)

Lessor: The Authority is a lessor for two noncancellable leases of land. The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority has only two types of items. The governmental funds report deferred lease revenue of \$1.0 million and unavailable revenue of \$.5 million. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balances

In the fund financial statements, the governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances to show the level of constraint governing the use of the funds. Restricted fund balances are restricted for specific purposes by third parties or enabling legislation. Committed fund balances include amounts that can be used only for specific purposes determined by adoption of a formal resolution by the Board. Assigned fund balances comprise amounts intended to be used by the Authority for specific purposes as determined by the Authority's management.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first then unrestricted resources. When unrestricted funds are available for the same purpose, it is the Authority's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements as of July 1, 2022:

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

1. Reporting Entity and Significant Accounting Policies (Continued)

GASB Statement No. 91 - *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There was no effect on the Authority's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Governmental Accounting Standards Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. There was no effect on the Authority's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. There was no effect on the Authority's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 99 - *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. There was no effect on the Authority's accounting or financial reporting as a result of implementing this standard.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

1. Reporting Entity and Significant Accounting Policies (Continued)

Future Accounting Pronouncements

The following GASB Statements have been issued prior to June 30, 2023. The Authority has not determined the effect of these statements in future financial statements:

Statement	Effective for reporting periods beginning after:
Statement No. 100 - <i>Accounting changes and Error Corrections - an amendment of GASB Statement No. 62</i>	June 15, 2023 (FY2024)
Statement No. 101 - <i>Compensated Absences</i>	December 15, 2023 (FY2024)

2. Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 102,351,207
Restricted cash and investments	10,607,668
Total cash and investments	<u>\$ 112,958,875</u>

At June 30, 2023, cash and investments consisted of the following:

Riverside County Treasurer's Pooled Investment Fund	<u>\$ 112,958,875</u>
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Pooled cash held for land adaptive management and the improvement of burrowing owl habitat is reported as restricted cash and investments:

Cash restricted for:	
Land adaptive management endowment	\$ 5,260,153
Restrictive Land Area	5,265,000
Burrowing owl habitat	82,515
Total cash and investments	<u>\$ 10,607,668</u>

The Authority is a voluntary participant in the Riverside County Treasurer's Pooled Investment Fund (RCTPIF). Oversight of the RCTPIF is conducted by the County Treasury Oversight Committee. The RCTPIF pools these funds with those of other entities and invests the cash as prescribed by the County's investment policy which is in accordance with the California Government Code. The fair value of the Authority's investment in this pool, which approximates costs, is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by the RCTPIF for the entire RCTPIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by RCTPIF, which are recorded on an amortized cost basis and reported as cash equivalents in the statement of net position. Deposits and withdrawals to and from the RCTPIF are made on the basis of \$1 and not at fair value. Accordingly, under the fair value hierarchy, the investment with RCTPIF is uncategorized.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

2. Cash and Investments (Continued)

Interest earned on the pooled funds is apportioned quarterly based on the average daily balance of each fund. For information regarding interest rate risk, credit risk, concentration of credit risk, and custodial credit risk of the RCTPIF, refer to the County of Riverside Annual Comprehensive Financial Report. Copies of the annual financial report may be obtained from the County Auditor-Controller, 4080 Lemon Street, 11th Floor, Riverside, California, 92501.

Authorized Investments

The Authority has adopted the Riverside County Statement of Investment Policy. The following are investments authorized under the Riverside County Statement of Investment Policy, which are more limited than those authorized under the California Government Code:

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Minimum Credit Quality (S&P/Moody's)
Municipal Bonds	4 Years	15%	AA-/Aa3/AA-
U.S. Treasuries	5 Years	100%	N/A
Local Agency Obligations	3 Years	2.5%	Investment Grade
Federal Agencies	5 Years	100%	N/A
Commercial Paper	270 Days	40%	A-1/P-1/F-1
Negotiable Certificates of Deposit (CDs)	1 Year	25%	A-1/P-1/F-1
Collateralized Time Deposits	1 Year	2%	N/A
Int'l Bank for Reconstruction and Development and Int'l Finance	4 Years	20%	AA/Aa/AA
Repurchase Agreements	45 Days	40% max 25% in term repo over 7 days	A-1/P-1/F-1
Reverse Repurchase Agreements	60 Days	10%	N/A
Medium Term Notes	3 Years	20%	A/A2/A
CalTrust Short-Term Fund	Daily Liquidity	1%	N/A
Money Market Mutual Funds	Daily Liquidity	20%	AAA (2 of 3 rating services)
Local Agency Investment Fund (LAIF)	Daily Liquidity	\$50 million	N/A
Cash/Deposit Account	N/A	N/A	N/A

