

**RIVERSIDE COUNTY
HABITAT CONSERVATION AGENCY**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

Riverside County Habitat Conservation Agency
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June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Riverside County Habitat Conservation Agency
Riverside, California

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Riverside County Habitat Conservation Agency (RCHCA), as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the RCHCA'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 financial position of the governmental activities and each major fund of RCHCA, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

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 RCHCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 error or fraud.

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 RCHCA'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.

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 generally accepted auditing standards 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 generally accepted 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 RCHCA'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 RCHCA'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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2024, on our consideration of RCHCA'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 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 RCHCA'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 RCHCA's internal control over financial reporting and on compliance.

Van Lant & Fankhaed, LLP

April 24, 2024

**Riverside County Habitat Conservation Agency
Management's Discussion and Analysis
Year Ended June 30, 2023**

Our discussion and analysis of the Riverside County Habitat Conservation Agency's (RCHCA) financial performance provides an overview of RCHCA's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with RCHCA's financial statements.

Financial Highlights

- Total net position increased by \$1,042,588. The increase was partly due to the gain on the sale of capital assets.
- Current year revenues decreased by \$754,551 in comparison to last year, with program expenses increasing by \$180,642. This change is a result of the decrease in mitigation fees collected by the member agencies, and the increase in investment income.
- Total revenues for the year were \$2,633,171 and total expenses were \$1,590,583, producing a net position of \$1,042,588 for the year. Depreciation expense in capital assets was \$30,544.

Overview of the Financial Statements

This annual report includes Management's Discussion and Analysis, the independent auditor's report, and the financial statements of RCHCA. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Financial Analysis of the Agency

One of the most important questions asked about RCHCA's finances is, "Is RCHCA, as a whole, better off or worse off as a result of the year's activities?" The statement of net position, governmental fund balance sheet, statement of activities, and governmental fund statement of revenues, expenditures, and changes in the fund balance report information about RCHCA as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using either the accrual basis of accounting or modified accrual basis of accounting. All the current year's revenues and expenditures are taken into account regardless of when an item is received or paid.

These statements report RCHCA's net position or fund balance and changes in it. RCHCA's net position or fund balance is the difference between assets and liabilities, which is one way to measure RCHCA's financial health or financial position. Over time, increases or decreases in the RCHCA's net position or fund balance are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors should be considered, such as changes in the construction industry as well as the condition of RCHCA's land and facilities for ecosystem conservation and habitat reserves.

RCHCA reports in the statement of net position, governmental fund balance sheet, statement of activities, and governmental fund statement of revenues, expenditures, and changes in fund balance one type of activity for the land and facilities for ecosystem conservation and habitat reserves it provides. All RCHCA activities are reported in these statements.

**Riverside County Habitat Conservation Agency
Management's Discussion and Analysis
Year Ended June 30, 2023**

The Agency as a Whole

RCHCA's net position at June 30, 2023 is \$46,672,214. Our analysis below focuses on the net position:

Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
ASSETS			
Current assets	\$ 19,133,395	\$ 16,794,122	\$ 2,339,273
Noncurrent assets	<u>28,573,367</u>	<u>28,979,911</u>	<u>(406,544)</u>
Total assets	<u>47,706,762</u>	<u>45,774,033</u>	<u>1,932,729</u>
LIABILITIES			
Current liabilities	<u>1,034,548</u>	<u>144,407</u>	<u>890,141</u>
Total liabilities	<u>1,034,548</u>	<u>144,407</u>	<u>890,141</u>
NET POSITION			
Net investment in capital assets	28,573,367	28,979,911	(406,544)
Restricted	18,301	18,298	3
Unrestricted	<u>18,080,546</u>	<u>16,631,417</u>	<u>1,449,129</u>
Total net position	<u>\$ 46,672,214</u>	<u>\$ 45,629,626</u>	<u>\$ 1,042,588</u>

