



Board of Directors Regular Meeting  
Tuesday, November 9, 2021 at 1:00 PM  
Valley Sanitary District Board Room  
45-500 Van Buren Street, Indio, CA 92201

Members of the public wanting to participate in the open session of the meeting may do so via the following Zoom link: <https://us06web.zoom.us/j/85385401129> Meeting ID: 853 8540 1129 or by calling 253-215-8782. Members of the public wanting to address the Board may do so up until the public comment period is closed at the meetings.

Page

## 1. CALL TO ORDER

- 1.1. Roll Call
- 1.2. Pledge of Allegiance
- 1.3. November Employee Anniversaries
  - Mark Wiseman, Operator-in-Training I - 1 year
- 1.4. New Employee Introduction
  - Dave Commons, Facility Operations Manager

## 2. PUBLIC COMMENT

*This is the time set aside for public comment on any item not appearing on the agenda. Please notify the Secretary if you wish to speak on a non-hearing item.*

## 3. CONSENT CALENDAR

*Consent calendar items are expected to be routine and noncontroversial, to be acted upon by the Board of Directors at one time, without discussion. If any Board member requests that an item be removed from the consent calendar, it will be*

*removed so that it may be acted upon separately.*

- 3.1. Approve October 26, 2021. Regular Meeting and November 2, 2021 Special Meeting Minutes 4 - 10

[3.1 26 Oct 2021 Meeting Minutes.pdf](#) 

[3.1 02 Nov 2021 Special Meeting Minutes.pdf](#) 


- 3.2. Approve Warrants for October 21 through November 3, 2021 11

[3.2 Warrants for October 21 to November 3, 2021.pdf](#) 

#### 4. NON-HEARING ITEMS


- 4.1. Award a Contract to Harris & associates for the Condition Assessment of Valley Sanitary District's Lift Stations in an Amount Not to Exceed \$202,293 12 - 20

[4.1 Staff Report Contract Award Lift Station Condition Assessment.pdf](#) 

[4.1 Attachment A Harris Associates Lift Stations Condition Assessment Proposal.pdf](#) 

- 4.2. Receive and File the Annual Comprehensive Financial Report (ACFR) for the Valley Sanitary District for the Fiscal Year Ending June 30, 2021 21 - 137

[4.2 Staff Report Receive and File ACFR.pdf](#) 

[4.2 Attachment A ACFR Valley Sanitary District June 30, 2021 Rev 5.pdf](#) 

[4.2 Attachment B SAS Letters.pdf](#) 

#### 5. GENERAL MANAGER'S ITEMS

*General Manager's items not listed are for discussion only; no action will be taken without an urgency vote pursuant to State law.*


- 5.1. Monthly General Manager's Report - September 2021 138 - 148


[5.1 Staff Report GM Report September 2021.pdf](#) 

[5.1 Attachment A Admin Services Report August.pdf](#) 

[5.1 Attachment B NPDES report for September.pdf](#) 

[5.1 Attachment C Collection Services Report November.pdf](#) 

[5.1 Attachment D Development Services Report October 2021.pdf](#) 

[5.1 Attachment E Capital Improvement Program Update for  
October.pdf](#) 

**6. COMMITTEE REPORTS**

6.1. Budget & Finance Committee - Cancelled

**7. DIRECTOR'S ITEMS**

*Director's items not listed are for discussion only; no action will be taken without an urgency vote pursuant to State law.*

**8. INFORMATIONAL ITEMS**

**9. ADJOURNMENT**

Pursuant to the Brown Act, items may not be added to this agenda unless the Secretary to the Board has at least 72 hours advance notice prior to the time and date posted on this notice.

# UNOFFICIAL UNTIL APPROVED

## VALLEY SANITARY DISTRICT MINUTES OF REGULAR BOARD MEETING

October 26, 2021

A regular Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, October 26, 2021, at 45-500 Van Buren St., Indio, CA 92201.

### 1. **CALL TO ORDER**

President Sear called the meeting to order at 1:00 p.m.

#### 1.1 Roll Call

Directors Present:

Debra Canero, Dennis Coleman, Mike Duran, Scott Sear, William Teague

Staff Present:

Beverli Marshall, General Manager, Jeanette Juarez, Ron Buchwald, Anna Bell, Robert Hargreaves, Best Best & Krieger

#### 1.2 Pledge of Allegiance

### 2. **PUBLIC COMMENT**

*This is the time set aside for public comment on any item not appearing on the agenda. Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item.*

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None.

### 3. **CONSENT CALENDAR**

3.1 Approve October 12, 2021, Regular Meeting Minutes

3.2 Approve Warrants for October 7 through October 18, 2021

3.3 Accept Monthly Financial Report for Period Ending September 30, 2021

3.4 Accept Credit Card Report for Period Ending September 30, 2021

3.5 Authorize Tuition Reimbursement for Beverli A. Marshall, General Manager, Per District Policy in the Amount of \$866

3.6 Authorize the Disposition of the Idexx Quanti-Sealer

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**ACTION TAKEN:**

**MOTION:** Vice President Coleman made a motion to approve the consent calendar, as presented. Director Teague seconded the motion. Motion carried unanimously.  
**MINUTE ORDER NO. 2021-3143**

**4. NON-HEARING ITEMS**

4.1 Board meeting Upgrades to Include Granicus Software and TV Monitors to Allow Video Meetings

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The licensing contract with the current agenda creation program the District uses expires on November 29, 2021. Staff has actively searched for alternatives that can better meet the District's needs. After researching more interactive and efficient options, staff recommends implementing the Peak Agenda Management program from Granicus. The program is designed to simplify the agenda creation process by using a built-in template system to create agendas and minutes Granicus also offers a video solution that provides convenient access to live and archived streaming video. It can stream public meetings in real-time through the District's website. Staff also would like to update the TV Monitors to allow for video meetings. The fiscal impact of the upgrades would be \$45,020 spread over three (3) years.

**ACTION TAKEN:**

**MOTION:** Director Duran made a motion to authorize the purchase of an Agenda and Meeting Management Software, Video Streaming Software, and Two (2) 75" Interactive Display Systems. Vice President Coleman seconded the motion. Motion carried by the following roll call vote:  
AYES: Canero, Coleman, Duran, Sear, Teague  
NOES: None  
**MINUTE ORDER NO. 2021-3144**

4.2 Authorize the General Manager to Execute a Contract with CV Strategies for Communication and Outreach Services in an Amount Not to Exceed \$60,000

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The District published a Request for Proposals for Communications and Public Outreach Services. Staff received two proposals. The firm that best fits with the District's needs and budget is CV Strategies. CV Strategies has relationships with other Coachella Valley agencies and their residents, businesses, and stakeholders. The firm also has broad experience with water and wastewater topics and issues that can be beneficial in assisting VSD with developing content for newsletters and outreach materials. The key deliverables for this contract include but are not limited to developing a Communications Strategy and Outreach Plan, regular social media posts on wastewater industry and VSD topics, including monitoring and responding to comments, and developing a design and writing content for three quarterly newsletters. The services will be ongoing throughout the fiscal year and, based on the input from the consultants and analytics received, staff will develop a budget for the fiscal year 2022/23 in compliance with the Strategic Plan.

# UNOFFICIAL UNTIL APPROVED

**ACTION TAKEN:**

**MOTION:**

Director Duran made a motion to authorize the General Manager to execute a contract with a consultant for communication and outreach services in an amount not to exceed \$60,000. Secretary Canero seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

**MINUTE ORDER. 2021-3145**

- 4.3 Cancel the Regular Board Meetings on Tuesday, November 23, and December 28, 2021, Due to Proximity to District Observed Holidays

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After discussion, it was decided to keep the regularly scheduled Board Meeting of November 23, 2021, and to cancel the Board Meeting of December 28, 2021.

**ACTION TAKEN:**

**MOTION:**

Director Duran made a motion to cancel the December 28, 2021 Board Meeting due to the proximity of a District observed holiday. Director Teague seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

**MINUTE ORDER. 2021-3146**

- 4.4 Discuss the Redistricting Process and Timeline in Preparation for November 2022 General Election, Direct Staff to Publish Notice of Public Hearing #1, and Conduct Outreach to inform Public of opportunity to Provide Input

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The California Voting Rights Act (CVRA) was enacted in 2001 to address disparities between ethnic demographics and elected officials. The CVRA prohibits special districts like VSD from using the “at-large” method of election that may impair the ability of a protected class from electing candidates of its choice or influencing the outcome of an election to their benefit. In April 2020, the Board adopted an ordinance providing for the election of members of the Board by five wards (divisions), establishing the boundaries and identification number of each ward, establishing the election order of each ward, and directing staff to notify the Riverside County Registrar of Voters. Every ten years, local governments use new census data to redraw their voting division lines to reflect how local populations have changed. The divisions must be redrawn so that each one is substantially equal in population. This process, called redistricting, is important in ensuring that each elected official represents about the same number of constituents. The Census data released in September showed a significant increase to Division A thus 2,000 population will be reallocated from Division A and allocated to other divisions. California law requires that special districts engage their communities in the redistricting process by holding public hearings workshops and doing public outreach. The District will notify the public about redistricting hearings, post maps online before adoption as well as all relevant information about the redistricting process. Senate Bill 594, approved by Governor Newsom on September 27, 2021, requires that VSD

# UNOFFICIAL UNTIL APPROVED

complete its redistricting process and adopt a resolution defining the new division boundaries no later than April 17, 2022. Public Hearing #1 will be held on January 11, 2022, at the VSD Board Room at 1:00 p.m.

## **ACTION TAKEN:**

### **MOTION:**

Director Duran made a motion to direct staff to publish a notice of a Public Hearing for January 11, 2022, to consider draft maps of revised Election Division Boundaries, conduct outreach to inform the public of the redistricting process and opportunity to provide input. Vice President Coleman seconded the motion.

Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

**MINUTE ORDER NO. 2021-3147**

## **5. GENERAL MANAGER'S ITEMS**

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Beverli updated the Board on the Tardigrade Water Bear Contest. She stated that she has had one (1) class submit their name selection. The survey is still ongoing. Once the name is selected the District will announce it as a press release.

## **6. COMMITTEE REPORTS**

### **6.1 East Valley Reclamation Authority Meeting Update**

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Director Teague and Vice President Coleman gave an update on the EVRA meeting held on October 19, 2021. It was determined that Reverse Osmosis (R.O.) Treatment will be needed for the injection project. Staff is continuing with the March 2020 recommendation of exploring tertiary water replenishment along the discharge stormwater channel. Staff would like to invite Coachella Valley Regional Water Management Group members to participate in the project as Technical Reviewers to engage stakeholder collaboration. The next steps for staff are to prepare an RFP for the feasibility study of tertiary recycling water percolation along the stormwater channel.

## **7. DIRECTOR'S ITEMS**

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None.

## **8. INFORMATIONAL ITEMS**

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The Board Workshop is scheduled for November 2, 2021, from 9 a.m. to 4 p.m. at the Fantasy Springs Events Center. The Budget & Finance Committee Meeting scheduled for November 2, 2021, has been canceled.

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## **9. ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 3:04 p.m. The next regular Board meeting will be held on November 9, 2021.

Respectfully submitted,

Holly Gould, Clerk of the Board  
Valley Sanitary District



# UNOFFICIAL UNTIL APPROVED

## VALLEY SANITARY DISTRICT MINUTES OF SPECIAL BOARD MEETING

November 2, 2021

A Special Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, November 2, 2021, at Fantasy Resort Events Center – Pa’at Room, 84-245 Indio Springs Pkwy., Indio, CA 92201.

### 1. **CALL TO ORDER**

President Sear called the meeting to order at 9:04 a.m.

#### 1.1 Roll Call

Directors Present:

Debra Canero, Dennis Coleman, Mike Duran, Scott Sear, William Teague

Staff Present:

Beverli Marshall, General Manager, Ron Buchwald, Engineering Services Manager, and Dave Commons, Facility Operations Manager.

Guests:

John Bramble, Management Partners

Julie Hernandez, Management Partners

### 2. **PUBLIC COMMENT**

*This is the time set aside for public comment on any item not appearing on the agenda. Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item.*

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None.

### 3. **NON-HEARING ITEMS**

#### 3.1 Valley Sanitary District Board of Directors Workshop

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The Board of Directors attended a workshop hosted by John Bramble and Julie Hernandez of Management Partners. The workshop included discussions on effective Board roles and responsibilities, strategic planning for the Board and General Manager, and ways to expand community participation.

### 4. **ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 3:45 p.m. The next regular Board meeting will be held on November 9, 2021.

***UNOFFICIAL UNTIL APPROVED***

Respectfully submitted,

Holly Gould, Clerk of the Board  
Valley Sanitary District

**DISBURSEMENTS**  
**Approves at the Board Meeting of**  
**November 9, 2021**

39803	City of Indio	Plan check fee Indio sewer improvement project	\$12,138.00
39804	Indio Water Authority	Water plan check fee Indio sewer improvement project	\$4,866.00
39805	Automation Pride	Furnish W410 cellular service	\$530.70
39805	Automation Pride	Service call to fix microphone	\$95.00
39806	Beverli Marshall	Tuition reimbursement - 07/01/2021-08/31/2021	\$866.00
39806	Beverli Marshall	Travel and training reimbursement - SDLA conference	\$189.64
39807	Calif. Special District Association	CSDA membership renewal 1/1/2022-12/31/2022	\$8,245.00
39808	Caltest Analytical Laboratory	Monthly samples - 10/18/2021	\$1,047.35
39808	Caltest Analytical Laboratory	Quarterly samples - 10/18/2021	\$247.00
39808	Caltest Analytical Laboratory	Weekly NPDES 2015-2020	\$159.10
39809	City of Coachella	Water utility services 9/16/2021-10/15/2021	\$48.02
39810	Consolidated Electrical Distributors, Inc.	Wire strands	\$349.96
39811	Core & Main LP	Trumbull Wrenches	\$340.34
39812	Denali Water Solutions	Biosolids hauling - September 2021	\$8,125.26
39813	Desert Hose & Supply	Petroleum, camlock, center punch, clamp	\$151.46
39813	Desert Hose & Supply	Fire nose nozzle	\$542.88
39813	Desert Hose & Supply	Stainless clamps for iron sponge	\$42.75
39814	Environmental Water Solutions, Inc	Pressure gauge	\$127.20
39815	Ferguson Enterprises #1350	Parts for Polymer leak repair	\$127.14
39815	Ferguson Enterprises #1350	Calibration fee	\$306.68
39816	Grainger	Replacement screen	\$102.18
39816	Grainger	Replacement screen	\$68.12
39817	Healthy Futures, Inc.	Wellness services - 10/26/2021	\$1,500.00
39818	IDEXX Distribution, Inc.	Replacement quanti-tray sealer	\$3,524.83
39818	IDEXX Distribution, Inc.	Gamma Irrad colliert	\$209.69
39819	Kaman Industrial Technologies	Coupling spider	\$25.01
39820	Linde Gas & Equipment Inc.	Tank rental - 09/20/2021-10/20/2021	\$136.52
39821	MARCAB Company, Inc.	Neoprene gaskets	\$985.05
39822	Masters Refreshment Services LLC	Water delivery - 10/18/2021	\$236.15
39823	Matthew Pittelli	Exam reimbursement - 10/15/2021	\$180.00
39824	Mobile Modular Managment Corp	Security Deposit, install, and rental of office building	\$7,203.45
39825	SGH Architects Inc	Professional services for Office bldg through 9/30/2021	\$60,918.50
39825	SGH Architects Inc	Professional services for Lab bldg through 9/30/2021	\$31,006.25
39826	Smith Pipe & Supply Inc.	Pipe wrap tape	\$58.08
39827	Southern California Boiler, Inc.	Boiler maintenance - October 2021	\$1,004.99
39828	United States Plastic Corp.	Strainer screen	\$46.98
39829	United Way of the Desert	PR 10/01/2021 - 10/14/2021 PD 10/22/2021	\$20.00
39830	Univar Solutions	Ferric Chloride delivery - 10/14/2021	\$7,070.49
39830	Univar Solutions	Sodium Hypochlorite delivery - 10/27/2021	\$8,325.77
39831	WateReuse Association	Membership renewal 1/1/2022-12/31/2022	\$3,255.00
39832	Willdan Financial Services	Arbitrage rebate services 2004-VSD Shadow Hills	\$775.00
202110261	Colonial Life	PR 09/17/2021 - 09/30/2021 PD 10/08/2021	\$703.06
202110261	Colonial Life	PR 10/01/2021 - 10/14/2021 PD 10/22/2021	\$885.80
202110262	Basic	Section 125 FSA Admin - 10/01/2021-12/31/2021	\$150.00
202110311	Domino Solar LTD	Electricity - September 2021	\$9,881.24
202111011	Standard Insurance Company	Life and disability - November 2021	\$1,378.32
202111021	Imperial Irrigation District	Electricity - September 2021	\$51,557.80
202111031	Cintas Corp	First aid replenishment - 10/15/2021	\$239.35
202111032	Cintas Corp	Uniforms, mats, towels, etc - 10/07/2021	\$603.72
202111032	Cintas Corp	Uniforms, mats, towels, etc - 10/14/2021	\$621.73
202111032	Cintas Corp	Uniforms, mats, towels, etc - 10/21/2021	\$674.72
202111032	Cintas Corp	Uniforms, Mats, Towels, etc	\$731.24
202111034	UPS	Shipping Charges as of 10/30/2021	\$874.90
202111034	UPS	Shipping charges as of 10/23/2021	\$19.82
202111041	Verizon Wireless	Cell phones - October 2021	\$939.60
202111051	Paychex - Direct Deposit	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$76,523.40
202111052	Paychex - Fee	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$178.03
202111053	Paychex - Garnishment	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$210.46
202111054	Paychex - Tax	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$33,960.44
202111055	MassMutual	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$10.00
202111056	Vantage Point Transfer Agents - ICMA	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$1,370.00
202111057	Nationwide Retirement Solution	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$1,625.00
202111058	CalPERS Retirement	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$19,254.12
202111059	CalPERS 457	PR 10/15/2021 - 10/28/2021 PD 11/05/2021	\$750.00
202111081	Indio Water Authority	Water - September 2021	\$2,359.07
		<b>Totals</b>	<b>\$370,699.36</b>



**Valley Sanitary District  
Board of Directors Meeting  
November 9, 2021**

**TO:** Board of Directors  
**THROUGH:** Beverli A. Marshall, General Manager  
**FROM:** Ronald Buchwald, Engineering Services Manager  
**SUBJECT:** **Authorize the General Manager to Execute a Contract with Harris and Associates for the Condition Assessment of VSD Lift Stations in an Amount Not to Exceed \$202,293.**

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New expenditure request	<input checked="" type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input checked="" type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Executive Summary**

The purpose of this report is for the Board of Directors to review and discuss the proposal from Harris and Associates for the Condition Assessment of VSD’s four lift stations.