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

3. Accounts Receivable

Below is the detail of receivables for the General Fund and the Capital Projects Fund, including the applicable allowances for uncollectible accounts:

	General	Capital Projects	Permanent Funds	Total
Due from other governments:				
Mitigation fees	\$ -	\$ 5,321,555	\$ 909,701	\$ 6,231,256
Infrastructure mitigation contributions	731,813	-	-	731,813
RCTC-Mid County Property	-	1,809,217	-	1,809,217
TUMF-Developer fees	-	298,146	-	298,146
Others	-	5,800	-	5,800
Subtotal	<u>731,813</u>	<u>7,434,718</u>	<u>909,701</u>	<u>9,076,232</u>
Due from others:				
Others	100,876	126,739	4,423	232,038
Subtotal	<u>100,876</u>	<u>126,739</u>	<u>4,423</u>	<u>232,038</u>
Total receivable	<u>832,689</u>	<u>7,561,457</u>	<u>914,124</u>	<u>9,308,270</u>
Less allowance for uncollectible accounts	(27,921)	(151,184)	-	(179,105)
Accounts receivable (net)	<u>\$ 804,768</u>	<u>\$ 7,410,273</u>	<u>\$ 914,124</u>	<u>\$ 9,129,165</u>

An allowance for uncollectible accounts has been established for delinquent accounts greater than 90 days and collection deemed doubtful. In the General Fund, an allowance has been created in the amount of \$27,921 for outstanding charges for services. In the Capital Projects Fund, an allowance of \$151,184 has been established for outstanding mitigation fees from Member Agencies.



Delhi Sands Flower Loving Fly

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

4. Capital Assets

Activity relating to capital assets is as follows:

	Balance June 30, 2022	Additions	Transfers	Deletions	Balance June 30, 2023
Nondepreciable assets					
Land - contributed	\$ 234,780,372	\$ 9,960,554	\$ 15,523	\$ -	\$ 244,756,449
Land - grants	59,029,673	-	-	-	59,029,673
Land - purchased	190,391,712	7,715,512	207,822	-	198,315,046
Land - acquisition in progress	1,104,498	505,170	(223,345)	(61,204)	1,325,119
Conservation easements - contributed	4,020,325	13,500	-	-	4,033,825
Conservation easements - purchased	1,225,751	13,920	-	-	1,239,671
Total nondepreciable assets	490,552,331	18,208,656	-	(61,204)	508,699,783
Depreciable and amortizable assets					
Buildings and improvements	1,618,757	-	-	-	1,618,757
Land improvements	509,067	-	-	-	509,067
Equipment	130,572	-	-	-	130,572
Vehicles	185,161	-	-	-	185,161
Right-to-use leased asset	1,450,942	-	-	-	1,450,942
Subtotal depreciable and amortizable assets	3,894,499	-	-	-	3,894,499
Accumulated depreciation	(1,079,246)	(95,719)	-	-	(1,174,965)
Accumulated amortization	(204,358)	(204,358)	-	-	(408,716)
Net depreciable and amortizable assets	2,610,895	(300,077)	-	-	2,310,818
Total capital assets, net	\$ 493,163,226	\$ 17,908,579	\$ -	\$ (61,204)	\$ 511,010,601

Depreciation and amortization expense for the year ended June 30, 2023, was \$300,077. Depreciation and amortization expense was charged to governmental functions as follows:

General operations	\$ 205,531
Management and monitoring	25,208
Land acquisition	69,338
Total depreciation and amortization	<u>\$ 300,077</u>

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

5. Fund Balances/Net Position

Fund Financial Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact. Within the Permanent Endowments Fund, the permanent nonspendable fund balance of \$5,260,153 is endowed for the accumulation of funds to be used for land adaptive management at the end of the land acquisition period.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws or externally imposed conditions by grantors or creditors. In accordance with Government Code Section 66000, mitigation funds of \$67,735,676 have been restricted at year-end for future land acquisition and related costs. Likewise mitigation fees of \$2,319,560 remained restricted at year-end for the purchase of land categorized as non-development (no current plans to develop). In addition, external donor contributions of \$83,244 have been received for improving burrowing owl habitat. Within the Permanent Endowments Fund, restricted fund balance is attributable to the 15% set aside for LDMF endowment. The 2020 Nexus Study required that 15% of LDMF collections to be set aside for endowments. The set aside began in July 2021. Under California Probate Code Sections 18500-18509, the Authority is permitted to spend the realized and unrealized net appreciation of the fair value of investments of the Permanent Endowments Fund over the historical dollar value of the fund.