Condensed Statement of Activities

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating grants and contributions:			
Capital projects	\$ 582,769	\$ 1,865,889	\$ (1,283,120)
General revenues:			
Investment income	565,200	36,631	528,569
Gain on sale of capital assets	<u>1,485,202</u>	<u>-</u>	<u>1,485,202</u>
Total revenues	<u>2,633,171</u>	<u>1,902,520</u>	<u>730,651</u>
Expenses:			
Capital projects	<u>1,590,583</u>	<u>1,409,941</u>	<u>180,642</u>
Total expenses	<u>1,590,583</u>	<u>1,409,941</u>	<u>180,642</u>
Change in net position	1,042,588	492,579	550,009
Net position, beginning of year	<u>45,629,626</u>	<u>45,137,047</u>	<u>492,579</u>
Net position, end of year	<u>\$ 46,672,214</u>	<u>\$ 45,629,626</u>	<u>\$ 1,042,588</u>

**Riverside County Habitat Conservation Agency
Management's Discussion and Analysis
Year Ended June 30, 2023**

The Agency as a Whole (continued)

Capital Assets at Year-End

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 28,481,908	\$ 28,857,908	\$ (376,000)
Capital assets being depreciated	<u>448,904</u>	<u>448,904</u>	<u>-</u>
Total capital assets	28,930,812	29,306,812	(376,000)
Less accumulated depreciation	<u>(357,445)</u>	<u>(326,901)</u>	<u>(30,544)</u>
Net capital assets	<u>\$ 28,573,367</u>	<u>\$ 28,979,911</u>	<u>\$ (406,544)</u>

More detailed information about RCHCA's capital assets is presented in Note 3 to the financial statements.

Budget to Actual Analysis

Revenues were under budget by \$28,090, primarily due to more revenues for contracted services. In addition to collecting mitigation fees, RCHCA performs various biological studies and services, which was in line with the budget. Expenditures were under budget by \$130,643, primarily in professional services expenses, as less professional services were needed than originally anticipated.

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of RCHCA's finances and to show RCHCA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact RCHCA at (951) 405-6704.

BASIC FINANCIAL STATEMENTS

Riverside County Habitat Conservation Agency
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 18,738,563
Accounts Receivable	381,024
Prepays	13,808
Capital Assets, Not Being Depreciated	28,481,908
Capital Assets, Depreciated, Net	91,459
Total Assets	47,706,762
LIABILITIES	
Accounts Payable	43,480
Due to Other Governments	991,068
Total Liabilities	1,034,548
NET POSITION	
Net Investment in Capital Assets	28,573,367
Restricted:	
Riverside Communities Partnership Project	18,301
Unrestricted	18,080,546
Total Net Position	\$ 46,672,214

The accompanying notes are an integral part of this statement.

**Riverside County Habitat Conservation Agency
Statement of Activities
Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Governmental Activities Net (Expenses) Revenues Governmental Activities
Governmental Activities:			
Capital Projects	\$ 1,590,583	\$ 582,769	\$ (1,007,814)
Total Governmental Activities	\$ 1,590,583	\$ 582,769	(1,007,814)
		General Revenues:	
		Investment Income	565,200
		Gain on Sale of Capital Assets	1,485,202
		Total General Revenues	2,050,402
		Change in Net Position	1,042,588
		Net Position - Beginning	45,629,626
		Net Position - Ending	\$ 46,672,214

The accompanying notes are an integral part of this statement.

**Riverside County Habitat Conservation Agency
Balance Sheet
Governmental Fund
June 30, 2023**

	General Fund
ASSETS	
Cash and Investments	\$ 18,738,563
Accounts Receivable	381,024
Prepays	13,808
Total Assets	\$ 19,133,395
LIABILITIES	
Accounts Payable	\$ 43,480
Due to Other Governments	991,068
Total Liabilities	1,034,548
FUND BALANCES	
Nonspendable:	
Prepaid Items	13,808
Restricted:	
Riverside Communities Partnership Project	18,301
Assigned:	
Stephens' Kangaroo Rat Management	7,113,792
Unassigned	10,952,946
Total Fund Balances	18,098,847
Total Liabilities and Fund Balances	\$ 19,133,395

The accompanying notes are an integral part of this statement.

