EASTERN SIERRA COUNCIL OF GOVERNMENTS
JOINT POWERS AUTHORITY

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021

(Unaudited)

Table of Contents

	Page(s)
INTRODUCTORY SECTION	
Transmittal Letter	i-ii
Governing Board and JPA Staff	iii
FINANCIAL SECTION	
Basic Financial Statements:	
Balance Sheet	1
Statement of Revenues, Expenditures and Changes in Fund Balances	2
Budgetary Comparison Schedule	3
Notes to the Financial Statements	4-8

February 28, 2022

Members of the Board
Eastern Sierra Council of Governments
Joint Powers Authority
Mammoth Lakes, California

I am pleased to present the Annual Financial Report of the Eastern Sierra Council of Governments Joint Powers Authority ("ESCOG") for the years ended June 30, 2022 and 2021. The ESCOG assumes full responsibility for the completeness and reliability of the information contained in this report, based upon an internal control framework established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The records of the ESCOG have not been audited. ESCOG anticipates engaging an independent auditor to audit its financial transactions and compliance with grantor agreements in future years, depending on requirements from its granting agencies. The fund financial statements including footnotes accompany this transmittal letter. Note that the government-wide statements are excluded from this report. I believe that the reported data is accurate in all material respects and that its presentation fairly depicts ESCOG's financial position. I am confident that the included disclosures provide readers with an understanding of ESCOG's financial affairs.

Governance

ESCOG is a multi-government regional jurisdiction organized to provide a forum for discussion and study of regional issues of interest to its member agencies, identify and plan for the solution of selected regional issues requiring multi-governmental cooperation, facilitate actions and agreements among the member agencies for specific project development, and conduct other regional wide functions as the members deem appropriate. Members of the joint powers authority include the Counties of Mono and Inyo, the Town of Mammoth Lakes, and the City of Bishop. Each member jurisdiction appoints two governing board members to the ESCOG Board of Directors. The ESCOG is managed by an Executive Director on a contract basis. Legal services are provided by the County of Inyo. Financial services are provided by the County of Mono. Clerical and clerking services are provided by the Town of Mammoth Lakes.

Overview and Highlights

Activities of the joint powers authority (JPA) for the fiscal year ended June 30, 2022, having significant fiscal impact include:

- Secured a grant award with the California Department of Fish and Wildlife (CDFW) in the amount of $3,384,239 for the Eastern Sierra Pace and Scale Accelerator, aimed at creating capacity for environmental planning in the Eastern Sierra by investing in dedicated professionals to build a locally based workforce around environmental planning. The grant period is September 1, 2021, through March 15, 2025.
- Received conditional award for the National Fish and Wildlife Federation grant in the amount of $247,300.
- Secured a $500,000 revolving line of credit from Golden State Finance Authority, an affiliate of Rural County Representatives of California (RCRC). ESCOG drew down $500,00 on February 15, 2022. The purpose of the line of credit is to provide interim cash blow between paying grant vendors and the receipt of grant reimbursements from the state.
- Engaged an outside independent contractor to perform eligible activities funded by the CDFW grant.

The Board of Directors generally meets every two months, with special meetings called when necessary. Member agencies provide annual contributions that fund the administrative efforts of ESCOG. With coordination provided by its Executive Director, community and agency stakeholders were engaged to facilitate collaboration efforts towards issues of regional concern, including sustainable recreational and local ecosystem management.

I would like to express my appreciation to the ESCOG administrative professionals for their professionalism, dedication, and efficiency in all ESCOG activities during the period covered by this report, and the preparation of this report.

Respectfully submitted,

Janet Dutcher

Janet Dutcher, CPA, CGFM, MPA
Fiscal Agent, Treasurer and Auditor

EASTERN SIERRA COUNCIL OF GOVERNMENTS
JOINT POWERS AUTHORITY

GOVERNING BOARD

As of June 30, 2022

John Wentworth, Chair (Town of Mammoth Lakes Councilmember)
Dan Totheroh, Vice Chair (Inyo County Supervisor)
Karen Schwartz, member (City of Bishop Councilmember)
Jim Ellis, member (City of Bishop Councilmember)
Stacy Corless, member (Mono County Supervisor)
Bob Gardner, member (Mono County Supervisor)
Jeff Griffiths, member (Inyo County Supervisor)
Lynda Salcido, member (Town of Mammoth Lakes Councilmember)