Committed Fund Balance - Amounts that can only be used for specific purposes determined by adoption of a resolution of the Authority's Board, the Authority's highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified uses through the same type of formal action taken to establish the commitment. As of June 30, 2023, the Authority's Board committed \$500,000 toward the Permanent Endowments Fund for future land management and monitoring of the land reserve and \$1,584,663 attributable to the 10% set aside of PSE revenues to the endowment for future preservation.

Assigned Fund Balance - Amounts intended to be used by the Authority for specific purposes but are not restricted or committed. The Authority's Board of Directors delegates the authority to assign amounts to be used for specific purposes to the Authority's Executive Director.

Unassigned Fund Balance - Residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

5. Fund Balances/Net Position (Continued)

Fund balance at June 30, 2023 is as follows:

Fund Balances:	General	Capital Projects	Permanent Endowments	Total
Nonspendable				
Permanent endowment funds	\$ -	\$ -	\$ 5,260,153	\$ 5,260,153
Restricted				
Management and monitoring				
Burrowing owls	83,244	-	-	83,244
LDMF endowment	-	-	8,014,714	8,014,714
Management endowment	-	-	513,010	513,010
Land acquisition programs				
Non-development properties	-	2,319,560	-	2,319,560
Land acquisition costs	-	67,735,676	-	67,735,676
Subtotal restricted	83,244	70,055,236	8,527,724	78,666,204
Committed				
Management endowment	-	-	2,084,663	2,084,663
Unassigned	24,986,951	-	-	24,986,951
Total fund balances	<u>\$ 25,070,195</u>	<u>\$ 70,055,236</u>	<u>\$ 15,872,540</u>	<u>\$ 110,997,971</u>

Net Position

Net investment in capital assets of \$509,778,361 represents the value of capital assets held at June 30, 2023, less the balance outstanding on the note and lease liability used to acquire capital assets. Of the restricted net position, \$576,755 is temporarily restricted for land and management programs such as improving burrowing owl habitats and management of certain acquired properties, development mitigation fees of \$8,064,292 were set aside for future land management and maintenance; \$5,260,153 is permanently restricted to accumulate funds to be used for land adaptive management; and \$70,407,491 is temporarily restricted for land acquisition including land cost, fencing on acquired land, and other related land costs associated with the purchase of the land. Unrestricted net position of \$26,031,442 represents funds available for general operations of the Authority.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

6. Mitigation Fees

The County and cities impose a development mitigation fee on all new development to support the acquisition of reserve lands. Mitigation fees collected are remitted to the Authority. Mitigation fee revenues consisted of the following for the year ended June 30, 2023:

Member	Total Mitigation Fees
City of Banning	\$ 559,071
City of Beaumont	5,068,196
City of Calimesa	1,880,188
City of Canyon Lake	41,620
City of Corona	617,113
City of Eastvale	828
City of Hemet	980,488
City of Jurupa Valley	537,923
City of Lake Elsinore	905,484
City of Menifee	1,779,771
City of Moreno Valley	1,619,783
City of Murrieta	613,744
City of Norco	119,552
City of Perris	2,532,558
City of Riverside	1,997,340
City of San Jacinto	1,109,044
City of Temecula	562,989
City of Wildomar	544,884
County of Riverside	9,171,910
Total	<u>\$ 30,642,486</u>

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

7. Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

<u>Governmental Fund Financials</u>	
General Fund	
Operating contributions advanced	\$ 684,518
Capital Projects Fund	
Infrastructure mitigation credit	2,328,343
Future land acquisitions	7,074,217
Land acquisition negotiations	157,351
Development mitigation fee credit	426,041
Mitigation fee prepayments	222,558
Subtotal Capital Projects Fund	10,208,510
Permanent Endowments Fund	
Mitigation fee prepayments	4,803
Total Governmental Funds	10,897,831
 <u>Government-Wide Financials</u>	
Development mitigation fee credit	1,068,439
Civic/Infrastructure fee credit	78,224
Total Government-Wide	\$ 12,044,494

Operating contributions advanced

The Authority enters into deposit agreements with various agencies related to work on participating special entities applications and land management fees to allow the Authority to maintain the uplift on recently acquired properties until it naturalizes. Other amounts include funding agreements for prepaid leases.

Infrastructure mitigation credit

In December 2011, the County advanced \$2,900,000 in future transportation infrastructure contributions to assist the Authority in the purchase of real property. The County is required to contribute 5% of certain construction costs of new roads or the widened portions of existing roads for capacity enhancements. The County and the Authority are required to track future usage of the credit based on eligible construction projects. The remaining credit balance at June 30, 2023 was \$2,328,343.