**Riverside County Habitat Conservation Agency
Reconciliation of the Governmental Fund Balance Sheet to the
Government-wide Statement of Net Position
June 30, 2023**

Fund Balances - Governmental Fund	\$ 18,098,847
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources. Therefore, they are not reported in the fund financial statements.

Capital Assets	28,930,812
Less: Accumulated Depreciation	<u>(357,445)</u>

Net Position of Governmental Activities	<u><u>\$ 46,672,214</u></u>
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**Riverside County Habitat Conservation Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
Year Ended June 30, 2023**

	General Fund
REVENUES	
Mitigation Fees	\$ 394,856
Investment Income	565,200
Contracted Services	187,913
Total Revenues	1,147,969
EXPENDITURES	
Operating	729,140
Administrative Services	830,899
Total Expenditures	1,560,039
Excess (Deficiency) of Revenues Over Expenditures	(412,070)
OTHER FINANCING SOURCES AND USES	
Sale of Capital Assets	1,861,202
Net Change in Fund Balances	1,449,132
Fund Balances, Beginning of Year	16,649,715
Fund Balances, End of Year	\$ 18,098,847

The accompanying notes are an integral part of this statement.

**Riverside County Habitat Conservation Agency
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
 Balance of Governmental Fund to the Statement of Activities
 Year Ended June 30, 2023**

Net change in fund balances - Governmental Fund \$ 1,449,132

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 these assets is allocated over their estimated
 useful lives and reported as depreciation expense.

Capital Outlay	-
Depreciation Expense	(30,544)
Sale of Capital Assets	<u>(376,000)</u>

Change in net position of governmental activities \$ 1,042,588

Riverside County Habitat Conservation Agency
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The Riverside County Habitat Conservation Agency (RCHCA) was formed in July 1990 under a joint exercise of powers agreement between the County of Riverside (County) and the Cities of Riverside, Perris, Hemet, Lake Elsinore, and Moreno Valley. Subsequently, the Cities of Temecula, Corona, Murrieta, Wildomar, and Menifee were added. RCHCA was organized for the purpose of planning for, acquiring, administering, operating, and maintaining land and facilities for ecosystem conservation and habitat reserves for the Stephens' Kangaroo Rat and other endangered species under Article 1, Chapter 5; Division 7, Title 1 of the Government Code. RCHCA uses the Western Riverside Council of Governments' accounting system to record all of its financial transactions. The accounting policies of RCHCA conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

In December 2015, the RCHCA's Board of Directors and WRCOG's Executive Committee approved a five-year Agreement between WRCOG and RCHCA that transferred the duties of administration and management of RCHCA activities to WRCOG. Under the Agreement, WRCOG's Executive Director served as the General Manager / Executive Director of RCHCA and is responsible for general duties include administering, coordinating, and supervising the activities of RCHCA as set forth in RCHCA's Joint Powers Agreement (JPA).

Despite the success of this arrangement there were still practical inefficiencies that needed attention. The Executive Director of WRCOG administers the administrative functions of the RCHCA; however, under the Agreement between the RCHCA and the County, RCHCA employees operate under two different administrations (WRCOG and the County). This dual arrangement created some organizational challenges, particularly in the area of personnel. New RCHCA hires had been hired as WRCOG employees, the result of which is that the RCHCA itself is staffed with employees from both WRCOG and the County.

Under a full consolidation, RCHCA would operate as a Program under WRCOG. The structure would not create any additional financial burden on WRCOG or RCHCA. RCHCA would continue to cover its current budgeted expenditures as well as any long-term costs, such as pension-related costs.