**Strategic Plan Compliance**

This item complies with VSD Strategic Plan Objective 3: Excellent Facilities.

**Fiscal Impact**

The total cost of this proposal is \$202,293. This project was not specifically included in the FY 2021/22 Capital Improvement Budget. However, this project will be added as part of the Collections System Program Rehabilitation and Replacement Project which has a FY 2021/22 budget of \$2,200,000. This project will be funded as part of that approved budget.

**Background**

VSD operates four sewer lift stations across Indio. These lift stations are showing signs of wear with improvements needed to keep the lift stations in good working order. A condition assessment is required to determine the necessary repairs needed to keep the lift stations functioning well. The condition assessment will determine the condition and remaining life of the assets within each pump station such as concrete linings, electrical conduits, pumps, and valves as well as determine the remaining life of said assets. Harris will prepare a condition assessment report which will provide recommendations for improvements to each pump station as well as cost estimates for these improvements. This project is being added to the Collection System Program

Rehabilitation and Replacement Project because the lift stations are integral part of the collection system and require similar work to be performed. The cost of this condition assessment, design and construction will be added to the total cost to 12-year Program Budget as part of future year budgets.

**Recommendation**

Staff recommends that the Board of Directors authorize the General Manager to execute a contract with Harris and Associates for the condition assessment of VSD's four lift stations in an amount not to exceed \$202,293.

**Attachments**

Attachment A: Harris and Associates' Proposal dated October 14, 2021.



October 14, 2021

Ron Buchwald, PE  
 District Engineer  
 Valley Sanitary District  
 45500 Van Buren Street  
 Indio, California 92253

## LIFT STATIONS CONDITION ASSESSMENT

Dear Ron:

Harris & Associates (Harris) appreciates the opportunity to present our proposal for the Lift Stations Condition Assessment Project.

The following outlines our proposed scope of services and estimated fee to provide these services.

### PROJECT UNDERSTANDING

Valley Sanitary District (VSD) serves approximately 76,000 people across much of the City of Indio, portions of La Quinta and the City of Coachella, and unincorporated areas of the County of Riverside. The existing sewer infrastructure includes over 254 miles of pipes, four active lift stations (LS), eight siphons, and a wastewater treatment plant (WWTP). VSD plans to assess the condition of their four active lift stations: Barrymore LS, Calhoun LS, Carver LS, and Vandenberg LS. The table below describes the existing lift stations further:

Station Name	Year Installed	Lift Station Style	No. of Pumps	Horsepower per Pump	Pump Capacity (gpm)
Barrymore	1979	Wet Pit/Dry Pit Style (Prefabricated dry pit)	2	10	800
Calhoun	2005	Submersible wet well	2	10	630
Carver	1967	Wet Pit/Dry Pit Style (Prefabricated dry pit)	2	5	320
Vandenberg	2007	Submersible wet well (with valve vault)	2	2	110

Harris will evaluate these lift stations and prepare a Condition Assessment Report (CAR). The CAR will include the following:

- Identification of assets such as concrete linings, electrical conduits, pumps, piping, valves, fittings, etc.
- Remaining life of assets
- Recommendations for improvements
- High-level cost estimates of recommended improvements

The CAR will not address pump performance assessment or any hydraulic or capacity improvements. Right-of-Way and easement analysis associated with Carver Lift Station relocation assessment is not included.

## SCOPE OF SERVICES

### Task 1 - Project Administration, Management, and Meetings

A brief progress report will accompany each monthly Harris invoice. It will discuss budget and schedule status, issues resolved and unresolved, and “next steps”. We will also submit project reports as needed and communicate with VSD to facilitate the project.

**Deliverable:** Monthly status and update reports.

### Task 2 - Health & Safety Work Plan

The Harris team will prepare a Health & Safety (H&S) Work Plan that outlines the requirements to perform safe confined space entries (CSE) into the dry/wet well structures.

The Harris team will obtain and review available drawings and existing documentation for the lift stations prior to the condition assessment activities to determine the requirements for the condition assessment. Following the kickoff meeting under Task 1, Harris will coordinate and conduct a site reconnaissance visit to assist with planning of the condition assessment activities.

Entry into dry and wet well structures is considered a confined space entry because of the limited ingress/egress and potential for hazardous atmospheric conditions. The field work will require three (3) people for confined space entry (one entrant, one attendant, and one entry supervisor). CSE into the well structures will be made using either a tripod/winch setup and/or a truck-mounted davit arm. All CSE personnel will have the necessary personal protection equipment (PPE) required to make a safe entry into structures, including a fit-tested safety harness. Constant air ventilation and air quality monitoring will be performed. The Harris team will only make an entry into a structure that has been isolated, dewatered and cleaned, and with equipment locked out/tagged out. This proposal does not include costs for shutdown, dewatering, and cleaning of the structures; it is assumed that preparation of the structures will be performed by VSD. VSD to accommodate up to 8 hours of zero flows at each pump station's wet wells to allow for the inspection activities.

The H&S Work Plan will summarize the recommended condition assessment testing methods, describe the data collected and its usefulness, and define the roles and responsibilities of each Harris team member. The draft H&S Work Plan will be submitted for one round of comments from VSD (assumed 2-week turnaround). Comments will be incorporated into a final H&S Work Plan. All submittals will be in electronic format.

**Deliverable:** Draft and Final Health and Safety Work Plan

### **Task 3 - Condition Assessment and Corrosion Evaluation**

Harris will review existing drawings and documents to establish a technical understanding of the as-built conditions. We will also discuss with VSD staff any new information noted during our field observation different from provided documentation. With VSD Staff, Harris will visit each lift station and assess the accuracy of existing documents. We will record any previously unidentified asset and interview collections staff about known issues and concerns.

The Harris team will perform condition assessment and corrosion evaluation of the concrete, metallic surfaces, electrical and instrumentation assets for all four lift stations.

The methods listed in this section will be used to perform the condition assessment. CSE and nondestructive testing of the well structures will only be performed if VSD is able to isolate, shutdown, dewater, and clean the structures. For well structures that cannot be safely entered, the Harris team will utilize a high-definition, pole-mounted camera for visual observation from top-side without entering the space.

Assuming that CSE can be performed at each lift station, the Harris team anticipates that the field work will be completed in four (4) 8-hour days with a 3-person crew. If CSE cannot be performed, Harris anticipates that up to two (2) lift stations can be assessed per day. Due to the nature of the work, compliance with DIR and prevailing wage regulations is required. Cost impacts due to prevailing wage compliance have been included in the cost estimate. If more time is required to complete the assessment work, it will be billed on a time and materials basis.

1. Visual Corrosion Assessment – Perform visual observations of the concrete, lining and metallic surfaces within the wet wells, drywells, mechanical equipment, odor control equipment, building interior/exterior structure, backup generator rooms, and other associated equipment onsite. The observations will be documented with digital photographs and field notes. Record drawings will be used to identify locations of observed defects. The condition of concrete and metallic surfaces will be rated using the VANDA® Concrete and Metal Condition Indices .
2. Metal Thickness – Ultrasonic testing will be performed at up to 10 locations (or a minimum of 40 measurements) including safely accessible piping, structural supports, or other metallic structures at each lift station.
3. Corrosion Pit Depth – Measure pit depth where significant metallic corrosion pitting is observed, and a UT measurement is not successful. A depth gauge will be used for pit depth measurements.
4. Coatings Assessment – Visually assess the rusting on coated steel surfaces by noting defect areas and severity in accordance with ASTM D610, Standard Practice for Evaluating Degree of Rusting on Painted Steel Surfaces.
5. Perform dry film thickness (DFT) testing on coatings (up to 10 locations) present on metal surfaces of equipment and piping at each lift station.



6. Concrete Sounding – Assess the concrete condition by “sounding” to listen for discontinuities and penetration measurements (using a chipping hammer) to find the depth to sound material in safely accessible areas.
7. Concrete Penetration Testing – Penetration measurements involved applying a consistent level of force from a chipping hammer to remove loose material from the concrete surface, until solid, hard material is reached, and then measuring the depth of the resulting cavity.
8. Concrete Surface pH Testing – Conduct in-situ pH measurements within the well structures to determine the pH of the concrete exposed to the wastewater environment.
9. Photos – Document the condition assessment and corrosion evaluation with digital photographs. A minimum of 20 photos will be obtained at each lift station

The scope of concrete corrosion assessment/testing is limited to the tests listed. Additional testing (concrete cores, petrographic analysis, chemical analysis, etc) are not included and may be required at a later date based on the condition of the concrete established during initial testing included in the scope.

**Deliverable:** Findings of the condition assessment task will be included with the Task 5 deliverables.

#### **Task 4 - Carver Lift Station Relocation**

Per discussions with VSD, the County of Riverside is currently in the design process for the widening of Avenue 48. Once widened, the Carver lift station will be located in the middle of the intersection of Avenue 48 and Bataan Street, making access and maintenance difficult. Harris will assess the feasibility of relocating the Carver Lift Station outside the intersection and identify location options for the lift station.

A memorandum will be prepared to document the Carver Lift Station relocation assessment findings. The memorandum will include cost estimate associated with relocation the Carver Lift Station.

**Deliverable:** Draft and Final memo on Carver Lift Station Relocation feasibility.

#### **Task 5 – Condition Assessment Report**

A draft Condition Assessment Report (CAR) will be prepared that will describe the following for each lift station:

- Identification of assets such as concrete linings, electrical conduits, pumps, piping, valves, fittings, etc.
- Remaining life of assets
- Recommendations for improvements
- Recommended timeline for improvements.
- High-level cost estimates of recommended improvements

**Deliverable:** Draft and Final Condition Assessment Report

## PROJECT SCHEDULE

Harris proposes to provide the services outlined in accordance with the attached project schedule. The schedule would commence upon receipt of written Notice to Proceed (NTP).

## FEE BUDGET

Harris proposes to provide the scope of services outlined above for a total Not-to-Exceed fee budget of **\$202,293** per the attached fee breakdown. This is our estimated effort based on the scope provided above and discussion with Staff. Fees will be invoiced monthly based on the percentage of work completed. Our services would be accomplished per our existing agreement with VSD, where all terms and conditions are stated therein.

We look forward to working with you and the VSD on this important project. Please feel free to call me directly should you have any questions.

Sincerely,  
**Harris & Associates, Inc.**



**Mark Nassar, PE, MBA**  
Director, Program Management  
(619) 200-6442 ■ [Mark.Nassar@weareharris.com](mailto:Mark.Nassar@weareharris.com)  
[Ehab.Gerges@WeAreHarris.com](mailto:Ehab.Gerges@WeAreHarris.com)



**Ehab Gerges, PE**  
Senior Vice President  
(949) 683-2011 ■

Attachments:  
A: Schedule  
B: Fee Budget

ATTACHMENT A  
VALLEY SANITARY DISTRICT  
LIFT STATION PROJECT  
OCTOBER 12, 2021

	<u>Deliverables</u>	<u>Duration</u>	<u>Order</u>	<u>Proposal Bullets</u>	NTP	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Wk 9	Wk 10	Wk 11	Wk 12	Wk 13	Wk 14	Wk 15	Wk 16	Wk 17	Wk 18	Wk 19	Wk 20	Wk 21	Wk 22	Wk 23	Wk 24	
	VSD Issues NTP	-	-																											
	1 Project Kick Off Meeting	-	after 1	w/in 1W of NTP																										
Task 2	2 Draft Health & Safety Work Plan	2 weeks	after 1	w/in 2W of NTP																										
Task 2	3 VSD Review/Comment	2 weeks	after 2																											
Task 2	4 Final Health & Safety Work Plan	1 week	after 3	w/in 1W of VSD review																										
Task 3	5 Cond Assess & Corrosion Eval	4 weeks	after 4	w/in 4W of NTP and after completion of Final Health & Safety Plan																										
Task 4	6 Draft Carver L/T Relocation	12 weeks	after 1	w/in 12W of NTP																										
Task 4	7 VSD Review/Comment	2 weeks	after 9																											
Task 4	8 Final Carver L/T Relocation	2 weeks	after 10	2W after VSD comments																										
Task 5	9 Draft Cond Assess Report	10 weeks	after 5	w/in 10W after condition assessment																										
Task 5	10 VSD Review/Comment	2 weeks	after 12																											
Task 5	11 Final Cond Assess Report	2 weeks	after 13	2W after VSD comments																										

**Legend**  
 Valley Sanitary District Review/ Comment  
 Project Task Effort

**ATTACHMENT B**

**FEE BUDGET**

**VALLEY SANITARY DISTRICT  
LIFT STATIONS CONDITION ASSESSMENT**

Task	Task Description	PM	LD	Sr. PE	PE	TA	QA/QC	Harris Hours	Harris Cost	Subconsultants Cost			Total Cost
										Corrosion	EI&C	ODC Total <sup>(1)</sup>	
		\$293	\$253	\$213	\$201	\$269	\$269						
1	Project Administration, Management, and Meetings (4 meetings)	8	32	8	20	4	0	72	\$17,240	\$8,483		\$9,331	\$26,571
2	Health & Safety Work Plan	1	4	1	4	0	0	10	\$2,322	\$9,185		\$10,104	\$12,426
3	Condition Assessment and Corrosion Evaluation	4	40	4	40	8	0	96	\$22,336	\$42,832	\$12,000	\$60,315	\$82,651
4	Carver Lift Station Relocation	4	32	4	48	2	2	92	\$20,844			\$0	\$20,844
5	Condition Assessment Report	4	32	2	80	8	10	136	\$30,616	\$18,532	\$8,000	\$29,185	\$59,801
<b>Task 1-6 Totals =</b>		<b>21</b>	<b>140</b>	<b>19</b>	<b>192</b>	<b>22</b>	<b>12</b>	<b>406</b>	<b>\$93,358</b>	<b>\$79,032</b>	<b>\$20,000</b>	<b>\$108,935</b>	<b>\$202,293</b>

**Legend:**

- PM Program Manager
- LD Lead Designer
- Sr. PE Senior Project Engineer
- PE Project Engineer
- TA Technical Advisor
- QA/QC Quality Assurance/Quality Control

**Subconsultants**

- Corrosion: V&A Engineering, Inc.
- Electrical, Instrumentation & Controls (EI&C): TJC & Associates, Inc.