Future land acquisitions

In June 2019, the Riverside County Transportation Commission (RCTC) entered into a settlement agreement with a third party. The agreement calls for RCTC to provide \$5,265,000 to the Authority for the acquisition of reserve land within two specific designated areas. The funds were transferred to the Authority in January 2020. Additional settlement funds of \$1,809,217 are accounted for as account receivable. As of June 30, 2023, the Authority had not acquired the land reserve within the designated areas.

Land acquisition negotiations

The Authority enters into deposit agreements related to work performed on specialized aspects of the MSHCP including easements and right of way negotiations.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

7. Unearned Revenue (Continued)

Mitigation fee prepayments

In December 2020, the Board adopted the 2020 Nexus Study which increased the local development mitigation fees effective July 1, 2021 and January 1, 2022. The Board allowed member agencies at their discretion to collect prepayment of fees before the fee increase went into effect. Prepayments of \$227,361 relate to 41 residential permits and 17.85 commercial/industrial acres that are deferred as grading permits had not been issued.

Development mitigation fee credit

The Authority entered into development mitigation fee credit agreements with development corporations. The Authority granted mitigation fee credits in exchange for reserve land. The credits may be used by the corporations to satisfy payment of future development fees within the Authority's boundaries. As of June 30, 2023, the following remain unearned:

Date Entered	Reserve Land Acreage	Original Credit	Remaining Balance
May 2013	309	\$ 3,150,000	\$ 286,355
August 2020	3	32,083	32,083
September 2020	110	788,040	788,040
September 2020	54	388,002	388,002
		<u>\$ 4,358,125</u>	<u>\$ 1,494,480</u>

Civic/Infrastructure fee credit

In December 2019, the Authority entered into an agreement with the City of Riverside (City). The City granted a conservation easement over 42 acres of City-owned land to the Authority in-lieu of payment of civic and infrastructure fees. The excess value of the easement over the fees resulted in a fee credit of \$78,224. The credits may be used by the City to satisfy future civic or infrastructure fees. As of June 30, 2023, \$78,224 remains unused.

8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance				Ending Balance	Due Within One Year June 30, 2023
	June 30, 2022	Additions	Reductions			
Notes from direct borrowings:						
Installment sale note	\$ 155,279	\$ -	\$ -		\$ 155,279	\$ 155,279
Total long-term debt	<u>\$ 155,279</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 155,279</u>	<u>\$ 155,279</u>

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

8. Long-Term Liabilities (Continued)

Installment Sale Note

At June 30, 2023, the Authority had one outstanding installment sale note for the acquisition of land from a private seller. The note is non-interest bearing and is due on demand. At inception in fiscal year 2007, the Authority recorded a discount on the note payable using an effective interest rate of 3.5% percent. The discount was fully amortized in three years. The note is secured by the property acquired.

As of June 30, 2023, annual debt service requirements to maturity are as follows:

Year Ending June 30	Installment Sale Loan
	Principal
2023	\$ 155,279

9. Related Party Transactions

The Authority is involved in various business transactions with the County of Riverside, a Member Agency. Under the January 2021 agreement, the Authority continues to reimburse the County for costs associated with office rental space, real estate support, information technology support, central mail, parking services, and other administrative support expenditures as necessary. During the year ended June 30, 2023, the Authority expended \$235,957 for services. Prior to the January 2021 agreement, the Authority had contracted for various services from the County since 2007.

Beginning January 1, 2021, RCTC became the managing agency for the Authority under an implementation and management services agreement approved by the Board in November 2020. The agreement has an initial term of five years with successive one-year terms without further action by the Authority or RCTC. The agreement may be terminated at any time by either party with 12 months prior written notice. The employees working at the Authority are employees of RCTC, and all benefits are established by RCTC. The Authority reimburses RCTC for the actual salaries and benefits of the staff dedicated to the Authority's daily operations. In addition, the Authority reimburses RCTC for costs associated with property acquisition, professional services, general operations, and an administration allocation. During the year ended June 30, 2023, the Authority expended \$8,421,177 for services, the majority of which related to RCTC staff costs.