AUTHORITY STAFF

Elaine Kabala, Executive Director (under contract)
Grace Chuchla, Legal Counsel
Janet Dutcher, Fiscal Agent, Treasurer and Auditor
Angela Plaisted, Clerk to the Board

EASTERN SIERRA COUNCIL OF GOVERNMENTS
JOINT POWERS AUTHORITY

Balance Sheet
Governmental Funds - General Fund
As of June 30, 2022 and 2021

	2022	2021
Assets		
Cash held in Mono County Investment Pool	$ 599,252	$ 47,700
Due from other governments	250,504	-
Total Assets	$ 849,756	$ 47,700
Liabilities		
Accounts Payable	$ 78,542	$ 16,527
Total Liabilities	78,542	16,527
Deferred Inflows of Resources		
Unavailable revenues	181,652	-
Total Deferred Inflows of Resources	181,652	-
Fund Balance		
Restricted for revolving line of credit	500,000	-
Unassigned	89,562	31,173
Total Fund Balance	589,562	31,173
Total Liabilities, Deferre Inflows of Resources, and Fund Balance	$ 849,756	$ 47,700

Unaudited

EASTERN SIERRA COUNCIL OF GOVERNMENTS
JOINT POWERS AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - General Fund
For the Years Ended June 30, 2022 and 2021

	2022	2021
Revenues		
Member contributions	$ 100,000	$ 35,000
Grant revenues	87,257	-
Interest earnings	3,382	582
Total Revenues	190,639	35,582
Expenditures		
Insurance	2,528	1,961
Services		
Clerical	20,000	19,992
Executive Director	33,099	10,890
Financial	5,000	4,992
Legal	7,497	9,163
Webhosting	1,769	-
Grant contractor	62,175	-
Publications and legal notices	182	320
Total Expenditures	132,250	47,318
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,389	(11,736)
Other Financing Sources (Uses)		
Proceeds from revolving line of credit	500,000	-
Total Other Financing Sources (Uses)	500,000	-
Net Change in Fund Balance	558,389	(11,736)
Fund Balance, Beginning of the Year	31,173	42,909
Fund Balance, End of the Year	$ 589,562	$ 31,173

Unaudited

EASTERN SIERRA COUNCIL OF GOVERNMENTS
JOINT POWERS AUTHORITY

Budget Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues and other sources				
Member contributions	$ 125,000	$ 125,000	$ 100,000	$ (25,000)
Grant revenues	-	650,000	87,257	(562,743)
Interest earnings	-	-	3,382	3,382
Proceeds from revolving line of credit	-	500,000	500,000	-
Total Revenues	125,000	1,275,000	690,639	(584,361)
Expenditures and other uses				
Insurance	2,100	2,100	2,528	(428)
Services				
Clerical	20,000	20,000	20,000	-
Executive Director	50,000	50,000	33,099	16,901
Financial	5,000	5,000	5,000	-
Legal	10,000	10,000	7,497	2,503
Grant contractor	30,000	20,000	62,175	(42,175)
Webhosting	-	1,160,000	1,769	1,158,231
Miscellaneous	2,500	2,500	182	2,318
Contingency	5,400	5,400	-	5,400
Total Expenditures	125,000	1,275,000	132,250	1,142,750
Net Change in Fund Balance	-	-	558,389	558,389
Fund Balance, Beginning of the Year	-	-	31,173	31,173
Fund Balance, End of the Year	$ -	$ -	$ 589,562	$ 589,562

Unaudited

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Eastern Sierra Council of Governments (ESCOG or Authority) Joint Powers Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental entities, except the government-wide statements and corresponding reconciliation schedules have been omitted.

The Reporting Entity

In 1995, the Counties of Inyo and Mono and the Town of Mammoth Lakes executed a joint powers agreement establishing the Eastern Sierra Council of Governments. The 1995 agreement was amended in 1999 to add the City of Bishop. On January 7, 2020, the members to the agreement entered into a new joint powers agreement establishing ESCOG as a separate legal entity operating as a joint powers authority. ESCOG is a multi-government regional jurisdiction organized to provide a forum for discussion and study of regional issues of interest to its member agencies, identify and plan for the solution of selected regional issues requiring multi-governmental cooperation, facilitate actions and agreements among the member agencies for specific project development, and conduct other regional wide functions as the members deem appropriate.