**Notes/Assumptions:**

1. Other Direct Cost (ODC) includes Subconsultants cost plus 10% markup.
2. Hydraulic analysis and capacity improvements are not included. Pump performance assessment is not included. Updating CMMS database is not included.
3. Right-of-Way and easement analysis associated with Carver Lift Station relocation assessment is not included.
4. Drawings and specifications for suggested improvements are not included.
5. All meetings except site visits will be virtual.
5. All submittals will be electronic (pdf).



**Valley Sanitary District  
Board of Directors Meeting  
November 09, 2021**

TO: Board of Directors

THROUGH: Beverli A. Marshall, General Manager

FROM: Jeanette Juarez, Business Services Manager

**SUBJECT: Receive and File the Annual Comprehensive Financial Report (ACFR) for the Valley Sanitary District for the Fiscal Year Ending June 30, 2021**

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Executive Summary**

The purpose of this report is for the Board of Directors to receive and file the ACFR for the fiscal year ended June 30, 2021.

**Strategic Plan Compliance**

This item complies with VSD Strategic Plan Objective 5 Long-Term Financial Strength.

**Fiscal Impact**

Total assets and total net position increased by \$2.3 million, from \$100.7 million to \$103.0 million.

**Background**

In accordance with the Generally Accepted Accounting Principles (GAAP) for State and Local governments, the Districts prepares a ACFR for the fiscal year.

The purpose of the ACFR is to provide accountability for both the financial and operational information that is useful to the decision makers of the District.

The District’s external financial auditors, Davis Farr LLP, completed the field audit work and submitted a Letter of Audit Findings (included in the ACFR). Overall, the auditors provided an unmodified opinion of the District’s financial reports. Jonathan Foster, CPA, Davis Farr LLP, will be provide the Board with an overview of the audit process and outcome.

**Recommendation**

Staff recommends that the Board of Directors receive and file the ACFR for Valley Sanitary District for the fiscal year ended June 30, 2021.

**Attachments**

Attachment A: Annual Comprehensive Financial Report for Valley Sanitary District

Attachment B: Statement of Auditing Standards (SAS) Letters



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

“Giving Water Another Chance”

PRESENTED BY

The Administration Department

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**VALLEY SANITARY DISTRICT**  
**Comprehensive Annual Financial Report**  
**Year ended June 30, 2021**

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**INTRODUCTORY SECTION  
(UNAUDITED)**

# Introduction



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October 29, 2021

To: The Board of Directors

Subject: Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for the Valley Sanitary District (District) for the fiscal year ended June 30, 2021. This report was prepared by the District's Administration Department following guidelines recommended by the Governmental Accounting Standards Board (GASB) and in accordance with Generally Accepted Accounting Principles (GAAP). State law requires that all special-purpose local governments publish these basic financial statements within six (6) months of the close of the agency's fiscal year. This report is published to fulfill that requirement and to provide the Board of Directors (Board), the public, and other interested parties these basic financial statements.

Management assumes full responsibility for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. To ensure completeness and reliability of the information contained in this report, management uses established internal controls that have been adopted for effectiveness, reliability, and compliance. These controls are designed to protect the District's assets from loss, theft, or misuse, and to ensure sufficiently reliable information for the preparation of the District's basic financial statements in conformity with GAAP. As management, we assert that this financial report is complete and reliable in all material respects.

The District's basic financial statements have been audited by Davis Farr, LLP, a firm of licensed certified public accountants. The independent firm audited the accompanying financial statements of the business-type activities and the fiduciary fund of the District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The audit was conducted 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. The independent auditor rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2021, are fairly presented, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The District's MD&A can be found immediately after the Independent Auditors' Report and provides an overview and analysis of the basic financial statements.

## **District Structure and Leadership**

**Mission Statement:** Valley Sanitary District serves and benefits Indio and the surrounding communities by collecting, treating, and recycling wastewater to ensure a healthy environment and sustainable water supply.

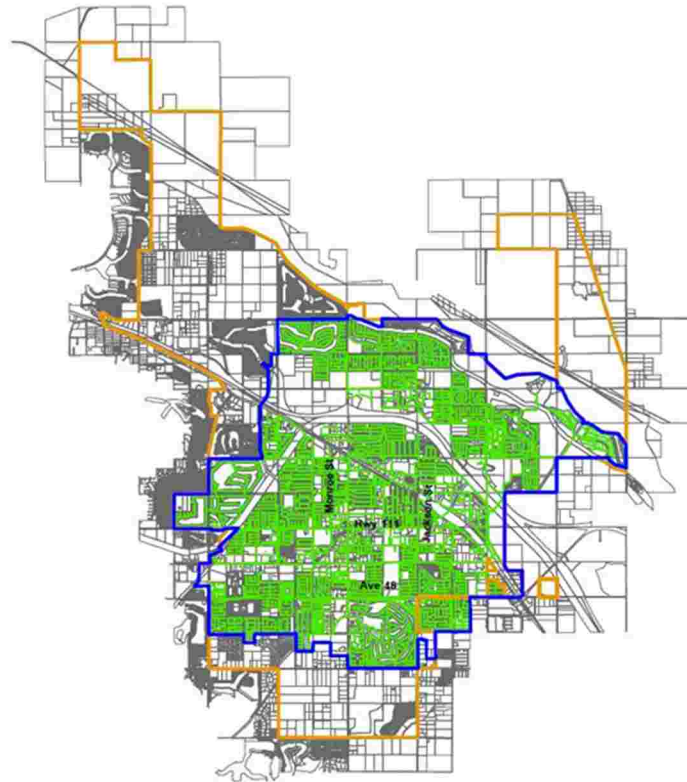
## **District Governance**

Valley Sanitary District is a California special district, which operates under the authority of the Health and Safety Code, Sanitary District Act of 1923, § 6400 et seq. The District was formed June 1, 1925 and is governed by a five (5) member Board of Directors. Each Director is elected through a ward-based election system. Each Director represents a specific geographic area within the District known as a ward. Under California law the Board of Directors establishes and implements policies for the operation of the District. The Board of Directors establishes goals and objectives, manages sound fiscal policy and control, sets rates and fees, approves the annual operating and capital budget, approves capital improvement plans, maintains strong communication between the Board of Directors and the General Manager, and advocates for the District. The Board of Directors makes decisions to serve the best interests of the community. The District's Board of Directors meet on the second and fourth Tuesday each month. Meetings are publicly noticed and citizens are encouraged to attend.

The U.S. Environmental Protection Agency, the California Regional Water Quality Control Board, the California Health Service Department, as well as other regulatory agencies provide the permits and standards that the District must meet to collect, treat, recycle, reuse, and dispose of wastewater.

## **District Services**

Valley Sanitary District is in Indio, California located in the eastern desert area of Riverside County. As the largest city in the Coachella Valley, Indio has a population of approximately 89,551. The District provides sanitary sewer services to approximately 28,028 connections within its 19.5 square mile service area. The District encompasses portions of the City of Indio, the City of Coachella, and adjacent unincorporated areas of Riverside County, California. Residential customers represent approximately 97% of the District's customer base and produce an estimated 81% of the sewage flow. The District operates and maintains approximately 254 miles of sanitary sewer line that delivers over 6 million gallons per day of wastewater to its wastewater reclamation facility. The reclamation facility has the capacity to treat 12.5 million gallons per day. The treated wastewater is discharged into the Whitewater Storm Channel and becomes a source of freshwater replenishment to the Salton Sea.



Valley Sanitary District  
Boundary Map

- Legend**
-  VSD Boundary
  -  Indio Limits
  -  Sewer Pipe

## Budget Process

The District's budget conforms to Generally Accepted Accounting Principles as applicable to local governments. While it is an enterprise agency, the accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The District prepares its annual budget on a fund accounting basis, which segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with financial related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The District reports the following funds in its annual budget:

- **Operating Fund:** This is the general operating fund of the District. The primary revenue source for this fund is derived from rates charged to customers for services provided and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and maintenance costs not paid through other funds are paid from this fund.
- **Special Revenue Funds:** These funds receive support from various sources, mainly in the form of grants, loans and other aid and are restricted to expenditures for particular purposes. Currently, the District has two (2) special revenue funds:
  - 2015 Wastewater Revenue Refunding Bonds
  - State Water Resources Control Board Revolving Fund Loan



- **Fiduciary Fund:** The District reports an Agency Fund. The Agency Fund is purely custodial in nature (assets equal liabilities), and thus does not involve measurement of results of operations. The Agency Fund is used to account for assets for the Assessment District No. 2004 (Shadow Hills Interceptor) for which the District acts as an agent for its debt service activities.
- **Capital Improvement Fund:** Indicates the amount allocated for capital expenditures for identified projects.
- **Restricted CIP Fund:** Indicates the current fiscal year resource allocation and amount allocated for capital expenditures for increased capacity-related projects.

Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how activities are controlled. The overview of each fund provides a detailed explanation of the purpose of the fund and its planned budget for each fiscal year.

The budget process for the District is a collaborative effort among all departments that is based on sound financial management and longevity. The operating budget focuses on allocating and using resources within the framework of the strategic plan to ensure long term success and development of the District as a whole. The capital budget incorporates key projects to further advance the District's Capital Improvement Program (CIP) and for capital projects that are necessary to meet regulatory requirements, system reliability, repair, and replacement of District assets.

The District strives to maintain formal policies and/or procedures that reflect "best practices" for budget development and adjustments. The District uses established budgetary preparation procedures and guidelines, calendar of events, planning models by fund, budget adjustment procedures, establishment of rates and fees, indirect costs, and interest income. The budget is scheduled to allow sufficient review and input by the Board of Directors and constituents. The budget document reflecting all final actions as adopted by the Board of Directors, on or before June 30th of each year, is made available within 30 days of such adoption in both hard copy at the District office and on the District's web site.

## **Budgetary Control**

The District's Board of Directors annually adopt an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

If actual costs are expected to be higher than what was budgeted, these options are available within the requirements of existing policies:

1. Cancel the project or reduce the scope of the project.
2. Transfer funds from another project with lower priority or excess funds available.

3. Appropriate funds from reserves, with Board approval.
4. Re-budget the project, with additional funding, in the following fiscal year.
5. Board approval is required for any new projects added during the fiscal year.

### **Internal Control Structure**

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Economic Condition and Outlook**

To summarize the impact COVID-19 had on the City of Indio and the Coachella Valley, one can quote the Coachella Valley Economic Partnership (CVEP) economic report, "One year ago. Have those words ever meant more?" (P. 5).<sup>1</sup> The past year has been a true test to economic resiliency, not just for the Coachella Valley, but the State of California as a whole. State mandated shutdowns pushed many businesses to close temporarily or permanently. However, according to the UCLA Anderson Forecast 2021 quarterly report, as county and state restrictions begin to be lifted California's economy is expected to recover faster than the rest of the US, post pandemic.

- GDP is expected to have 6.3% growth in 2021, 4.6% growth in 2022, and 2.7% growth in 2023.
- Unemployment is expected to be at 5.2% in Q4 of 2021, 4.2% in Q4 2022, and 3.7 in Q4 2023.
- Core Personal Consumption Expenditures (PCE) inflation is projected at 1.9% in 2021, 2% in 2022, and stabilize at 1.9% in 2023.<sup>2</sup>

A combination of COVID-19 economic relief packages and increased vaccinations contribute to the growth forecast for California. Government action through Paycheck Protection Program (PPP) loan, extended unemployment insurance, and direct checks provided financial assistance and relief to many. The number of people who have already received the vaccination and those that have recovered from COVID-19 implies that most of the state has some protection from COVID-19 (UCLA Anderson Forecast, 2021).<sup>2</sup> According to COVID19.CA.GOV as of April 11, 2021, 22.9M doses have been administered statewide in California.<sup>3</sup>

The California budget assumed the state would face an estimated 15% revenue decline from the three (3) largest taxes; personal income, corporate, and sales tax (Legislative Analyst's Office, 2021).<sup>4</sup> However, according to the Legislative Analyst's Office (2021) website, "actual collections in recent months have been much better than anticipated. Between August and October, collections from the three (3) largest taxes were 9% higher than the prior year. As a result, actual collections so far in 2020-21 are 22% (\$11 billion) ahead of budget act assumptions" (Para 15).<sup>4</sup>

The economy in Indio, unincorporated Riverside County, and Coachella continues to face challenges due to the COVID-19 pandemic. According to CVEP (2020), 76% of total employment losses from March 2020 to April 2020 were in the five (5) sectors of; Leisure and Hospitality, Education and

Health Services, Professional and Business Services, Retail Trade, and Other Services.<sup>1</sup> There are now signs of recovery as the unemployment in Riverside County decreased to 8.0% as of February 2021, down from its peak of 15.9% in May 2020.<sup>5</sup> The decrease in the unemployment rate is mainly attributed to many restaurants and businesses reopening.

At the March 3, 2021, City Council Meeting, the Indio City Manager, Mark Scott, delivered the fiscal year 2020/21 Midyear Budget update. In his update, the City Manager confirmed that the revenue and expenditure trends are better than initially anticipated in June of 2019. According to the City Manager the favorable trends are attributed to “robust sales citywide, which have generated more sales tax and Measure X use tax revenues, in spite of the economic pressures placed on businesses by the pandemic”.<sup>6</sup> However, the increase in projected revenue is offset by the loss of revenue caused by the cancelation of the Coachella Valley Music and Arts Festival and Stagecoach Country Music Festival.

The City of Indio has continued to find opportunities amongst the COVID-19 Pandemic. The city has seen an increase in home building, new shopping centers have opened, and more are scheduled to open within the coming fiscal year. Additionally, the city spent \$47 million in infrastructure and capital improvements. The City of Indio also released \$2.2 million in Community Development Block Grant funds to assist the community needs due to COVID-19. There is also momentum in the College of the Desert Indio Campus Expansion and the remodeling and redesign of Indio Fashion Mall into the Indio Market Place. The new Indio Market Place will feature a “community mall with shopping, dining, entertainment, one large or two small hotels, and apartment housing”.<sup>7</sup> This new development is expected to act as a catalyst for future development. In summary the City of Indio is taking full advantage of the opportunities to rebuild and implement strategic planning to actualize its goals. These initiatives benefit the District because they encourage residential and commercial development within the service area which in turn leads to an increase in sewer connections. The District, like the City of Indio will build on the current momentum to take full advantage of the opportunities and realize goals through strategic planning.

---

1. CVEP. (2020). Greater Palm Springs Economic Report. [https://cvep.com/wp-content/uploads/2021/02/CVEP-2020-Economic-Report\\_02-01-21.pdf](https://cvep.com/wp-content/uploads/2021/02/CVEP-2020-Economic-Report_02-01-21.pdf)
2. Feler, L. (2021, March). Robust Economic Growth and Recovery After a Dreadful Year. UCLA Anderson Forecast, (), 1-13.
3. CA.GOV. (2021). Vaccines. <https://covid19.ca.gov/vaccines/#California-vaccines-dashboard>
4. Legislative Analyst's Office. (2021). California's Fiscal Outlook. <https://lao.ca.gov/Publications/Report/4297>
5. YCHARTS. (2021). Riverside County, CA Unemployment Rate. [https://ycharts.com/indicators/riverside\\_county\\_ca\\_unemployment\\_rate#:~:text=Riverside%20County%2C%20CA%20Unemployment%20Rate%20is%20at%208.00%25%2C%20compared,month%20and%204.10%25%20last%20year.](https://ycharts.com/indicators/riverside_county_ca_unemployment_rate#:~:text=Riverside%20County%2C%20CA%20Unemployment%20Rate%20is%20at%208.00%25%2C%20compared,month%20and%204.10%25%20last%20year.)
6. Scott, M. (2021). Budgets and Quarterly Reports. <https://www.indio.org/civicax/filebank/blobdload.aspx?t=51086.23&BlobID=31725>
7. Vision 2020-2021. (2021, November). Vision 2020-2021, (), 44-47. <https://flipbook.pub/vision/2020-2021/#>

## Major Initiatives

During fiscal year 2021, the District completed or initiated several significant projects:

- **Collections System Maintenance Program** – The District operates and maintains approximately 254 miles of sanitary sewer line that delivers over six (6) million gallons per day of wastewater to its wastewater reclamation facility. To keep up with an aging and expanding infrastructure, the District is working with Harris and Associates to develop a multimillion-dollar maintenance program that will span over the next several years. The District has begun the first sewer main rehabilitation project consisting of Cured In Place Pipe (CIPP) lining and manhole rehabilitation along Indio Boulevard from Highway 111 to Dr. Carreon Boulevard.
- **Sewer Siphon Replacement Design** – A new sewer siphon crossing the Coachella Stormwater channel at Westward Ho Drive is in the design phase after being damaged by flooding that occurred on February 14, 2019. The District is working with Carollo Engineers to complete the final design and obtain the estimated construction cost to begin the bidding process for a qualified contractor.
- **Reclaimed Water Project, Phase 1** – This project will replace an aging and capacity restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project will also include the addition of a biofilter, a sludge holding tank, and a sludge thickener building. Schneider Electric and Stantec were selected as the design-build entities for this project. The preliminary design phase is estimated at 460 days and once complete, construction will begin.
- **Influent Pump Station Rehabilitation Project** – Stantec is assisting the District as an Owner’s Representative for the rehabilitation of the influent pump station structure which is showing significant signs of deterioration. The District is in the process of selecting the design-build entities for this project who will handle the design and construction of the repairs.
- **New Training and Office Building Project** – The District is planning to construct a new building at the District’s wastewater reclamation facility. The new facility will provide space for new offices for District personnel, as well as a new training area for company events and meetings. The District selected SGH Architects for the initial design of the new building which includes a schematic layout of the building and the estimated construction cost.
- **Van Buren Slope Protection Project** – The slope along the south end of the District’s property is being eroded by flooding events which is causing the posts of the chain link fence to become exposed and weakened. The District has awarded the project to Desert Concepts who will grade the existing slope and install filter fabric and rock material to prevent erosion from future rain events.