In January 2006, the Authority entered into a separate MSHCP Reserve Management agreement with the Riverside County Regional Park and Open-Space District (Park District), a component unit of the County. The Park District provides the Authority with management services of the Authority's reserve lands including protection, maintenance, and enhancements. The contract is to expire January 31, 2031 and is cancelable with written notice of six months. During the current year, the Authority expended \$1,344,137 to the Park District under this agreement.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

10. Leases

Leases Receivable

On July 1, 2021, the Authority entered into a 172-month lease as Lessor for the use of PTI - Cell Tower Lease - Reynolds Property. An initial lease receivable was recorded in the amount of \$1,210,221. As of June 30, 2023, the value of the lease receivable is \$1,095,466. The lessee is required to make monthly fixed payments of \$6,075 and is increased at each anniversary date by the greater of the increase in the Consumer Price Index for the San Bernardino-Riverside-Ontario area or 4% whichever is higher. The lease has an interest rate of 1.01%. The underlying asset is land. The value of the deferred inflow of resources as of June 30, 2023 was \$1,042,135, and the Authority recognized lease revenue of \$84,043 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the Authority entered into a 24-month lease as Lessor for the use of KCAA - Radio Tower. An initial lease receivable was recorded in the amount of \$19,411. As of June 30, 2023, the value of the lease receivable is \$831. The lessee is required to make semi-annual fixed payments of \$4,986 and a 5% increase for each renewable term. The lease has an interest rate of 0.36%. The underlying asset is land. The value of the deferred inflow of resources as of June 30, 2023 was \$831, and the Authority recognized lease revenue of \$8,875 during the fiscal year. The lessee has three extension option(s), each for six months.

Principal and Interest Expected to Maturity
Governmental Activities

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	65,393	10,779	76,172
2025	68,245	10,110	78,355
2026	72,087	9,402	81,489
2027	76,094	8,655	84,749
2028	80,272	7,866	88,138
2029 - 2033	470,551	25,931	496,482
2034 - 2036	<u>263,655</u>	<u>3,280</u>	<u>266,935</u>
	<u>\$1,096,297</u>	<u>\$76,023</u>	<u>\$1,172,320</u>

Leases Payable

Lease liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Due Within One Year June 30, 2023
Lease Liability					
Buildings					
Riverside Centre	\$ 1,266,684	\$ -	\$ 189,723	\$ 1,076,961	\$ 196,750
Total Lease Liability	<u>\$ 1,266,684</u>	<u>\$ -</u>	<u>\$ 189,723</u>	<u>\$ 1,076,961</u>	<u>\$ 196,750</u>

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

10. Leases (Continued)

On July 1, 2021, the Authority entered into an 85-month lease as Lessee for the use of Riverside Centre. An initial lease liability was recorded in the amount of \$1,450,943. As of June 30, 2023, the value of the lease liability is \$1,076,961. The Authority is required to make monthly fixed payments of \$17,307. The lease has an interest rate of 1.49%. The building's estimated useful life was 8 years as of the contract commencement. The value of the right to use asset as of June 30, 2023 of \$1,450,942 with accumulated amortization of \$408,716 is included with buildings on the lease class activities table found below. The Authority has 2 extension option(s), each for 120 months.

Amount of Lease Assets by Major Classes of Underlying Asset
As of Fiscal Year End

Asset Class	Lease Asset Value	Accumulated Amortization
Buildings	<u>\$1,450,942</u>	<u>\$408,716</u>
Total Leases	<u>\$1,450,942</u>	<u>\$408,716</u>

Principal and Interest Requirements to Maturity
Governmental Activities

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	196,750	14,739	211,489
2025	203,967	11,752	215,719
2026	211,377	8,656	220,033
2027	218,985	5,449	224,434
2028	226,798	2,125	228,923
2029	<u>19,084</u>	<u>24</u>	<u>19,108</u>
	<u>\$1,076,961</u>	<u>\$42,745</u>	<u>\$1,119,706</u>

11. Commitments and Contingencies

As of June 30, 2023, the Authority had entered into various land acquisition agreements with multiple private sellers to acquire properties in phases. The Authority has committed \$58,679,180 from the Capital Projects Fund to acquire land in fiscal year 2024.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Western Riverside County Regional Conservation Authority
Notes to Basic Financial Statements
June 30, 2023

12. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the Special District Risk Management Authority (SDRMA), a public entity risk pool formed under California Government Code Section 6500 et seq. The Authority's participation in the general liability program, public officials and employee errors and omissions, auto liability, employee benefits liability, and employment practice liability program of SDRMA provides coverage up to \$10,000,000 per occurrence.

During the year ending June 30, 2023, the Authority had no settlements exceeding insurance coverage. For the past three years, settlements or judgment amounts have not exceeded insurance provided for the Authority.