On May 17, 2018, RCHCA Board of Directors directed staff to work with Riverside County and WRCOG to fully consolidate RCHCA staff and operations into WRCOG. RCHCA staff were made aware that a consolidation under WRCOG would require employment separation from the County.

On May 16, 2019, as the final step in the process of consolidation, staff requested RCHCA's Board of Directors authorization to inactivate a bank account maintained by the County of Riverside Office of the Treasurer-Tax Collector and transfer its funds to the existing California Asset Management Program (CAMP) accounts currently held by the RCHCA. These funds were transferred during fiscal year 2020.

Blended Component Unit

Riverside Communities Partnership Project (RCPP). RCHCA has created a nonprofit public benefit corporation to support its mission and objectives under IRC 501(c)(3) as an organization that is supervised and controlled in connection with a publicly supported organization. All contributions to the RCPP are exempt under section 501(c)(3) of the Internal Revenue Code. RCHCA board members are the governing board of the RCPP, and management of RCHCA has operational responsibility for the component unit. The RCPP is reported as part of the General fund in these financial statements. Separate financial statements are not prepared for the RCPP.

Riverside County Habitat Conservation Agency
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B) Financial Statement Presentation

WRCOG's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These statements require that the financial statements described below be presented:

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. RCHCA has no fiduciary activities.

Governmental Fund Financial Statements

The underlying accounting system of RCHCA is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements for RCHCA's governmental fund are presented after the government-wide financial statements.

These statements display information about RCHCA's major governmental fund. RCHCA operates with one fund, which is its General Fund. This fund is reported as a major fund. The General Fund accounts for all activity of RCHCA.

C) Measurement Focus and Basis of Accounting

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of RCHCA are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of the GASB.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures.

In the fund financial statements, the governmental fund is presented 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, RCHCA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Riverside County Habitat Conservation Agency
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Because of its spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

D) Cash and Investments

RCHCA's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash and cash equivalents are combined with investments and reported as Cash and Investments.

E) Capital Assets

Capital assets generally result from expenditures in the governmental fund. These assets are reported on the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are stated at cost. Capital assets that have been donated are stated at their acquisition values at the date of donation. RCHCA maintains a capitalization threshold of \$5,000. Depreciation is computed utilizing the straight-line method over the expected useful lives of the assets, which range from five to twenty years. 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.

F) Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities and is classified into three categories:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

G) Fund Balance

Fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Riverside County Habitat Conservation Agency
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board, which is the highest level of decision-making authority for RCHCA and that remain binding unless removed in a similar matter. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned - amounts that are constrained by RCHCA's intent to be used for specific purposes. The intent can be established at either the highest level of decision making authority, or by a body or an official designated for that purpose.

Unassigned – the residual classification for RCHCA's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is RCHCA's policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed.

H) Use of Estimates

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

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 consist of the following:

Statement of Net Position:	
Cash and Investments	\$ 18,738,563
Total Cash and Investments	\$ 18,738,563
Deposits with Financial Institutions	\$ 1,087,969
Investments	17,650,594
Total Cash and Investments	\$ 18,738,563

Authorized Investments

In accordance with Section 53601 of the California Government Code, RCHCA's Board of Directors has directed the Agency to invest in the California Asset Management Program (CAMP).

Riverside County Habitat Conservation Agency
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS – Continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. RCHCA's investment policy recognizes the interest rate risk and therefore places maximum maturity limits (up to five years) on various types of allowable investments.

Concentration of Credit Risk

The investment policy of RCHCA contains limitations on the amount that can be invested in any one issuer. At June 30, 2023, RCHCA did not hold any investments in any one issuer (other than external pools) that represent 5% or more of total investments.

Custodial Credit Risk

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

The market value of pledged securities must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure RCHCA's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, all of RCHCA's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts as required under California law.