## **Sewer Rates and District Revenues**

The District receives revenue from limited sources with the Sewer Use Charge (SUC) being the primary source of both operating and capital improvement revenue. In fiscal year 2020/21 the District hired NBS, an independent consultant, to complete a Comprehensive Wastewater Rate Study. The study addressed three (3) key issues:

- The development of net revenue requirements from FY22 to FY41
- The establishment and maintenance of reserve funds and targets
- The funding of the District's Capital Improvement Program (CIP)

The findings of the completed study showed a significant funding shortfall in coming years if no rate adjustment is implemented. In other words, the District will not be able to fund both operating and maintenance costs as well as the planned capital improvements if it does not implement rate increases to generate the additional revenue needed to fund these obligations.

The CIP identifies approximately \$139 million in capital improvements over the next five (5) years. A new SUC rate and connection fee structure was proposed and presented to the Board of Directors for review.

The public had opportunities to comment on the proposed rate increases during the Board meetings on January 5, January 19, February 16, and March 9, 2021. At its meeting on March 9, 2021, the Board approved the proposed SUC rates to be published for public comment, to become effective July 1, 2021, and set the public hearing for May 11, 2021. Following all Prop 218 mandates, the District mailed out notices to its customers that it would be considering an increase of the SUC rates each year for the next five (5) years.

The schedule below illustrates the proposed rate schedule.

<b>Proposed Annual Sewer Rate Schedule Starting July 1, 2021 through June 30, 2026</b>						
<b>Annual Sewer Rate Schedule</b>	<b>Current</b>	<b>July 1, 2021</b>	<b>July 1, 2022</b>	<b>July 1, 2023</b>	<b>July 1, 2024</b>	<b>July 1, 2025</b>
<b>Programa Annual de Tarifas de Alcantarillado</b>	<b>Ahora</b>					
<b>Fixed Service Charge (Cargo Por Servicio Fijo)</b>						
	Per EDU	Rates per EDU (Tarifas por EDU)				
Single Family (Unifamiliar)	\$330.00	\$ 342.72	\$ 385.56	\$ 433.76	\$ 487.98	\$ 497.74
Multi-Family (Multifamilia)	\$330.00	\$ 150.00	\$ 168.75	\$ 189.84	\$ 213.57	\$ 217.84
Mobile Home (Casas Moviles)	\$330.00	\$ 181.28	\$ 203.94	\$ 229.43	\$ 258.11	\$ 263.27
RV Park (Parque RV)	\$330.00	\$ 141.25	\$ 158.91	\$ 178.77	\$ 201.12	\$ 205.14
	Per EDU	Rates per Account (Tarifas por Cuenta)				
Commercial-Low/Med Strength (Baja Resistencia)	\$330.00	\$ 199.03	\$ 223.91	\$ 251.90	\$ 283.39	\$ 289.06
Commercial-High Strength (Alta Resistencia)	\$330.00	\$ 607.00	\$ 682.88	\$ 768.24	\$ 864.27	\$ 881.56
<b>Volumetric Rate (Tasa Volumetrica)</b>						
		\$ per hcf average winter water consumption (\$ por hcf consumo medio de agua en invierno)				
Single Family (Unifamiliar)	-	\$ 0.98	\$ 1.10	\$ 1.24	\$ 1.40	\$ 1.43
Multi-Family (Multifamilia)	-	\$ 0.98	\$ 1.10	\$ 1.24	\$ 1.40	\$ 1.43
Mobile Home (Casas Moviles)	-	\$ 0.98	\$ 1.10	\$ 1.24	\$ 1.40	\$ 1.43
		\$/hcf annualized water consumption (\$/hcf del consume de agua anualizado)				
RV Park (Parque RV)	-	\$ 1.10	\$ 1.23	\$ 1.38	\$ 1.55	\$ 1.58
Commercial-Low/Med Strength (Baja Resistencia)	-	\$ 0.88	\$ 0.99	\$ 1.11	\$ 1.25	\$ 1.28
Commercial-High Strength (Alta Resistencia)	-	\$ 2.00	\$ 2.25	\$ 2.53	\$ 2.85	\$ 2.91

The proposed rates are needed to maintain operating service levels, fund critical, high-risk projects identified in the 20-Year District-Wide Master Plan and to meet debt service requirements. In addition to using the additional SUC revenue, the District plans to finance \$165 million through various loan programs to bridge the gap.

**Fiscal Year 2021/22 Budget Overview**

This budget is based on the services, goals, and objectives outlined by the Board of Directors in the Strategic Plan. For fiscal year 2021/22, the anticipated total operating revenue is \$15.8 million. The proposed operating and capital budgets are \$10.9 million and \$15.9 million, respectively.

	FY21 Budget	FY22 Budget	Budget Change	Percent Change
Operating Budget	\$ 9,151,339	\$ 10,967,155	\$ 1,815,816	19.8%
Capital Budget	10,395,887	15,912,465	5,516,578	53.1%
<b>Total Budget</b>	<b>\$ 19,547,226</b>	<b>\$ 26,879,620</b>	<b>\$ 7,332,394</b>	<b>37.5%</b>

The increase in operating expenditures is due to:

- regulatory changes requiring new or increased treatment processes;
- increasing utilities, supplies, and contract service costs;
- increasing staff to meet changing needs;
- wage changes to be more competitive with other agencies in the region to address recruitment and retention issues;
- allocating funds to replace and repair equipment as it reaches the end of its useful life; and
- reserves to meet debt service requirement

The increase in capital improvement program expenditures is due to:

- replacing and repairing collection system main lines;
- upgrading existing treatment equipment and infrastructure to meeting changing regulatory requirements;
- additional treatment equipment and infrastructure to provide redundancy and service continuity; and,
- implementing a recycled water program to recharge the Coachella Valley aquifer.

The fiscal year 2021/22 budget reflects 36 full time employees, an increase of three (3) budgeted full-time positions compared to fiscal year 2020/21. The budget also includes a fund transfer from the Operating Fund to the Capital Improvement Fund of \$1.0 million toward projects identified in the 5-Year Capital Improvement Plan. The budget demonstrates the District’s ability to meet debt service requirements by maintaining a debt ratio of no less than 1.25.

**Strategic Plan**

The District, with the support of the Board of Directors, will continue to focus its energy and resources towards actualizing the established goals of the strategic plan. The following six (6) goals encompass the District’s objectives that will that will support the mission and assure success of the vision of the District.

Goal 1: Fully Staffed with a Highly Trained and Motivated Team

Goal 2: Increase Recycling, Reuse, and Sustainability

- Goal 3: Excellent Facilities
- Goal 4: Increase Community Understanding and Support
- Goal 5: Long-Term Financial Strength
- Goal 6: Improve Planning, Administration, and Governance

### **Challenges Facing the District**

The District is not immune to increasing costs in key areas including utility rates, aging infrastructure and replacement needs, mandatory retirement benefit contributions, health care premiums, post-employment benefits, and regulatory changes. The District has addressed these challenges through implementation of efficiency methods, installation of a 1 Mega Watt solar power system, and replacement of high-energy use equipment with more efficient equipment.

The District's biggest current challenge is to address its aging infrastructure and changing regulatory requirements. The 20-Year Master Plan indicates a need for over \$260 million in improvements and replacement of assets. The District's rate analysis reflects that the District will need to borrow approximately \$165 million with a 30-year repayment schedule for each loan at a 2.5% interest rate.

The District continues to look for other revenue sources, such as grants and partnerships with private companies, to offset the cost of both operations and capital improvements.

### **Financial Stability**

The key to financial stability is the ability to successfully maintain services and functions, efficiently manage expenses, and withstand and adapt to external changes. In fiscal year 2020/21, the COVID-19 Pandemic impacted the economy at a national and global level. Businesses, schools, entertainment venues, and other services deemed non-essential were forced to close as public health policies were enforced to reduce the spread of the virus. The executive team with the support of the Board of Directors, brought their diverse insights to effectively and efficiently allocate resources to maintain essential services. We acknowledge that this economic atmosphere has higher levels of uncertainty than years passed. However, the District has a solid history of sound financial management and planning. The financial stability of the District is stable despite the external economic stressors the pandemic has created. As previously mentioned, the District is not without challenges including increases in costs of supplies, services, premiums, and CIP rehabilitation, replacement, and expansion. Fiscal year 2021/22 is a year of planning and strategy to ensure the continuity and success of the organization. The District's quick ability to adapt to situations is the reason we have been successful and continue to be successful.

## **Awards and Recognition**

During the past year, the District received the following awards:

- ❖ California Water Environmental Association (CWEA) Colorado River Basin Section Maintenance Person of the Year – Daniel Mills
- ❖ Government Finance Officers Association (GFOA) – Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Sanitary District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the ninth consecutive year that the District received this prestigious award. To award a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

## **Acknowledgments**

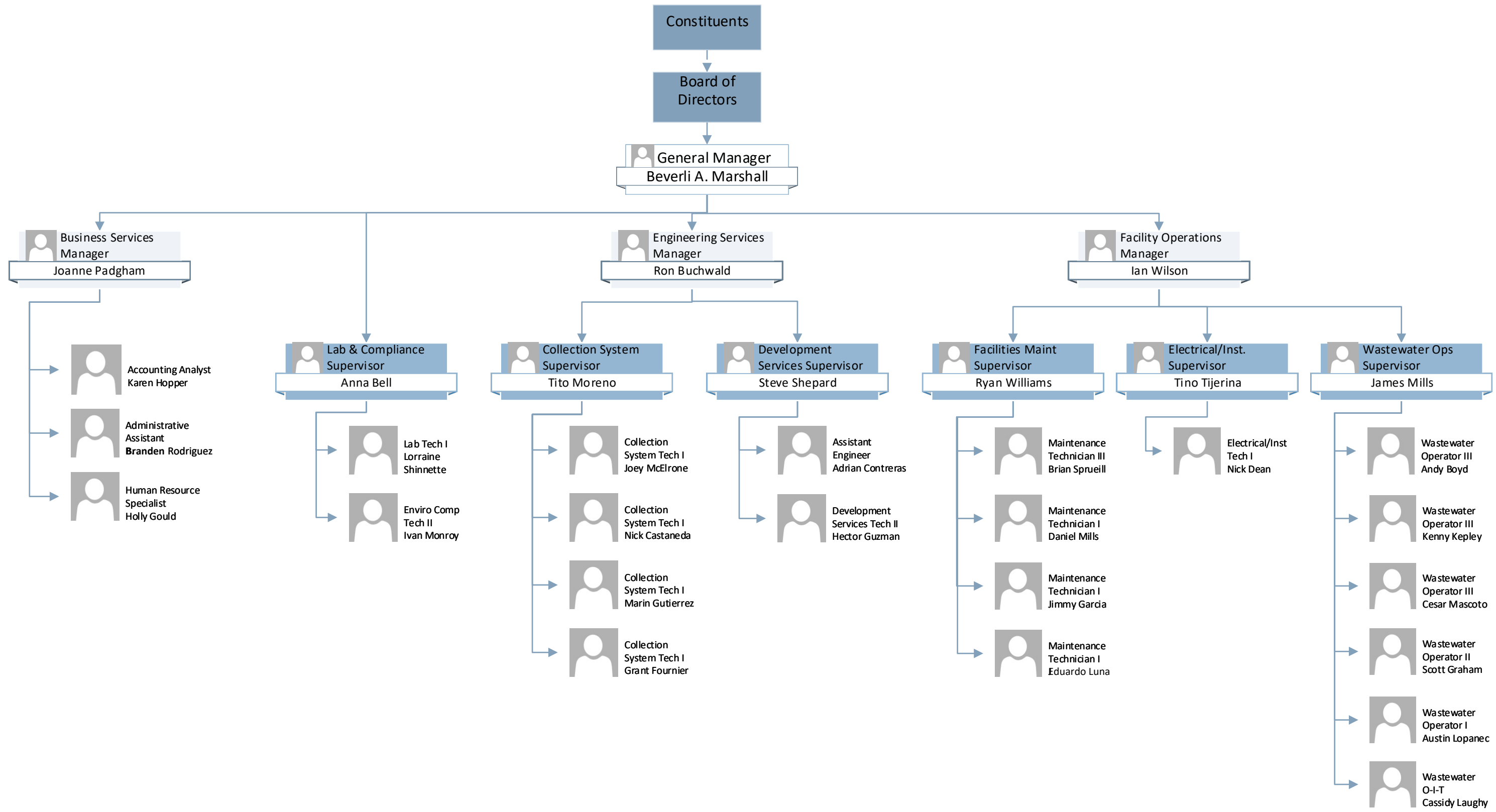
Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would like to thank the members of the Board of Directors for their continued support in the planning and implementation of the District's fiscal policies.