13. Subsequent Events

Subsequent to June 30, 2023, the Authority acquired 3 new properties totaling approximately 519.2 acres with a combined value of approximately \$26.2 million. The authority received reimbursement from the State of California for \$2.6 million related to grant funding. On July 10, 2023, the Authority's Board approved Resolution No. 2023-003 relating to the financing of property acquisition and approving the issuance and sale of notes. As of the date of financial statement issuance, the transaction has yet to be finalized.

Subsequent events have been evaluated through November 17, 2023, the date these financial statements were available to be issued.

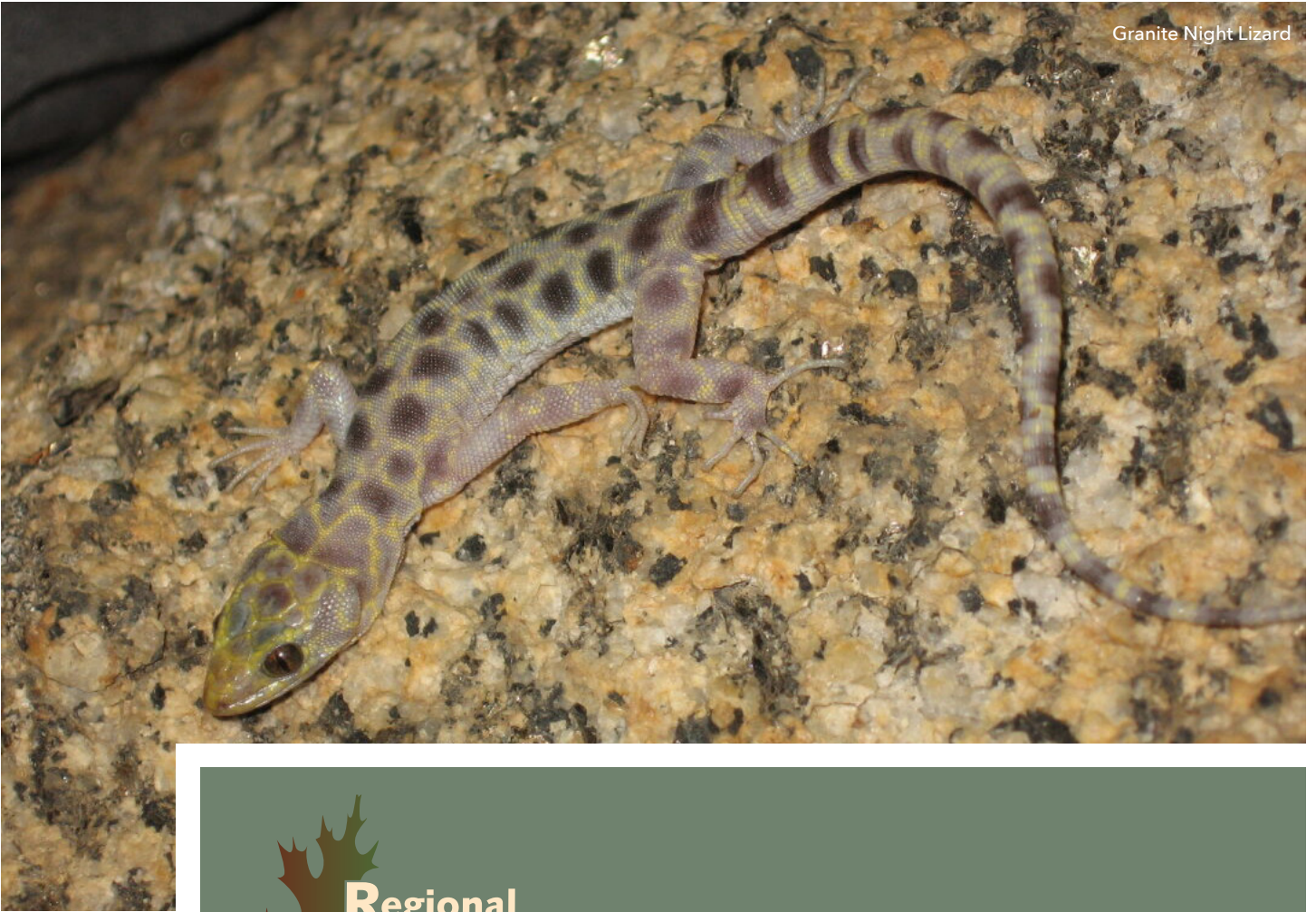


Mclver Property



Arroyo Toad

Granite Night Lizard



REQUIRED SUPPLEMENTARY INFORMATION



WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
REVENUES				
Infrastructure mitigation contributions	\$ 610,000	\$ 636,100	\$ 1,391,678	\$ 755,578
Participating special entities	-	-	186,781	186,781
Landfill tipping fees	3,700,000	3,700,000	3,665,863	(34,137)
Federal and state contributions	15,100	15,100	-	(15,100)
Interest	24,100	24,100	604,936	580,836
