

Western Riverside Council of Governments Finance Directors Committee

Minutes

1. CALL TO ORDER

The meeting of the Finance Directors Committee was called to order on April 29, 2021, at 1:01 p.m. by Chair Matt Schenk on the Zoom platform.

2. ROLL CALL

- City of Beaumont - Jennifer Christensen
- City of Calimesa - Celeste Reid
- City of Canyon Lake - Terry Shea
- City of Eastvale - Luis Hernandez
- City of Hemet - Lorena Rocha
- City of Jurupa Valley - Abdon Padilla
- City of Lake Elsinore - Brendan Rafferty
- City of Moreno Valley - Brian Mohan
- City of Norco - Lisette Free
- City of Perris - Ernie Reyna
- City of Riverside - Edward Enriquez
- City of Wildomar - Bob Howell
- Eastern Municipal Water District (EMWD) - John Adams
- Western Municipal Water District (WMWD) - Kevin Mascaro
- March Joint Powers Authority - Matt Schenk (Chair)
- Riverside County of Education - Eugene Villa

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR – (Canyon Lake / Perris) 15 yes; 0 no; 0 abstention. Items 4.A through 4.C were approved.

A. Summary Minutes from the January 28, 2021, Finance Directors Committee Meeting

Action:

1. Approved the Summary Minutes from the January 28, 2021, Finance Directors Committee meeting.

B. Finance Department Activities Update

Action:

1. Received and filed.

C. Single Signature Authority Report

Action:

1. Received and filed.

5. REPORTS / DISCUSSION

A. WRCOG's Fiscal Year 2019/2020 Financial Audit

Andrew Ruiz, WRCOG Chief Financial Officer, introduced Terry Shea, Partner at Rogers, Anderson, Malody, and Scott (RAMS), to provide a report on WRCOG's Financial Audit.

Mr. Shea indicated that RAMS audited WRCOG's Financial Statements in conformity with U.S. Generally Accepted Auditing Standards. RAMS issued an unmodified opinion on the Fiscal Year 2019/2020 CAFR (Comprehensive Annual Financial Report), which is the highest form of assurance an auditing firm can provide to its client and means that the Agency's financials are both in good form and the accounting practices are solid.

Mr. Ruiz added that WRCOG received the distinguished "Certificate of Achievement for Excellence in Financial Report" from the Government Finance Officers Association.

Action:

1. Received and filed.

B. Preliminary Draft Fiscal Year 2021/2022 Agency Budget

Andrew Ruiz, WRCOG Chief Financial Officer, reported that total Agency revenue for Fiscal Year (FY) 2021/2022 is projected to be \$56,999,505 against total Agency expenditures of \$56,759,961. This represents a total increase of approximately 40% in WRCOG's Budget compared to FY 2020/2021; however, staff anticipate the total increase to be actually less than 10% after the 4th quarter Budget amendment. TUMF revenues are expected to increase significantly from this current fiscal year. Lastly, REAP funds will begin trickling in.

While the economy appears to be improving, programs have still been conservatively budgeted for. There could still be delayed repercussions from COVID-19 that could show itself in the coming years. Additionally, staff continue to not only look at short-term budgetary impacts, but also long-term financial obligations, such as WRCOG's pension obligations to CalPERS. Throughout the fiscal year, staff will closely monitor any financial changes and make the necessary adjustments to ensure the Budget remains balanced.

Action:

1. Recommended that the Executive Committee adopt Resolution Number 03-21; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Year 2021/2022 Agency Budget.

(Perris / EMWD) 15 yes; 0 no; 0 abstention. Item 5.B was approved.

C. CitizensTrust Investment Update

Michael Gardner, Vice President / Senior Portfolio Manager with CitizensTrust, provided an overview of WRCOG's investments administered and an overview of the financial market interest rates and yield curve. WRCOG's investments continue to remain positive. As the market adjusts, a longer-term investment strategy may yield more return on investments. The yield curve has steepened dramatically, while short-term yields remain low, and spreads have tightened.

Action:

1. Received and filed.

D. The Economy and Financial Market Update

Richard Babbe, Managing Director of Public Financial Management, provided an overview of the economic prospects as of March 31, 2021, as well as potential future fiscal policy changes. The high frequency data indicates the economic recovery is gaining momentum. The U.S Labor Market is beginning to rebound strongly, with the unemployment rate at a low of 6%. The Federal Reserve anticipates near-zero rates through 2023. According to Bloomberg, the Treasury Yield Curve steepened on economic optimism and with long term rates lifted by rising inflation expectations buoyed by fiscal stimulus measures.

Action:

1. Received and filed.

6. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz reported that WRCOG's 30th Annual General Assembly will take place Thursday, June 24, 2021, from 4:00 - 5:00 p.m. This virtual event, featuring Daymond John, will only be broadcasted one time. WRCOG will resume in-person committee meetings in May, with the first set to be Administration & Finance Committee and Western Community Energy. Staff-level committees will resume in-person in July. All meetings will have the option to participate virtually.

7. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

8. GENERAL ANNOUNCEMENTS

There were no items general announcement.

9. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, July 29, 2021, at 1:00 p.m., on the Zoom platform.

10. ADJOURNMENT

The meeting of the Finance Directors Committee adjourned at 1:51 p.m.