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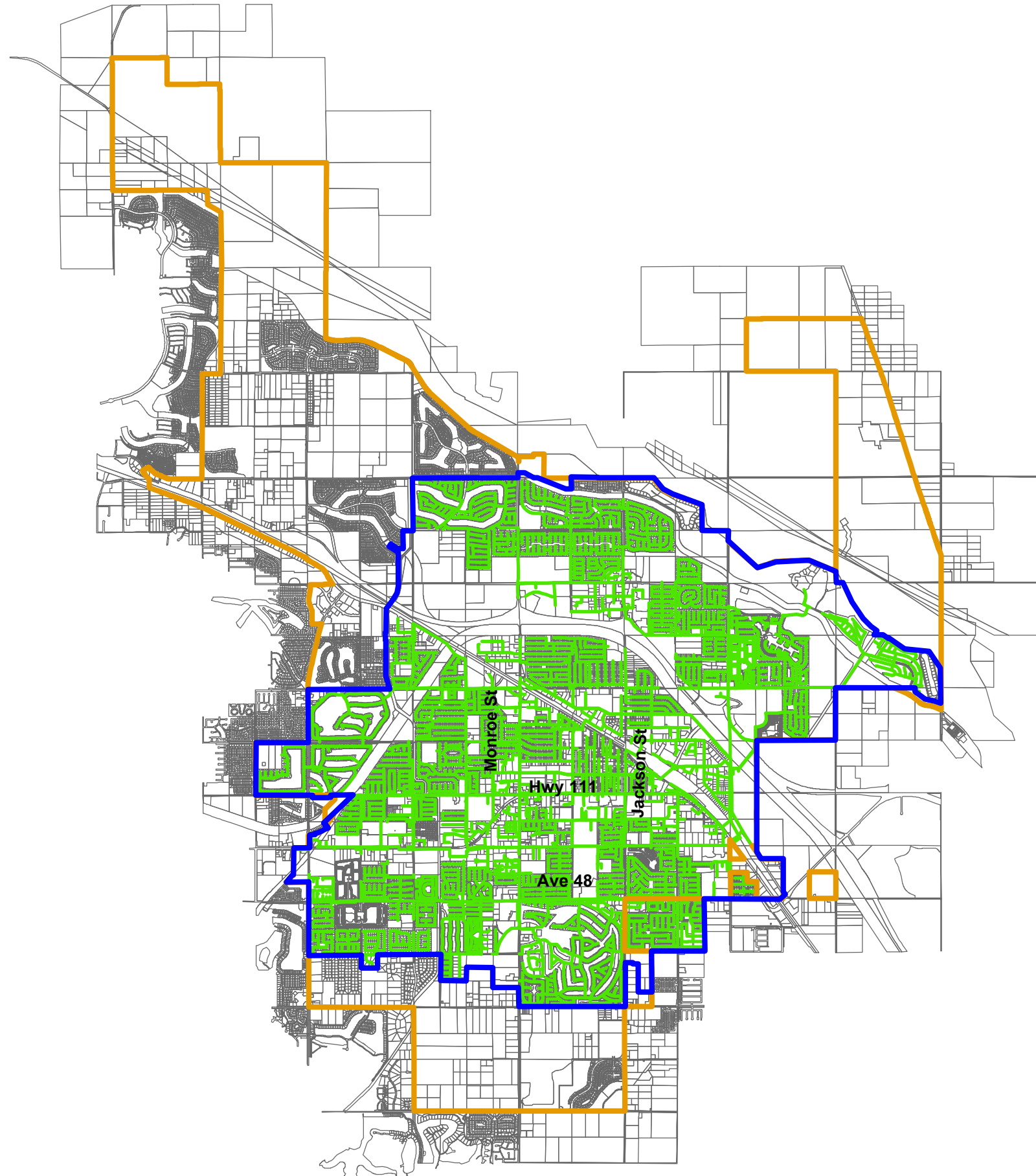
Beverli A. Marshall, ICMA-CM, CSDM  
General Manager










VSD



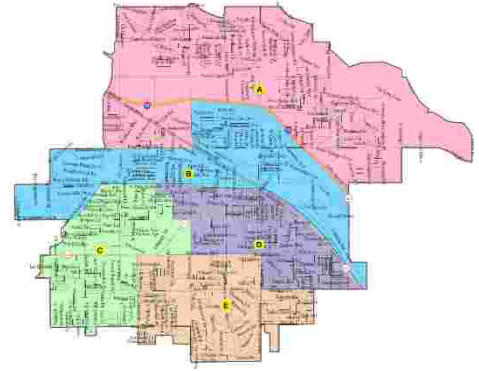
## Valley Sanitary District Boundary Map

### Legend

-  VSD Boundary
-  Indio Limits
-  Sewer Pipe

# Board of Directors

## Comprehensive Annual Financial Report



**SCOTT SEAR**

BOARD PRESIDENT  
WARD C



**DENNIS COLEMAN**

BOARD VICE PRESIDENT  
WARD A



**DEBRA CANERO**

SECRETARY/TREASURER  
WARD B



**MIKE DURAN**

DIRECTOR  
WARD D



**WILLIAM TEAGUE**

DIRECTOR  
WARD E

### Mission Statement

Valley Sanitary District serves and benefits Indio and the surrounding communities by collecting, treating, and recycling wastewater to ensure a healthy environment and sustainable water supply.

# Senior Management Team

Comprehensive Annual Financial Report



**BEVERLI MARSHALL**  
GENERAL MANAGER



**RON BUCHWALD**  
ENGINEERING SERVICES MANAGER



**JEANETTE JUAREZ**  
BUSINESS SERVICES MANAGER



**ANNA BELL**  
INTERIM FACILITY OPERATIONS MANAGER

Contact Us  
Valley Sanitary District  
45500 Van Buren Street Indio, CA 92201  
760-238-5400  
<https://www.valley-sanitary.org/>

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Presented to

**Valley Sanitary District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## **Financial Section**

# Financial Section



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## **Independent Auditor's Report**

Board of Directors  
Valley Sanitary District  
Indio, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the fiduciary fund of the Valley Sanitary District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund financial statements of the Valley Sanitary District as of June 30, 2021, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described further in note 14 to the financial statements, during the year ended June 30, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84: Fiduciary Activities and recorded certain prior period adjustments resulting in restatements of net position. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

The financial statements of the Valley Sanitary District for the year ended June 30, 2020 were audited by other auditors whose report dated November 4, 2020 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedule of the district's proportionate share of the net pension liability and related ratios, schedule of contributions – pensions, schedule of changes in other postemployment benefits liability and related ratios and schedule of contributions – other postemployment benefits* be presented to supplement the basic financial statements. Such information, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *schedule of operating expenses* is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of operating expenses* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of the District'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 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 District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California  
October 29, 2021

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# Valley Sanitary District

## Management's Discussion and Analysis (Required Supplementary Information) (Unaudited)

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The management of the Valley Sanitary District (District) presents the District's financial statements with a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and notes to the basic financial statements.

### Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$103 million for the year ended June 30, 2021. Of this amount, \$52.3 million is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased \$2.3 million or 2.3% for the year ended June 30, 2021, from \$100.7 million to \$103.0 million. The variance is primarily due to an increase in sewer service revenue. In fiscal year 2020/21, after properly conducting a noticed public hearing and as allowed by Proposition 218, the District adopted a rate increase. The sewer service rate increased from \$313 per Equivalent Dwelling Unit (EDU) to \$330 per EDU.
- Current assets increased \$2.5 million or 4.%. The variance for the year ended June 30, 2021 is due to an increase in cash and investments, inventory of materials, and prepaid items.
- Noncurrent assets decreased \$310,574 or 4.8% as of June 30, 2021. The variance is attributed to a decrease in capital assets being depreciated. There is an increase to capital assets not being depreciated primarily due to construction in progress. Once the construction in progress is complete for various projects, the capital assets being depreciated will increase.
- The District's total liabilities decreased \$484,738 or 2.3% as of June 30, 2021. The variance is attributed to debt repayment and a decrease in pension liabilities.

### Overview of the Financial Statements

This discussion and analysis serve as an introduction to the District's financial statements. The District's financial statements comprise of two components: 1) fund financial statements and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two 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 District is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The business-type activity for the District is the provision of sanitary services to the community.

**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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with

## **Valley Sanitary District Management's Discussion and Analysis (Continued) (Required Supplementary Information) (Unaudited)**

---

finance-related legal requirements. The various funds are presented in the accompanying financial statements as a proprietary fund category or enterprise fund type.

**Fiduciary Funds.** Fiduciary funds, which consist solely of trust and agency funds, are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the *statement of net position* or the *statement of revenue, expenses, and changes in net position* because the resources of the funds are *not* available to support the District's own programs. Fiduciary funds are custodial in nature and, therefore, the accounting used does not involve the measurement of the results of operations. The fiduciary fund financial statement can be found on page 21 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 23-45 of this report.

**Required Supplementary Information.** The Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios are presented as required supplementary information and can be found starting on page 47 of this report.

**Supplementary Information.** The Schedule of Operating Expenses presents the functional expenses by activity and is presented as supplementary information beginning on page 54 of this report.

### **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 District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$103.0 million for the year ended June 30, 2021.

The largest portion of the District's net position as of June 30, 2021, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) 47.3%; less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

### **DISTRICT'S NET POSITION**

At the end of the year ending June 30, 2021, the District can report positive balances in all three (3) categories of net position. The same situation held true for the prior fiscal year.

**Valley Sanitary District**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information) (Unaudited)**

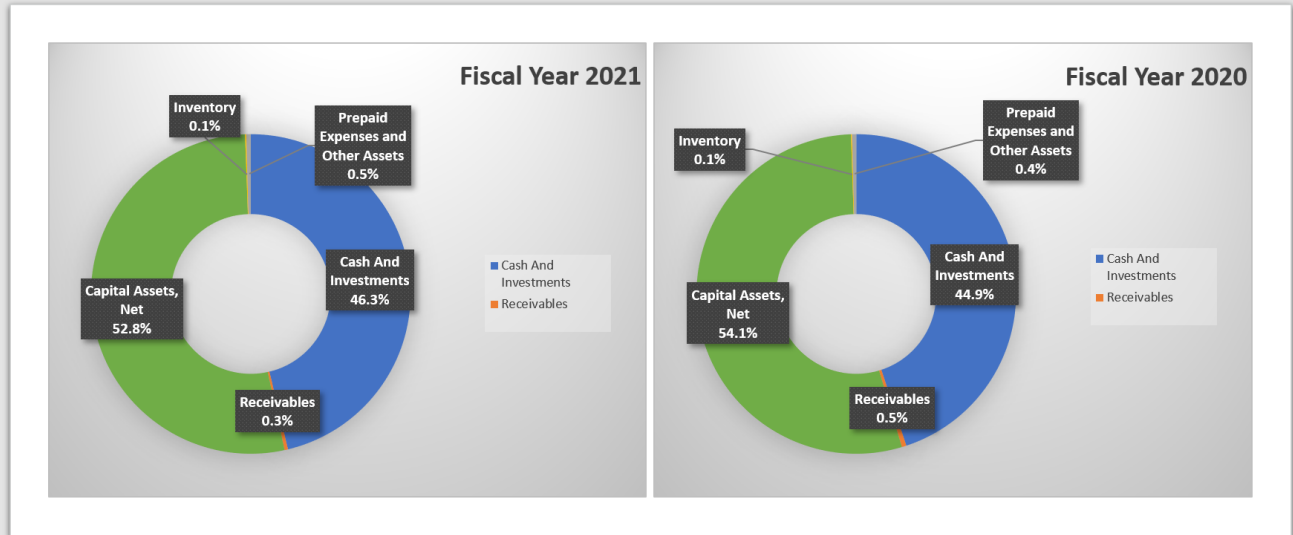
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**Table I**  
**Valley Sanitary District**  
**Condensed Statement of Net Position**  
**As of June 30, 2021**

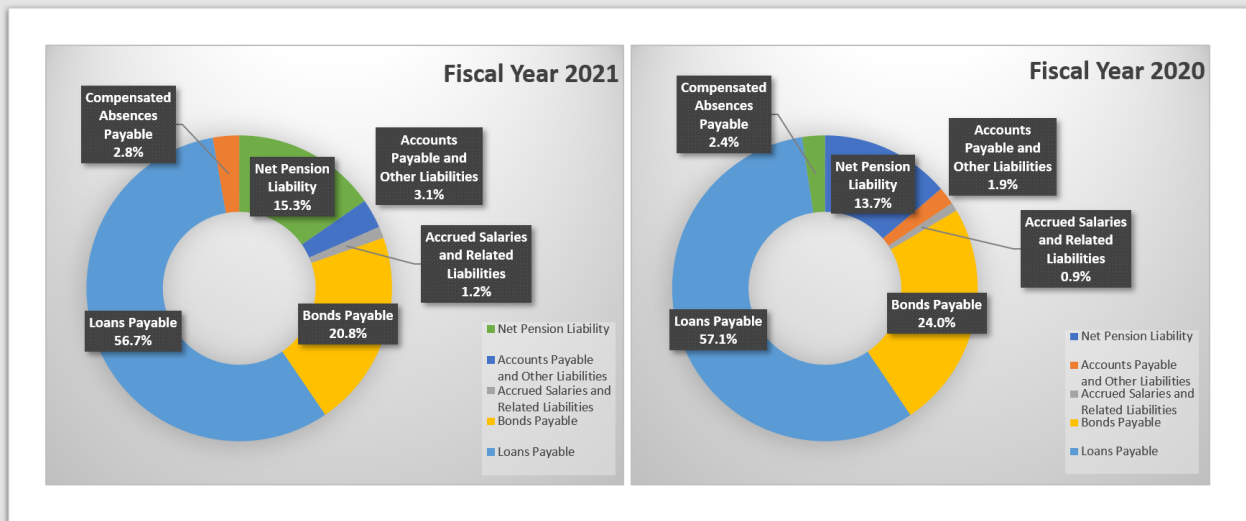
	2021	2020
Current Assets	\$ 57,706,134	\$ 55,201,934
Capital Assets	64,822,313	65,164,815
Noncurrent Assets	186,928	155,000
Total Assets	122,715,375	120,521,749
Deferred Outflows of Resources	1,560,230	1,776,971
Current Liabilities	2,337,483	1,941,827
Noncurrent Liabilities	18,643,576	19,523,970
Total Liabilities	20,981,059	21,465,797
Deferred Inflows of Resources	252,391	131,956
Net Position:		
Net Investment in Capital Assets	48,752,135	48,005,841
Restricted	2,005,722	2,005,722
Unrestricted	52,284,298	50,689,404
Total Net Position	\$ 103,042,155	\$ 100,700,967

**Valley Sanitary District**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information) (Unaudited)**

## District Assets



## District Liabilities





**Valley Sanitary District  
Management's Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

Changes in the District's net position reflect an increase of \$2.3 million or 2.3% for the year ended June 30, 2021. The District's total revenues decreased during the fiscal year 2020/21 by \$569,407. The variance is attributed to a decrease in nonoperating revenue, specifically a decrease in investment income due to lower interest earned. The District's total expenses increased by \$507,155 due to an increase in materials and supply expenditures, higher utility costs, pension related adjustments, and wages. Also the starting net position at the beginning of fiscal year 2020/21 had to be restated (See Note 14) to include a \$32,779 prior period adjustment to Other Post Employee Benefits (OPEB). The adjustment was made to reconcile to the adjusted actuarial report that includes the implied rate subsidy.

**DISTRICT'S CHANGES IN FUND NET POSITION**

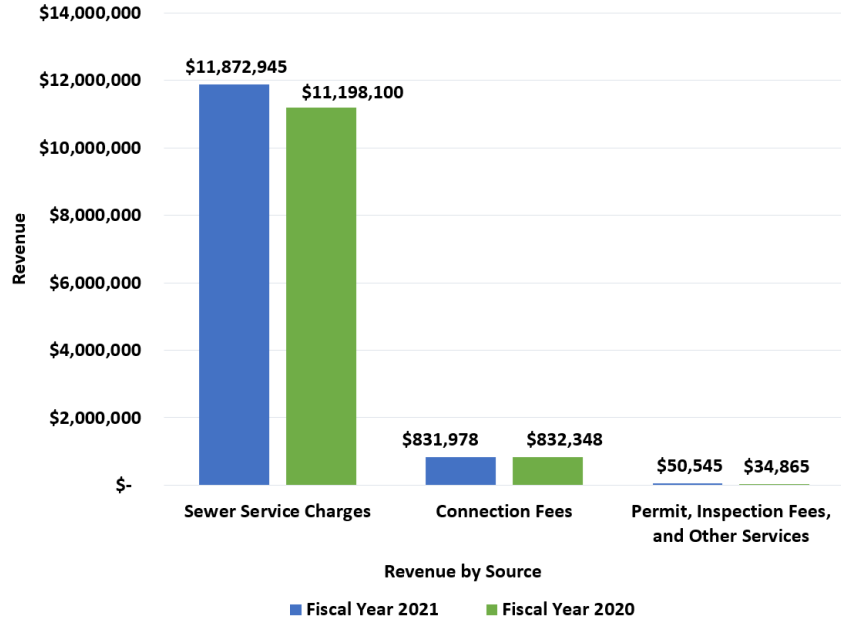
**Table II  
Valley Sanitary District**

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net  
Position  
As of June 30, 2021**

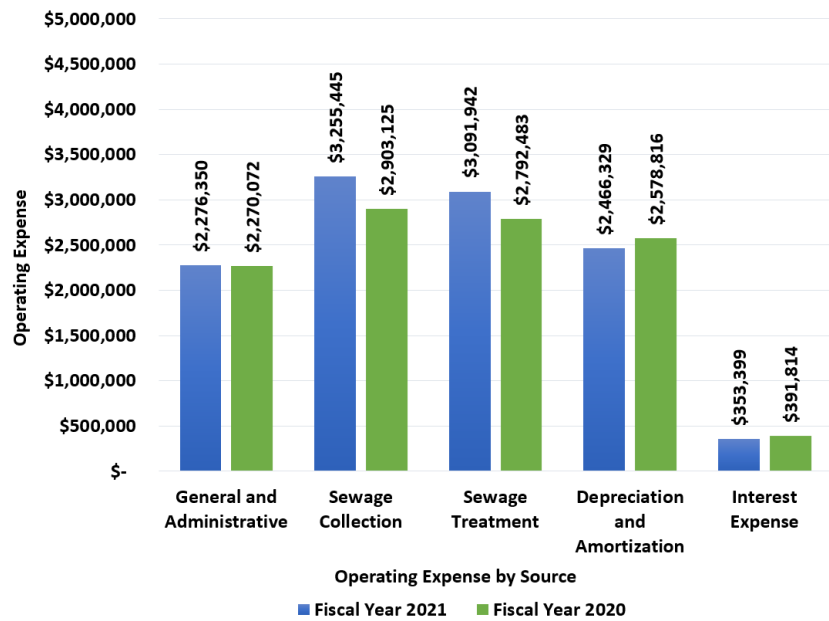
	<u>2021</u>	<u>2020</u>
Revenues:		
Sewer Service Charges	\$ 11,872,945	\$ 11,198,100
Connection Fees	831,978	832,348
Permits & Inspections	37,270	21,225
Other Operating	13,275	13,640
Nonoperating	<u>1,061,964</u>	<u>2,321,526</u>
Total Revenues	<u>\$ 13,817,432</u>	<u>\$ 14,386,839</u>
Expenses:		
Depreciation & Nonoperating	\$ 2,819,728	\$ 2,970,630
Administrative	2,276,350	2,270,072
Sewage Collection	3,255,445	2,903,125
Sewage Treatment	<u>3,091,942</u>	<u>2,792,483</u>
Total Expenses	<u>\$ 11,443,465</u>	<u>\$ 10,936,310</u>
Increase In Net Position	\$ 2,373,967	\$ 3,450,529
Beginning Net Position, (As Restated) (Note 14)	<u>100,668,188</u>	<u>97,250,438</u>
Ending Net Position	<u>\$ 103,042,155</u>	<u>\$ 100,700,967</u>

# Valley Sanitary District Management's Discussion and Analysis (Continued) (Required Supplementary Information) (Unaudited)

## Operating Revenues Fiscal Year 2021 vs 2020



## Operating Expenses Fiscal Year 2021 vs 2020



**Valley Sanitary District  
Management’s Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

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**Capital Asset Administration**

The District’s capital assets (net of accumulated depreciation) as of June 30, 2021 were \$64.8 million. This includes land, buildings, system improvements, machinery, and equipment. The decrease in the District’s capital assets is due to the disposal of capital assets that have met their useful life (e.g., dump truck, telehandler, phone system) and the annual depreciation expense for all capital assets.