Charges for services	225,500	250,500	216,292	(34,208)
Miscellaneous revenue	23,400	23,400	41,476	18,076
Lease revenue	98,200	98,200	92,918	(5,282)
Total revenues	4,696,300	4,747,400	6,199,944	1,452,544
EXPENDITURES				
General operations				
Current:				
Services and supplies	4,001,100	4,027,200	3,040,940	986,260
Lease principal & interest	-	-	207,140	(207,140)
Subtotal general operations	4,001,100	4,027,200	3,248,080	779,120
Management and monitoring				
Current:				
Services and supplies	4,204,100	4,229,100	3,587,249	641,851
Taxes and assessments	80,000	80,000	65,911	14,089
Subtotal management and monitoring	4,284,100	4,309,100	3,653,160	655,940
Total expenditures	8,285,200	8,336,300	6,901,240	1,435,060
Excess (deficiency) of revenues over (under) expenditures	(3,588,900)	(3,588,900)	(701,296)	2,887,604
OTHER FINANCING SOURCES				
Transfers In	3,588,900	3,588,900	1,150,000	(2,438,900)
Net change in fund balance	\$ -	\$ -	448,704	\$ 448,704
Fund balance at beginning of the year			24,621,491	
Fund balance at end of the year			\$ 25,070,195	

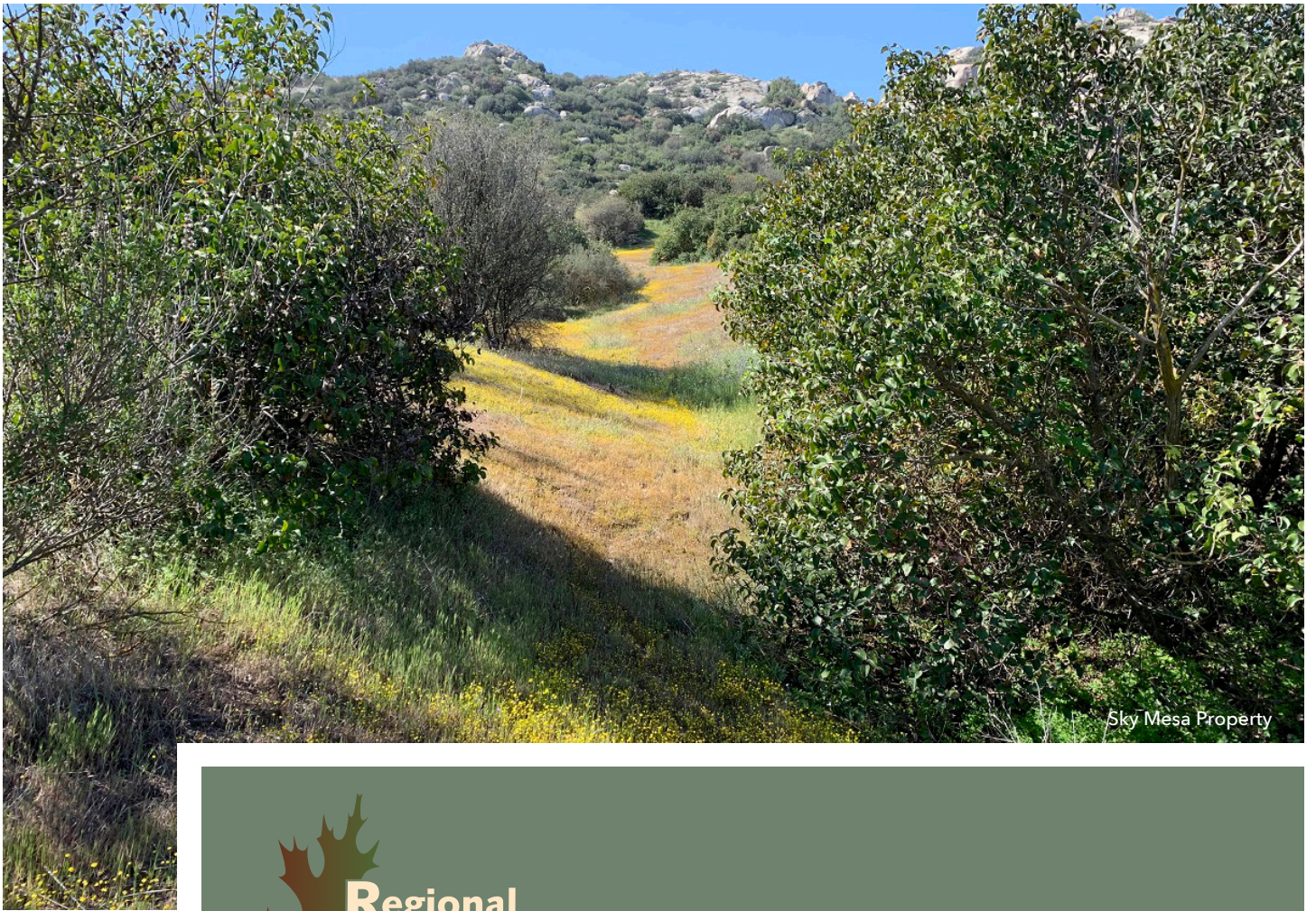
See accompanying note to the required supplementary information.