The carrying amounts of RCHCA's demand deposits are collateralized or insured with securities held by pledging financial institutions in the name of WRCOG, as discussed below.

The California Government Code (Code) requires California banks and savings and loan associations to secure RCHCA's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in WRCOG's name.

Fair Value of Investments

Fair value measurements are categorized based on the valuation inputs used to measure 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.

RCHCA's investments in CAMP are not subject to the fair value hierarchy.

**Riverside County Habitat Conservation Agency
Notes to Financial Statements
Year Ended June 30, 2023**

3) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 28,857,908	\$ -	\$ (376,000)	\$ 28,481,908
Total Capital Assets Not Depreciated	<u>28,857,908</u>	<u>-</u>	<u>(376,000)</u>	<u>28,481,908</u>
Depreciable capital assets:				
Buildings and Other Improvements	115,153	-	-	115,153
Equipment	50,990	-	-	50,990
Parking Lot Improvements	26,004	-	-	26,004
Vehicles	256,757	-	-	256,757
Total Cost of Depreciable Capital Assets	<u>448,904</u>	<u>-</u>	<u>-</u>	<u>448,904</u>
Less accumulated depreciation for				
Buildings and Other Improvements	106,386	3,779	-	110,165
Equipment	50,544	447	-	50,991
Parking Lot Improvements	26,004	-	-	26,004
Vehicles	143,967	26,318	-	170,285
Total Accumulated Depreciation	<u>326,901</u>	<u>30,544</u>	<u>-</u>	<u>357,445</u>
Depreciable capital assets, net	<u>122,003</u>	<u>(30,544)</u>	<u>-</u>	<u>91,459</u>
Total Capital assets, net	<u>\$ 28,979,911</u>	<u>\$ (30,544)</u>	<u>\$ (376,000)</u>	<u>\$ 28,573,367</u>

Depreciation expense in the amount of \$30,544 was charged to the capital projects function in the Statement of Activities for the year ended June 30, 2023.

4) MITIGATION FEES

Mitigation fees collected by member agencies are remitted to the RCHCA. Mitigation fee revenues consisted of the following for the year ended June 30, 2023.

County of Riverside	\$ 136,791
City of Riverside	73,163
City of Murrieta	19,679
City of Lake Elsinore	9,850
City of Moreno Valley	59,550
City of Perris	81,168
City of Menifee	14,655
Total	<u>\$ 394,856</u>

REQUIRED SUPPLEMENTARY INFORMATION

Riverside County Habitat Conservation Agency
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Mitigation Fees	\$ 900,000	\$ 391,606	\$ 394,856	\$ 3,250
Investment Income	7,500	564,819	565,200	381
Contracted Services	970,500	163,454	187,913	24,459
Total Revenues	<u>1,878,000</u>	<u>1,119,879</u>	<u>1,147,969</u>	<u>28,090</u>
EXPENDITURES				
Operating	1,659,011	862,037	729,140	132,897
Administrative Services	709,154	828,645	830,899	(2,254)
Total Expenditures	<u>2,368,165</u>	<u>1,690,682</u>	<u>1,560,039</u>	<u>130,643</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(490,165)</u>	<u>(570,803)</u>	<u>(412,070)</u>	<u>158,733</u>
OTHER FINANCING SOURCES AND USES				
Sale of Capital Assets	-	1,861,202	1,861,202	-
Net Change in Fund Balances	(490,165)	1,290,399	1,449,132	<u>\$ 158,733</u>
Fund Balance, Beginning of Year	<u>16,649,715</u>	<u>16,649,715</u>	<u>16,649,715</u>	
Fund Balance, End of Year	<u>\$ 16,159,550</u>	<u>\$ 17,940,114</u>	<u>\$ 18,098,847</u>	

**Riverside County Habitat Conservation Agency
Notes to Required Supplementary Information
For the Year Ended June 30, 2023**

BUDGETARY DATA

RCHCA adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.