Major capital asset events during the current fiscal year included the following:

- **Purchase of Caterpillar Telehandler for the General Plant Facility January 2021**
- **Purchase of a new Ford F550 for the Collection Systems March 2021**
- **Van Buren / Cabazon Slope Protection February 2021**
- **Indio Blvd Trunk Sewer Rehabilitation April 2021**

**DISTRICT’S CAPITAL ASSETS**

**Table III  
Valley Sanitary District  
Capital Assets Net of Accumulated Depreciation  
As of June 30, 2021**

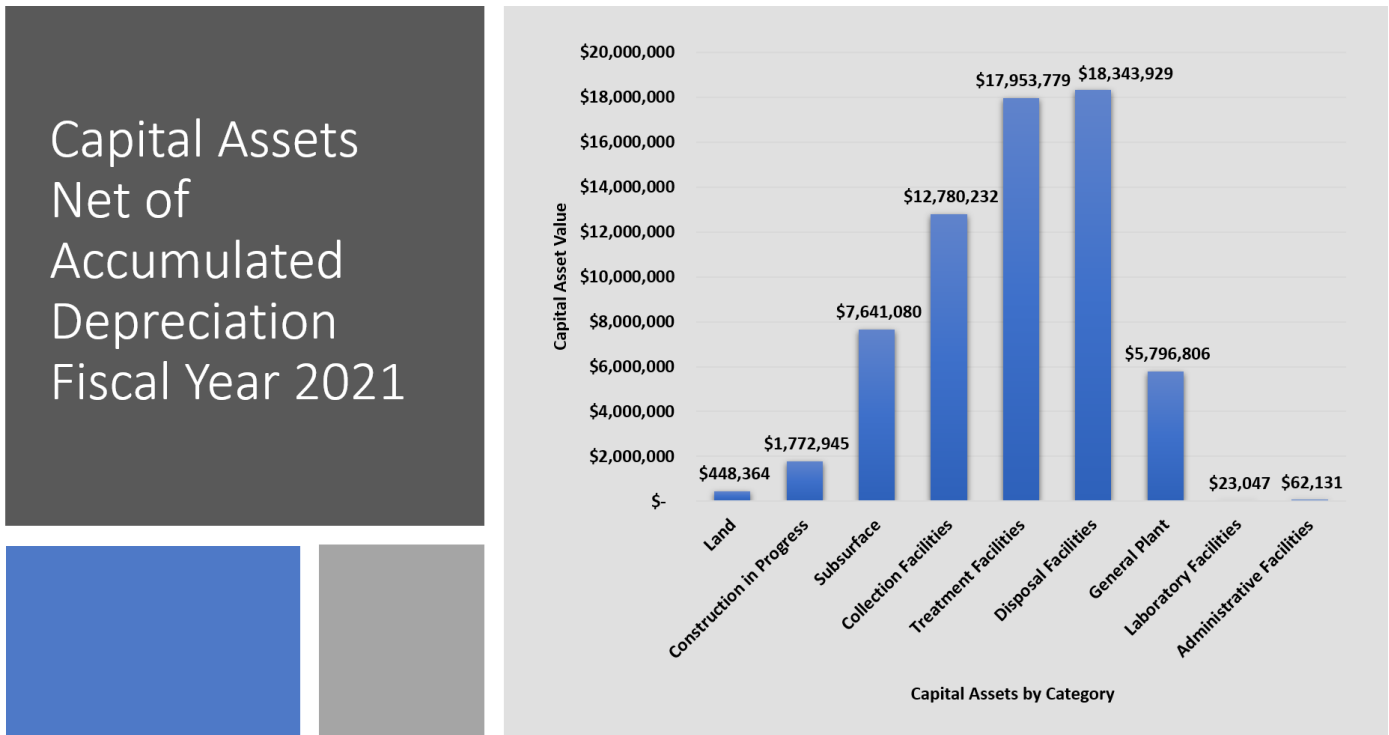
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Land	\$ 448,364	\$ 448,364
Construction in progress	1,772,945	718,456
Subsurface	7,641,080	7,690,083
Collection facilities	12,780,232	13,155,905
Treatment facilities	17,953,779	18,257,395
Disposal facilities	18,343,929	18,942,666
General plant	5,796,806	5,872,052
Laboratory facilities	23,047	19,970
Admin facilities	62,131	59,923
<b>Total</b>	<b><u>\$ 64,822,313</u></b>	<b><u>\$ 65,164,815</u></b>

# Valley Sanitary District

## Management's Discussion and Analysis (Continued)

### (Required Supplementary Information) (Unaudited)

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Additional information on the District's capital assets can be found on page 31, Note 5, of this report.

### Long-term Debt Administration

At the end of June 30, 2021, the District had total long-term debt of \$16.2 million. The Certificates of Participation (COPs) was debt incurred to help fund Phase I of the District's Treatment Plant Expansion and Renovation in 2006. On June 18, 2015, the District issued Wastewater Revenue Refunding Bonds, Series 2015 in the amount of \$7,540,000, refinancing the COPs and reducing payments by approximately \$1,596,780 over the term of the certificates which runs through 2026. Repayment of the debt is funded through sewer use fees of the District.

The District received a Clean Water State Revolving Fund (CWSRF) loan in May 2018 for \$12.9 million to construct the Requa Avenue Sewer Interceptor Project. The \$12.9 million loan for 30 years at 1.7% interest results in an estimated payment of \$553,360 annually. The first payment will be due one (1) year after the completion date of the Requa Avenue Sewer Interceptor Project, and payable thereafter on June 1st, per the 2015 Wastewater Refunding Revenue Bonds parity requirements. A restricted reserve fund has also been established, equal to one (1) year's debt service, prior to the construction completion date of the project and shall be maintained for the full term of the Agreement.

**Valley Sanitary District  
Management’s Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

---

**DISTRICT’S OUTSTANDING DEBT**

**Table IV  
Valley Sanitary District  
Outstanding Debt  
As of June 30, 2021**

	2021	2020
Revenue refunding bond	\$3,880,000	\$4,565,000
Bond premium	494,185	594,697
CWSRF loan	11,901,885	12,247,046
Total	\$ 16,276,070	\$ 17,406,743

Additional information on the District’s long-term debt can be found on page 32, Note 8, of this report.

**Economic Factors and Next Year’s Budget**

In fiscal year 2020/21, the COVID-19 Pandemic impacted the economy at a national and global level. Businesses, schools, entertainment venues and other services deemed non-essential were forced to close as public health policies were enforced to reduce the spread of the virus. The COVID-19 Pandemic created a unique economy, according to the Employment Development Department, California’s unemployment rate rose to a record high of 15.5% in April 2020. The Leisure & Hospitality industry posted the largest job loss at 866,200.<sup>1</sup> Given that the City of Indio’s two (2) main contributions to the local economy are year-round agriculture and tourism the state mandated shut down resulted in an economic atmosphere with high levels of uncertainty. The last year has been a true test to economic resiliency, not just for the City of Indio and the Coachella Valley, but the State of California as a whole. However, Government action through Paycheck Protection Program (PPP) loan, extended unemployment insurance, and direct checks provided financial assistance and relief to many.

At the March 3, 2021, City Council Meeting, the Indio City Manager Mark Scott delivered the fiscal year 2020/21 Midyear Budget update. In his update, the City Manager confirmed that the revenue and expenditure trends are better than initially anticipated in June of 2019. According to the City Manager the favorable trends are attributed to “robust sales citywide, which have generated more sales tax and Measure X use tax revenues, in spite of the economic pressures placed on businesses by the pandemic”.<sup>2</sup> Analysts at the state level are also projecting that California will recover faster than the rest of the nation due to a combination of COVID-19 economic relief packages and increased vaccinations. Tourism is also expected to increase in California due to international travel restrictions.

There are now signs of recovery as the unemployment in Riverside County decreased to 8.0% as of February 2021.<sup>3</sup> Locally, the City of Indio has seen an increase in home building, new shopping centers have opened, and more are scheduled to open within the coming fiscal year. The City has also

## **Valley Sanitary District Management's Discussion and Analysis (Continued) (Required Supplementary Information) (Unaudited)**

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spent \$47 million in infrastructure and capital improvements.<sup>4</sup> The city has large capital projects programmed for fiscal year 2021/22 that will encourage new commercial development. These initiatives benefit the District because they encourage residential and commercial development within the service area which in turn leads to an increase in sewer connections. The District, like the City of Indio will build on the current momentum to take full advantage of the opportunities and realize goals through strategic planning.

In fiscal year 2021/2022 the financial planning process focused on prioritizing resources and aligning with the core strategic goals. The operating budget for the fiscal year 2021/22 is \$10.4 million and is supplemented with \$15.9 million in the capital budget, to produce a total financial program of \$26.8 million. This represents an increase of \$1.8 million over the fiscal year 2020/2021 operating budget and an increase of \$5.5 million over the capital budget. The operating budget encompasses costs such as administrative wages, materials, supplies, insurance premiums, and the overhead costs required to run day to day operations. The capital budget incorporates key projects to help further advance the District's Capital Improvement Program (CIP) as well as the rehabilitation and replacement of assets that have met their useful life.

Also, as discussed in the letter of transmittal the Board of Directors approved a new rate schedule for the next five (5) years. The new rates are needed to maintain operating service levels, fund critical, high-risk projects identified in the 20-Year District-Wide Master Plan, and to meet debt service requirements. In addition to using the additional Sewer Use Charge (SUC) revenue, the District plans to finance \$165 million through various loan programs to bridge the gap.

The executive team along with the Board of Directors were proactive, reviewed, and adjusted resources to maintain essential services. The fiscal year 2021/2022 operating and capital budget will ensure that the District can continue with its mission of serving the City of Indio and the surrounding communities by collecting, treating, and recycling wastewater to ensure a healthy environment and sustainable water supply.

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1. Feler, L. (2021, March). Robust Economic Growth and Recovery After a Dreadful Year. *UCLA Anderson Forecast*, (), 1-13.
  2. Scott, M. (2021). Budgets and Quarterly Reports. <https://www.indio.org/civicax/filebank/blobload.aspx?t=51086.23&BlobID=31725>
  3. YCHARTS. (2021). *Riverside County, CA Unemployment Rate*. [https://ycharts.com/indicators/riverside\\_county\\_ca\\_unemployment\\_rate#:~:text=Riverside%20County%2C%20CA%20Unemployment%20Rate%20is%20at%208.00%25%2C%20compared,month%20and%204.10%25%20last%20year](https://ycharts.com/indicators/riverside_county_ca_unemployment_rate#:~:text=Riverside%20County%2C%20CA%20Unemployment%20Rate%20is%20at%208.00%25%2C%20compared,month%20and%204.10%25%20last%20year).
  4. CVEP. (2020). Greater Palm Springs Economic Report. [https://cvep.com/wp-content/uploads/2021/02/CVEP-2020-Economic-Report\\_02-01-21.pdf](https://cvep.com/wp-content/uploads/2021/02/CVEP-2020-Economic-Report_02-01-21.pdf)

### **Requests for Information**

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, Valley Sanitary District, 45500 Van Buren Street, Indio, California, 92201, or by calling (760) 238-5400.

## **Basic Financial Statements**

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**VALLEY SANITARY DISTRICT**  
**Statement of Net Position**  
**June 30, 2021**  
**(with comparative totals for June 30, 2020)**

	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and investments (note 3)	\$ 56,768,349	54,150,457
Accounts receivable, net (note 4)	380,348	383,581
Interest receivable	41,538	177,659
Inventories of materials	149,715	128,557
Prepaid items	366,184	361,680
Total current assets	57,706,134	55,201,934
<b>Noncurrent assets:</b>		
Capital assets, not being depreciated (note 5)	2,221,309	1,166,821
Capital assets, being depreciated (note 5)	62,601,004	63,997,994
Investment in joint venture (note 6)	186,928	155,000
Total noncurrent assets	65,009,241	65,319,815
Total assets	122,715,375	120,521,749
<b>Deferred outflows of resources</b>		
Deferred loss on refunding, net	205,892	247,769
Deferred outflows of resources related to pensions (note 10)	891,477	1,486,255
Deferred outflows of resources related to OPEB (note 11)	462,861	42,947
Total deferred outflows of resources	1,560,230	1,776,971
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	637,793	388,476
Accrued payroll and related liabilities	255,332	190,485
Interest payable	14,370	17,224
Compensated absences, due within one year (note 7)	363,959	315,481
Bonds payable, due within one year (note 8)	715,000	685,000
Loans payable, due within one year (note 8)	351,029	345,161
Total current liabilities	2,337,483	1,941,827
<b>Noncurrent liabilities:</b>		
Compensated absences, due in more than one year (note 7)	219,769	199,017
Bonds payable, due in more than one year (note 8)	3,659,185	4,474,697
Loans payable, due in more than one year (note 8)	11,550,856	11,901,885
Net pension liabilities (note 10)	2,574,246	2,772,698
Net OPEB liabilities (note 11)	639,520	175,673
Total noncurrent liabilities	18,643,576	19,523,970
Total liabilities	20,981,059	21,465,797
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions (note 10)	250,101	131,956
Deferred inflows of resources related to OPEB (note 11)	2,290	-
Total deferred inflows of resources	252,391	131,956
<b>Net Position</b>		
Net investment in capital assets	48,752,135	48,005,841
Restricted for debt service	2,005,722	2,005,722
Unrestricted	52,284,298	50,689,404
Total net position	\$ 103,042,155	100,700,967

**VALLEY SANITARY DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the year ended June 30, 2021**  
**(with comparative totals for the year ended June 30, 2020)**

	2021	2020
Operating Revenues:		
Sewer service charges	\$ 11,872,945	11,198,100
Connection fees	831,978	832,348
Permit and inspection fees	37,270	21,225
Other services	<u>13,275</u>	<u>13,640</u>
Total operating revenues	<u>12,755,468</u>	<u>12,065,313</u>
Operating Expenses:		
General and administrative	2,276,350	2,270,072
Sewage collection	3,255,445	2,903,125
Sewage treatment	3,091,942	2,792,483
Depreciation	<u>2,466,329</u>	<u>2,578,816</u>
Total operating expenses	<u>11,090,066</u>	<u>10,544,496</u>
Operating Income	<u>1,665,402</u>	<u>1,520,817</u>
Nonoperating Revenues (Expenses):		
Property taxes	1,018,280	902,872
Homeowners' tax relief	5,669	6,203
Investment income	32,137	1,166,202
Interest expenses	(353,399)	(391,814)
Other revenues	1,804	239,253
Gain on disposal of assets	<u>4,074</u>	<u>6,996</u>
Total nonoperating revenues (expenses)	<u>708,565</u>	<u>1,929,712</u>
Change in net position	2,373,967	3,450,529
Net Position:		
Beginning of year, (as restated) (note 14)	<u>100,668,188</u>	<u>97,250,438</u>
End of year	<u>\$ 103,042,155</u>	<u>100,700,967</u>