ESCOG is governed by an eight-member board of directors comprised of two representatives from each of its member jurisdictions that include the Counties of Mono and Inyo, the Town of Mammoth Lakes, and the City of Bishop. ESCOG is legally separate and is fiscally independent of other state and local governments and is not included in any other governmental reporting entity. The Authority has no component units.

Basis of Presentation and Accounting

To simplify financial presentations, the government-wide financial statements are excluded from this annual financial report. ESCOG has no long-term assets or and one long-term liability, and there are few differences between its government-wide reporting and fund statement presentation.

The fund financial statements include the Authority's General Fund, which is its only fund. The General Fund is ESCOG's primary operating fund and is used to account for all its revenues and expenditures that support its activities. These statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Member contributions and interest are accrued when their receipt occurs within ninety days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred.

Cash and Investments

The Authority is a participant in the Mono County Investment Pool (Pool) under the oversight of the Treasurer of Mono County, as required by California Government Code Section 27134. The Authority's investment is presented at fair value in accordance with GASB No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Authority's portion in the pool.

Equity / Fund Balance Classifications

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Authority is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable fund balance* – Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact.

- *Restricted fund balance* – Amounts with constraint placed on their use that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments. Constraints may also be imposed by law through constitutional provisions or enabling legislation.

- *Committed fund balance* – Amounts that can only be used for specific purposes determined by formal action of the ESCOG Board of Directors and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur prior to the end of the reporting period. The amount subject to the constraint may be determined in the subsequent period.

- *Assigned fund balance* – Amounts that are constrained by the Authority's intent to use resources for specific purposes. Intent can be expressed by the Board of Directors or by an official or body designated for that purpose.

- *Unassigned fund balance* – The residual classification for the Authority's General Fund that includes all amounts not contained in the other classifications.

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

Use of Estimates

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

NOTE 2: CASH AND INVESTMENTS

ESCOG holds unrestricted cash and investments with the Treasurer of the County of Mono in a cash and investment pool. On a quarterly basis the Auditor-Controller allocates interest to participants based upon their average daily balances. The Treasurer's investments and policies are overseen by the Mono County Treasury Oversight Committee. Required disclosure information regarding the categorization of investments and risk can be found in the County of Mono's basic financial statements.

ESCOG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2022 and 2021, cash and investments consisted of the following:

	Measurement Input	Credit Quality Ratings	Fair Value June 30, 2022	Fair Value June 30, 2021
Investment in County of Mono Investment Pool	Level 2	Not Rated	$ 599,252	$ 47,700

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2022 and 2021, the weighted average maturity of the pool's investments was 1.54 and 1.58 years, respectively.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy limit investments in commercial paper to the rating of A1 by Standards and Poor's or P-1 by Moody's Investors Service. The purchase of corporate bonds are limited to the rating of A by Standard and Poor's and Moody's Investor Service. Credit limits are not imposed on purchases of government agency securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2021 and 2020, the Authority was not exposed to any concentration of credit risk.

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 California Government Code and the County's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

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 County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools.

NOTE 3: REVOLVING LINE OF CREDIT

On December 10, 2021, the ESCOG Board of Directors entered into a Memorandum of Understanding between the Golden State Finance Authority (GSFA) for the advancement of up to $500,000 on a revolving basis to perform the services of the CDFW grant award pending receipt of grant reimbursements. Each advance on the GSFA line of credit is due within two years at 0% interest.

On February 15, 2022, ESCOG drew down the entire line of credit in the amount of $500,000. Repayment is due by February 15, 2024, with accrued interest at 0%. Fund balance is restricted for the outstanding balance of the line of credit, or $500,000.

NOTE 4: SUBSEQUENT EVENTS & CONTINGENCIES

Management has evaluated subsequent events through February 28, 2022, the date which the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events or contingencies occurred that require recognition or additional disclosure in the financial statements.