Western Riverside County Regional Conservation Authority
Note to Required Supplementary Information
June 30, 2023

Budget and Budgetary Process

The Authority's Board of Directors approves each year's budget submitted by the Executive Director prior to the beginning of the fiscal year. The appropriations budget is prepared for each budget unit: general operations, management and monitoring, land acquisition, and endowments. The General Fund consists of the general operations and management and monitoring units, whereas the Capital Projects Fund consists of the land acquisition unit and the Permanent Endowments Fund the endowments units. The level on which expenditures may not legally exceed appropriations is the budget unit level. Budgets for the various budget units are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The Authority's Executive Director is authorized to make transfers and revisions of appropriations within a budget unit provided, however, that the total appropriations for each budget unit do not increase or decrease the amount approved in the budget resolution.



OTHER SUPPLEMENTARY INFORMATION



WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
REVENUES				
Mitigation fees	\$ 14,280,000	\$ 15,300,000	\$ 26,365,774	\$ 11,065,774
Transportation uniform mitigation fees	750,000	750,000	1,061,947	311,947
Contributions and donations	8,635,000	9,535,000	-	(9,535,000)
Other mitigation fees	-	-	223,380	223,380
Federal and state contributions	45,000	45,000	53,620	8,620
Interest	56,000	56,000	1,404,773	1,348,773
Miscellaneous revenue	30,000	30,000	29,695	(305)
Total revenues	23,796,000	25,716,000	29,139,189	3,423,189
EXPENDITURES				
General operations				
Current:				
Services and supplies	3,151,500	3,196,800	2,237,825	958,975
Capital outlay	17,055,600	27,005,800	9,223,955	17,781,845
Total expenditures	20,207,100	30,202,600	11,461,780	18,740,820
Excess (deficiency) of revenues over (under) expenditures	3,588,900	(4,486,600)	17,677,409	22,164,009
OTHER FINANCING USES				
Transfers Out	3,588,900	3,588,900	1,150,000	2,438,900
Net change in fund balance	\$ -	\$ (8,075,500)	16,527,409	\$ 24,602,909
Fund balance at beginning of the year			53,527,827	
Fund balance at end of the year			\$ 70,055,236	

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Permanent Endowments Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
REVENUES				
Mitigation fees	\$2,520,000	\$2,700,000	\$ 4,276,712	\$ 1,576,712
Participating special entities	-	-	15,391	15,391
Interest	9,000	9,000	220,584	211,584
Total revenues	<u>2,529,000</u>	<u>2,709,000</u>	<u>4,512,687</u>	<u>1,803,687</u>
EXPENDITURES				
Current:				
Services and supplies	48,300	48,300	-	48,300
Total expenditures	<u>48,300</u>	<u>48,300</u>	<u>-</u>	<u>48,300</u>
Excess of revenues over expenditures	<u>2,480,700</u>	<u>2,660,700</u>	<u>4,512,687</u>	<u>1,851,987</u>
OTHER FINANCING SOURCES				
Contributions to permanent endowment	-	-	463,800	463,800
Net change in fund balance	<u>2,480,700</u>	<u>2,660,700</u>	<u>4,976,487</u>	<u>2,315,787</u>
Fund balance at beginning of the year			<u>10,896,053</u>	
Fund balance at end of the year			<u><u>\$ 15,872,540</u></u>	



OTHER REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Western Riverside County Regional Conservation Authority
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Western Riverside County Regional Conservation Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 17, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Purpose of This Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 17, 2023



**Regional
Conservation
Authority**
Western Riverside County

(951) 787-7141 · www.wrc-rca.org
4080 Lemon Street, 3rd Floor
P.O. Box 12008
Riverside, CA 92502-2208