**VALLEY SANITARY DISTRICT**  
**Statement of Cash Flows**  
**For the year ended June 30, 2021**  
**(with comparative totals for the year ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 12,758,701	12,375,676
Cash payments to suppliers and vendors for goods and services	(3,051,104)	(3,243,145)
Cash payments to employees for services	<u>(4,668,969)</u>	<u>(4,198,509)</u>
Net cash provided by operating activities	<u>5,038,628</u>	<u>4,934,022</u>
Cash flows from noncapital financing activities:		
Property taxes	1,018,280	902,872
Homeowners' tax relief	<u>5,669</u>	<u>6,203</u>
Net cash provided by noncapital financing activities	<u>1,023,949</u>	<u>909,075</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,173,055)	(693,130)
Proceeds from sale of assets	37,089	30,170
Principal paid on bonds payable	(685,000)	(650,000)
Interest paid on bonds and loans payable	(414,888)	(453,157)
Principal paid on loans payable	<u>(345,161)</u>	<u>(339,391)</u>
Net cash (used in) capital and related financing activities	<u>(3,581,015)</u>	<u>(2,105,508)</u>
Cash flows from investing activities:		
Interest received	168,258	1,245,311
Cash payment to joint venture	<u>(31,928)</u>	<u>(25,000)</u>
Net cash provided by investing activities	<u>136,330</u>	<u>1,220,311</u>
Net increase in cash and cash equivalents	2,617,892	4,957,900
Cash and cash equivalents:		
Beginning of year	<u>54,150,457</u>	<u>49,192,557</u>
End of year	<u>\$ 56,768,349</u>	<u>54,150,457</u>

**VALLEY SANITARY DISTRICT**  
**Statement of Cash Flows (Continued)**  
**For the year ended June 30, 2021**  
**(with comparative totals for the year ended June 30, 2020)**

	2021	2020
Reconciliation of operating income to net cash provided by operating activities		
Net operating income	\$ 1,665,402	1,520,817
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,466,329	2,578,816
Other nonoperating revenues	18,017	239,253
Changes in operating assets and liabilities:		
Accounts receivable	3,233	310,363
Inventories of materials	(21,158)	(4,824)
Prepaid items	(4,504)	(43,556)
Pension related deferred outflows of resources	998,005	(235,710)
OPEB related deferred outflows of resources	(419,914)	(28,811)
Accounts payable	249,317	80,011
Accrued payroll and related liabilities	64,847	22,652
Compensated absences	69,230	75,727
Net pension liabilities	(198,452)	282,668
Net OPEB liabilities	27,888	40,421
Pension related deferred inflows of resources	118,145	96,258
OPEB related deferred inflows of resources	2,243	(63)
Net cash provided by operating activities	\$ 5,038,628	4,934,022
Noncash items from capital and related financing activities:		
Amortization of deferred loss on refunding	\$ 41,877	41,877
Amortization of premium	\$ (100,512)	(100,512)

**VALLEY SANITARY DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2021**

	Custodial Fund
Assets:	
Cash and investments	\$ 711,943
Cash with fiscal agent	618,249
Assessment receivable	3,555
Interest receivable	539
Total assets	1,334,286
 Net Position	 \$ 1,334,286

**VALLEY SANITARY DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**June 30, 2021**

	<u>Custodial Fund</u>
Additions:	
Special tax assessments	\$ 22,397
Interest income	17,117
Total additions	39,514
Deductions:	
Administrative fees	3,387
Interest Expense	18,327
Principal Payments	15,000
Total deductions	36,714
Changes in net position	2,800
Net Position, beginning of year, as restated (note 14)	1,331,486
Net Position, end of year	\$ 1,334,286

**Valley Sanitary District**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2021**

**Note 1 – Reporting Entity**

Valley Sanitary District (the "District") was formed on June 1, 1925 under the Health and Safety Code, Sanitary District Act of 1923, Section 6400 et. seq., for the purpose of operation and maintenance of sewer collection, transmission and treatment facilities, and serving a population of approximately 89,000 in the City of Indio, portions of the City of Coachella, and adjacent unincorporated areas of the County of Riverside. The District is a municipal corporation governed by a 5-member elected board of directors.

The accompanying financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

**Blended Component Unit**

Valley Sanitary District Wastewater Facilities Corporation (the "Corporation") was activated in 2006 by the District. The Corporation was organized pursuant to the Nonprofit Public Benefit Corporation Law of the State of California, being Part 2 of Division 2 of Title 1 of the California Corporation Code. It was formed for the purpose of providing financial assistance to the District by acquiring, constructing, improving and developing certain real and personal property, together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The District's Board of Directors sits as the Corporation's Board of Directors. The Corporation's activities are blended with those of the District in these financial statements. There was no activity in the Corporation until the fiscal year 2007-2008. Separate financial statements of the Corporation are not issued.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Business-Type Activities

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows) report information on all of the activities of the primary government and its component units. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

The 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 related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as "operating income" in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, settlement receivable allowance, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

The District reports a custodial fund. The Custodial Fund is used to account for assets for the Assessment District No. 2004 (Shadow Hills Interceptor) for which the District acts as an agent for its debt service activities.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are reported at amortized cost, which approximates fair value. Changes in fair value that occur during the fiscal year are recognized as investment income for that fiscal year.

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund ("LAIF"), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool approximates the fair value of the pool shares. The District also participates in CalTrust Medium Term Fund.

Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

Inventory of Materials

Inventories consist of expendable supplies, spare parts and fittings and are valued at cost using first-in first-out basis.



**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at acquisition value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Subsurface Lines	40 years
General Plant	10-40 years
Machinery and Equipment	5-10 years
Collection, Treatment and Disposal Facilities	10-40 years

Major outlays for capital assets are capitalized as projects are constructed, and repairs and maintenance costs are expensed.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources, and deferred inflows of resources.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time. The District has three items that qualify for reporting this category: deferred loss on refunding, deferred outflows of resources related to pensions and deferred outflows related to OPEB.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time. The District has two items that qualify for reporting this category: deferred inflows of resources related to pensions and deferred inflows related to OPEB.

Compensated Absences

District policy permits its employees to accumulate not more than two (2) times their current annual vacation. Employees are compensated twelve (12) days of sick leave per year with a maximum accrual not to exceed 120 days. The combined unused vacation and sick pay will be paid to employee or his/her beneficiary upon leaving the District's employment. The amount due will be determined using salary/wage rate in effect at the time of separation.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over five (5) years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over five (5) years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Long-Term Debt

Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Long-term debt is reported net of the applicable bond premium or discount. Debt issuance costs are expensed when incurred.

Arbitrage Rebate Requirement

The District is subject to the Internal Revenue Code ("IRC") Section 148(f), related to its tax-exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. The District had no rebate liability for arbitrage as of June 30, 2021.

Net Position

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets, net of deferred outflows/inflows of resources related to the debt.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Property Taxes

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of Riverside, California ("County") bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy properties at 1% of full market value (at time of purchase) and can increase the property tax rate at no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976-1978.

Property taxes are recognized in the fiscal year for which the taxes have been levied. No allowance for doubtful accounts was considered necessary.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

**Note 3 – Cash and Investments**

At June 30, 2021, cash and investments are classified in the accompanying statements of net position as follows:

	Business-Type		Total
	Activities	Fiduciary Fund	
Cash and investments	\$ 56,768,349	711,943	57,480,292
Cash and investments with fiscal agent	-	618,249	618,249
	<u>\$ 56,768,349</u>	<u>1,330,192</u>	<u>58,098,541</u>

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

Cash on hand	\$ 500
Demand deposits	790,181
Investments	<u>57,307,860</u>
Total cash and investments	<u>\$ 58,098,541</u>

**Demand Deposits**

At June 30, 2021, the carrying amount of cash deposit was \$790,180, which was fully insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District'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 the District's name.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 3 – Cash and Investments (Continued)**

The fair value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

Investments Authorized by the California Code and The District's Investment Policy

Under the provisions of the District's investment policy and in accordance with California Government Code, the District is authorized to invest or deposit in the following:

- Local Agency Investment Fund (LAIF) established by the State Treasurer
- Bonds issued by the District with a 5-year maximum maturity
- United States Treasury Bills, Notes and Bonds with a 5-year maximum maturity
- Federally Insured Certificates of Deposit with a 5-year maximum maturity
- Collateralized bank deposits with a 5-year maximum maturity
- Fixed income instruments with an average maturity of one (1) year or less including: Mortgage-backed securities; asset-backed securities; banker's acceptances; commercial paper; certificates of deposits; repurchase agreements backed by 102% U.S. agency securities and U.S. Treasury obligations; medium-term notes; and rated money-market funds. All securities must be rated A- or better at the time of purchase
- United States Government Agency Notes & Bonds with a 5-year maximum maturity
- Shares of Beneficial Interest issued by joint powers authority

Local Agency Investment Fund

The District's investments with Local Agency Investment Fund ("LAIF") include a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. As of June 30, 2021, the District had \$55,594,551 invested in LAIF, which had invested 1.10% of the pooled investment funds in Structured Notes and Medium-term Asset-Backed Securities. LAIF is reported at amortized costs, which approximates fair value.

CalTrust Medium Term Fund

As of June 30, 2021, the District had \$1,095,060 invested in CalTrust Medium Term Fund. CalTrust Medium Term Fund is reported at amortized costs, which approximates fair value.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 3 – Cash and Investments (Continued)**

Money Market Fund

As of June 30, 2021, the District had \$618,249 invested in money market fund and held by the bond trustee. The District’s investments in money market fund are considered cash equivalents as they are short-term, highly liquid investments that are readily convertible to known amounts of cash that they present insignificant risk of changes in value because of changes in interest rates.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. However, the District does not have a formal policy regarding interest rate risk.

As of June 30, 2021, all of the District’s investments had maturity dates of twelve (12) months or less.

Disclosures Relating to Custodial Credit Risk

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 District’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 mutual funds or government investment pools (such as LAIF).

As of June 30, 2021, the District had the following investments with the following ratings:

	Minimum Legal Rating	AAA	Not Rated	Total
Local Agency Investment Fund	N/A	\$ -	55,594,551	55,594,551
CalTrust Medium Trust Fund	N/A	-	1,095,060	1,095,060
Held by bond trustee:				
Money market fund	AAA	618,249	-	618,249
Total investments		<u>\$ 618,249</u>	<u>56,689,611</u>	<u>57,307,860</u>

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 4 – Accounts Receivable**

Accounts receivable primarily consists of sewer use fees - direct billings, connection fees, and reimbursements as well as the District's allocation of property taxes and sewer use charges collected but not remitted by the County of Riverside.

As of June 30, 2021, the accounts receivable were as follows:

Direct billing, connection fee and reimbursement receivables	\$	185,381
Property taxes and sewer use receivable from County of Riverside		188,890
Workers' comp receivable		6,077
Total accounts receivables	\$	380,348

**Note 5 – Capital Assets**

Summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	June 30, 2020	Additions/ Transfers	Deletions/ Transfers	June 30, 2021
Capital Assets, Not Depreciated:				
Land	\$ 4,981,505	\$ -	\$ -	\$ 4,981,505
Construction-in-progress	5,928,082	11,278,491	(2,738,809)	14,467,764
Total Capital Assets, Not Depreciated	10,909,587	11,278,491	(2,738,809)	19,449,269
Capital Assets, Being Depreciated:				
Water transmission and distribution system	207,170,931	1,332,808	-	208,503,739
Wastewater system	147,311,505	240,383	-	147,551,888
Buildings	17,287,789	89,823	-	17,377,612
Transportation equipment	5,297,564	965,268	(628,470)	5,634,362
Field and shop equipment	11,152,818	110,527	(12,882)	11,250,463
Office equipment	2,815,443	-	(179,671)	2,635,772
Total Capital Assets, Being Depreciated	391,036,050	2,738,809	(821,023)	392,953,836
Less: Accumulated Depreciation:				
Water transmission and distribution system	(83,408,359)	(4,802,868)	-	(88,211,227)
Wastewater system	(51,848,111)	(2,750,063)	-	(54,598,174)
Buildings	(16,757,132)	(1,375,123)	-	(18,132,255)
Transportation equipment	(3,505,449)	(455,167)	628,470	(3,332,146)
Field and shop equipment	(7,588,611)	(428,154)	12,882	(8,003,883)
Office equipment	(2,235,637)	(221,952)	179,671	(2,277,918)
Total Accumulated Depreciation	(165,343,299)	(10,033,327)	821,023	(174,555,603)
Total Capital Assets, Being Depreciated, Net	225,692,751	(7,294,518)	-	218,398,233
Total Capital Assets, Net	\$ 236,602,338	\$ 3,983,973	\$ (2,738,809)	\$ 237,847,502

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 6 – Investment in Joint Venture**

On December 18, 2013, the District entered into a joint powers agreement with the City of Indio (the "City") to form the East Valley Reclamation Authority (the "JPA") to plan, program, finance, design and operate a reclaimed water facility to bring a sustainable water supply and manage the water resources for the customers of the Indio Water Authority (a blended component unit of the City) and the District. The costs and expenses of the JPA are generally shared equally by the City and the District unless otherwise determined by the JPA's Board of Directors, except that the District is responsible for 100% of the costs and expenses associated with the design and construction of facilities for the District's compliance with any permit terms. During the year ended June 30, 2021, the District made a contribution to the JPA in the amount of \$31,928. As of June 30, 2021, the District reported investments in joint venture in the amounts of \$186,928. Copies of the annual financial report for the JPA may be obtained from the finance department of the City of Indio.

	<u>June 30, 2021*</u>
Total Asset	\$ 195,360
Total Liabilities	585
Total Net Position	<u>\$ 194,775</u>
Operating Loss	<u>\$ (130,862)</u>
Nonoperating Revenues	<u>\$ 65,784</u>

\*Unaudited balances

**Note 7 – Compensated Absences**

Summary of changes in compensated absences for the year ended June 30, 2021 is as follows:

Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
\$ 514,498	151,216	(81,986)	583,728	363,959	219,769

**Note 8 – Long-term Debt**

Summary of changes in long-term debt for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
2015 Wastewater Revenue Refunding Bonds	\$ 4,565,000	-	(685,000)	3,880,000	715,000	3,165,000
Bond Premium, net of amortization	594,697	-	(100,512)	494,185	-	494,185
State Water Resources Control Board Revolving Fund Loan	12,247,046	-	(345,161)	11,901,885	351,029	11,550,856
	<u>\$17,406,743</u>	<u>-</u>	<u>(1,130,673)</u>	<u>16,276,070</u>	<u>1,066,029</u>	<u>15,210,041</u>



**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 8 – Long-term Debt (Continued)**

2015 Wastewater Revenue Refunding Bonds

On August 26, 2006, the District issued the 2006 Certificates of Participation in the amount of \$12,915,000. The purpose of the Certificates was to fund Phase I of the District’s treatment plant expansion. Interest ranging from 3.50% to 4.375% is payable semi-annually on February 1st and August 1st commencing February 1, 2007.

On June 18, 2015, the District issued Wastewater Revenue Refunding Bonds, Series 2015 in the amount of \$7,540,000. The purpose of the bond issuance was to provide funds to defease and refund on current basis the District’s outstanding 2006 Certificates of Participation (Treatment Plan Expansion) and pay the costs of issuing the bonds. The bonds are payable from and secured by a lien on net revenue of the wastewater system of the District. The aggregate difference in debt service as result of the refinancing was in the amount of \$1,596,780. The economic gain on the refinancing was \$500,181. Interest rate of 5% (except for 2.125% in 2023) is payable semi-annually on each December 1 and June 1 beginning December 1, 2015. The bonds are not subject to redemption prior to maturity. The outstanding balance as of June 30, 2021 was \$3,880,000.

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 715,000	172,437	887,437
2023	750,000	136,687	886,687
2024	765,000	120,750	885,750
2025	805,000	82,500	887,500
2026	845,000	42,250	887,250
	<u>\$ 3,880,000</u>	<u>554,624</u>	<u>4,434,624</u>

State Water Resources Control Board Revolving Fund Loan

The District executed the installment sale agreement with the State Water Resources Control Board (the “SWRCB”) for the construction of the Requa Avenue Sewer Interceptor Project. As part of the Requa Avenue Sewer Interceptor Project, the District constructed 4.2 miles of new gravity flow sewer pipeline and related utility improvements designed to collect and convey sanitary sewer flow within an existing public right-of-way through central Indio, California, to the existing District’s Water Reclamation Plant. The SWRCB provided financial assistance. The total amount of the loan funded was \$12,920,155 with no unused credit. There was no pledged asset as collateral. In event of default, the District upon demand by SWRCB, will immediately repay an amount equal to project funds disbursed, accrued interests, penalty assessments, and additional payments. Beginning June 2019, the District will repay the principal of the project funds, together with all interest accruing thereon, annually to the SWRCB. As of June 30, 2021, the outstanding balance of the SWRCB revolving fund loan was \$11,901,885.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2021**

**Note 8 – Long-term Debt (Continued)**

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 351,029	202,332	553,361
2023	356,997	196,363	553,360
2024	363,065	190,296	553,361
2025	369,237	184,124	553,361
2026	375,514	177,846	553,360
2027-2031	1,975,526	791,278	2,766,804
2032-2026	2,149,252	617,551	2,766,803
2037-2041	2,338,256	428,546	2,766,802
Thereafter	3,623,009	250,516	3,873,525
	<u>\$ 11,901,885</u>	<u>3,038,852</u>	<u>14,940,737</u>

A reserve account is required to be maintained equal to one (1) year of the SWRCB revolving fund loan debt service payments from unrestricted net revenues. The reserve requirement is \$553,360 for the duration of the loan. The balances held in the reserve at June 30, 2021 in the amount of \$1,106,722. Debt covenants of the SWRCB revolving fund loan require that the District have net revenues that are at least 125% of the total debt service payments (including 2015 Wastewater Revenue Refunding Bonds). Net revenue and total debt service paid during the year ended June 30, 2021 were in the amount of \$4,131,731 and \$1,445,048 which resulted in ratio of 286%.

**Note 9 – Conduit Debt**

Limited Obligation Improvement Bonds

On July 21, 2005, the District issued \$8,080,000 limited obligation improvement bonds, series 2005 for Assessment District No. 2004-VSD (Shadow Hills Interceptor). Interest ranging from 3.05% to 5.20% is payable semi-annually on March 2nd and September 2nd of each year commencing from March 2, 2006. The bonds mature September 2nd commencing September 2, 2007 and continuing through 2030 with optional call dates beginning September 2, 2014.

The bonds are limited obligations of the District payable solely from the installments of assessments levied on the assessment parcels within the District and other funds pledged under the fiscal agent agreement. The District shall only be obligated to pay the principal of the bonds, or the interest thereon, from funds described in the Indenture and neither the faith and credit nor the taxing power of the District, the State of California or any of its political subdivisions is pledged to the payment of principal or interest on the bonds. Therefore, the limited obligation improvement bonds are not included in the accompanying financial statements. As of June 30, 2021, the outstanding balance of the bond was in the amount of \$4,670,000.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2021**

**Note 10 – Pension Plans**

General Information about the Pension Plan

Plan Description

The District contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2019 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Employees Covered by Benefit Terms

At June 30, 2019 valuation date, the following employees were covered by the benefit terms:

	2019	
	Classic	PEPRA
Active employees	17	11
Transferred and terminated employees	18	6
Retired employees and beneficiaries	13	-
	48	17

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 55 with at least five (5) years of credited service. Public Employee Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 62 with at least five (5) years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the highest average annual compensation during any consecutive 12 or 36-month period of employment. Retirement benefits for classic miscellaneous employees are calculated as 2.5% of the highest average annual compensation during any consecutive 12-or 36-month period of employment. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final three (3) year compensation.

Participant is eligible for non-industrial disability retirement if they become disabled and has at least five (5) years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the District to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2021**

**Note 10 – Pension Plans (Continued)**

death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2020, the active employee contribution rate for miscellaneous plan and PEPRA miscellaneous plan is 8.00% and 7.25% of annual pay, respectively, and the employer's contribution rate is 11.533% and 7.072% of annual payroll, respectively.

**Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The June 30, 2019 valuations were rolled forward to determine the June 30, 2019 total pension liabilities, based on the following actuarial methods and assumptions:

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

<p>Actuarial Cost Method</p> <p>Actuarial Assumptions:</p> <p>Discount Rate</p> <p>Inflation</p> <p>Salary Increases</p> <p>Mortality Rate Table<sup>1</sup></p> <p>Post Retirement Benefit Increase</p>	<p>Entry Age Normal in accordance with the requirement of GASB Statement No. 68</p> <p>7.15%</p> <p>2.50%</p> <p>Varies by Entry Age and Service</p> <p>Derived using CalPERS' Membership Data for all Funds</p> <p>Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies</p>
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<sup>1</sup>The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2021**

**Note 10 – Pension Plans (Continued)**

Change of Assumption

In 2019, there were no changes of assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92)%

<sup>1</sup>In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup>An expected inflation of 2.00% used

<sup>3</sup>An expected inflation of 2.92% used

Discount Rate

The discount rate used to measure the total pension liabilities was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 10 – Pension Plans (Continued)**

expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liabilities of the Plan as of the measurement date at June 30, 2020, calculated using the discount rate of 7.15%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Measurement Date	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
June 30, 2020	\$ 4,468,927	2,574,246	1,008,731

Pension Plan Fiduciary Net Position

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained from CalPERS’ website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at: 6/30/19 (Valuation date)	\$ 13,117,667	10,344,969	2,772,698
Balance at: 6/30/20 (Measurement date)	14,237,629	11,663,383	2,574,246
Net changes during 2019-2020	(1,119,962)	(1,318,414)	198,452

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocated based on the District’s share of risk pool actuarial accrued liability at the beginning of measurement period.

The District’s proportionate share of the net pension liability was as follows:

Measurement Date	
June 30, 2019	0.02706%
June 30, 2020	0.02366%
Change - Increase (Decrease)	-0.00340%

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 10 – Pension Plans (Continued)**

For the years ended June 30, 2021, the District recognized pension expense in the amounts of \$799,243.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the measurement date ended June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired).

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Pension contribution after measurement date	\$ 284,596	-
Changes of assumptions	-	(18,361)
Difference between expected and actual experience	132,659	-
Projected earnings on pension plan investments under/(in excess of) actual earnings	76,472	-
Adjustment due to difference in proportions	71,041	(224,179)
Employer's actual contributions in excess of/(under) employer's proportionate share of contribution	326,709	(7,561)
Total	<u>\$ 891,477</u>	<u>(250,101)</u>

Deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date in the amount of \$284,596 will be recognized as a reduction of the collective net pension liability in the fiscal year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 143,527
2023	144,312
2024	32,263
2025	36,678
2026	-
Thereafter	-

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2021**

**Note 10 – Pension Plans (Continued)**

Deferred Compensation Plans

The District has made available to its employees four deferred compensation plans, whereby employees authorize the District to withhold funds from salary to be invested. Funds may be withdrawn by participants upon termination of employment or retirement. The District makes no contributions under the plans. Pursuant Internal Revenue Code (“IRC”) Section 457, the plan assets are held in trust in which all assets and income of the 457 plans were placed. The assets, all property and rights purchased with such amount, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are not the property of the District and, as such, are not subject to the claims of the District's general creditors. As a result, the assets of the 457 plan are not reflected in the financial statements.

**Note 11 – Other Postemployment Benefits (“OPEB”)**

General Information about the OPEB Plan

Plan Description

The District contributes to a single employer defined benefit plan to provide post-employment medical benefits. Specifically, the District offers postretirement medical benefits to all employees who retire from the District after attaining age 50 with at least 5 years of service. The plan does not provide a publicly available financial report.

Benefit Types Provided	Medical only	
Duration of Benefits	Lifetime	
Required Services	5 years	
Minimum Age	50	
Dependent Coverage	Yes	
District Contribution %	100%	
District Cap	\$133.00 per month* for measurement period 18-19	\$126.35 per month* for measurement period 17-18

\*This amount will increase as provided in California Government Code Section 22891

Employees Covered by Benefit Term

At June 30, 2019 valuation date, the following employees were covered by the benefit term:

Active employees	28
Inactive employees receiving benefits	6
Inactive employees entitled to but not receiving benefits	-
Total	34



**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)**

Contribution

The obligation of the District to contribute to the plan is established and may be amended by the District’s Board of Directors. For the years ended June 30, 2020 and 2019, the average contribution rate was not applicable. Employees are not required to contribute to the plan. The District made contributions on pay-as-you-go basis.

Net OPEB Liability

The District’s 2021 net OPEB liability is measured as of June 30, 2020, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

Total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate

The discount rate of 7% was used in the valuation. The District used historic 26 year real rates of return for each asset class along with the assumed long-term inflation assumption to set the discount rate. The District offset the expected investment return by investment expenses of 25 basis points. The following is the assumed asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	59.00%	7.795%
All Fixed Income	25.00%	4.500%
Real Estate Investment Trusts	8.00%	7.500%
All Commodities	3.00%	7.795%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.250%
	<u>100.00%</u>	

The District looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don’t necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. The District used geometric means.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019 (measurement date)	\$ 757,110	145,478	611,632
Changes recognized for the measurement period:			
Service Cost	24,584	-	24,584
Interest on total OPEB liability	52,317	-	52,317
Difference between expected and actual experience	-	-	-
Difference in benefit payment	(2,443)	-	(2,443)
Employer contributions	-	-	-
Employee contributions	-	-	-
Actual investment income	-	5,055	(5,055)
Administrative expenses	-	(71)	71
Benefit payments	(41,586)	-	(41,586)
Net change during measurement period 2018-2019	32,872	4,984	27,888
Balance at June 30, 2020 (measurement date)	<u>\$ 789,982</u>	<u>150,462</u>	<u>639,520</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current discount rate:

Measurement Date	Net OPEB Liability		
	Discount Rate -1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate +1% (8.00%)
June 30, 2020	\$ 717,588	639,520	572,480

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (4.0 percent decreasing to 3.0 percent) or 1-percentage-point higher (4.0 percent increasing to 5.0 percent) than the current healthcare cost trend rates:

Measurement Date	Net OPEB Liability		
	Healthcare Cost Trend Rate -1% (3.00%)	Current Healthcare Cost Trend Rate (4.00%)	Healthcare Cost Trend Rate + 1% (5.00%)
June 30, 2020	\$ 563,626	639,520	726,132

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense in the amount of \$103,265. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)**

	Deferred outflows of resources	Deferred inflows of resources
OPEB contribution after measurement date	\$ 58,135	-
Changes of assumptions	370,113	-
Difference between expected and actual experience	29,727	(2,259)
Projected earnings on pension plan investments under/(in excess of) actual earnings	4,855	-
Total	<u>\$ 462,830</u>	<u>(2,259)</u>

Deferred outflows of resources related to OPEB resulting from District’s contributions subsequent to the measurement date in the amount of \$58,135 will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 36,474
2023	36,475
2024	36,487
2025	36,223
2026	35,201
Thereafter	221,576

**Note 12 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Premiums are paid annually by the District. For the years ended June 30, 2021, the District had insurance expenses in the amounts of \$308,933 in premium payments.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2021, there were no liabilities to be reported. During the past three fiscal years there have been no settlements or judgments that exceeded insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2021**

**Note 13 – Commitments and Contingencies**

Indio Terrace Assessment District No. 2

In 1965, the District received proceeds from the sale of bonds from Indio Terrace Assessment District No. 2. Under the covenants of this assessment district, as parcels within Indio Terrace are developed and connected to the District's system, the Valley Sanitary District is required to give credits toward connection fees that are paid by the individual developers. As of June 30, 2021, the total amount of unused credits is in the amount of \$41,595. Estimated future revenue from connection fees based upon the current fee in effect is approximately \$162,000. Since no development occurred in the Indio Terrace Assessment District during the year, no connection fee income was reduced by these credits for the year ended June 30, 2021.

Shadow Hills Assessment District

In September 1994, the District authorized oversize credits of \$343,403 against capital impact fees for developments occurring within Assessment District 90-1 that are benefiting from the sewer trunk line improvements installed in 1993. As of June 30, 2021, credits of \$215,616 have been applied, leaving a balance of \$139,062 to be issued.

Pending Legal Actions

The District has not been named in any lawsuit. However, there could be pending litigation. While the outcome of these lawsuits is not presently determinable, in the opinion of management of the District, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of the District, or is adequately covered by insurance.

Construction Commitments

Outstanding construction commitments as of June 30, 2021:

Projects:	
Collection System Repairs / Rehab / Replace Program Mgmt	\$ 70,000
Sewer Siphon Replacement at Westward Ho - Consulting	328,258
Phase 2 B/2C Plant Expansion and Design	2,200,000
Influent Pump Station Rehabilitation Design Build	3,634,476
Lab Building Design	1,000,000
New Office and Training Building	922,000
	<u>\$ 8,154,734</u>

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2021**

**Note 14 – Prior Period Adjustment**

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 84 related to Fiduciary Activities and recorded a prior period adjustment to OPEB. During the year ended June 30, 2021, the District restated net position as follows:

	Business-Type Activities	Fiduciary Activities
Beginning net position, as previously reported	\$ 100,700,967	-
OPEB adjustment	(32,779)	-
Implementation of GASB 84	-	1,331,486
Net position, beginning of year , as restated	\$ 100,668,188	1,331,486

**Required Supplementary Information  
(Unaudited)**

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios  
 Year ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
District's proportion of the net pension liability	<u>0.02185%</u>	<u>0.02397%</u>	<u>0.02461%</u>	<u>0.02573%</u>	<u>0.02584%</u>
District's proportionate share of the net pension liability	<u>\$ 1,359,412</u>	<u>1,645,582</u>	<u>2,129,724</u>	<u>2,551,281</u>	<u>2,490,030</u>
District's covered payroll	<u>\$ 1,805,145</u>	<u>1,980,191</u>	<u>2,004,667</u>	<u>2,279,280</u>	<u>2,059,259</u>
District's proportionate share of the net pension liability as a percentage of covered payroll	<u>75.31%</u>	<u>83.10%</u>	<u>106.24%</u>	<u>111.93%</u>	<u>129.92%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>83.77%</u>	<u>81.08%</u>	<u>77.15%</u>	<u>77.13%</u>	<u>79.13%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14.

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)  
 Year ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement date	June 30, 2019	June 30, 2020
District's proportion of the net pension liability	<u>0.02706%</u>	<u>0.02366%</u>
District's proportionate share of the net pension liability	<u>2,772,698</u>	<u>2,574,246</u>
District's covered payroll	<u>2,362,608</u>	<u>2,427,580</u>
District's proportionate share of the net pension liability as a percentage of covered payroll	<u>117.36%</u>	<u>106.04%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>78.86%</u>	<u>81.92%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14.



Valley Sanitary District  
 Required Supplementary Information  
 Schedule of Contributions - Pensions  
 Year ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Fiscal year end	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution <sup>2</sup>	\$ 340,629	279,922	203,392	303,301	323,626
Contribution in relation to the actuarially determined contribution <sup>2</sup>	<u>(1,126,986)</u>	<u>(279,922)</u>	<u>(203,392)</u>	<u>(303,301)</u>	<u>(323,626)</u>
Contribution deficiency/(excess)	<u>\$ (786,357)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll <sup>3</sup>	<u>\$ 1,805,145</u>	<u>1,980,191</u>	<u>2,004,667</u>	<u>2,279,280</u>	<u>2,059,259</u>
Contributions as a percentage of covered payroll	<u>62.43%</u>	<u>14.14%</u>	<u>10.15%</u>	<u>13.31%</u>	<u>15.72%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it become available.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Reportable earnings to CalPERS, closed

Notes to Schedule:

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of Contributions - Pensions (Continued)  
 Year ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Fiscal year end	2018-19	2019-20	2020-21
Actuarially determined contribution <sup>2</sup>	\$ 814,982	716,153	284,596
Contribution in relation to the actuarially determined contribution <sup>2</sup>	<u>(814,982)</u>	<u>(716,153)</u>	<u>(284,596)</u>
Contribution deficiency/(excess)	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll <sup>3</sup>	<u>\$ 2,362,608</u>	<u>2,427,580</u>	<u>2,768,913</u>
Contributions as a percentage of covered payroll	<u>34.50%</u>	<u>29.50%</u>	<u>10.28%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it become available.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Reportable earnings to CalPERS, closed

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Valley Sanitary District  
 Required Supplementary Information  
 Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios  
 Year ended June 30, 2021

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2017 <sup>1</sup>	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB liability				
Service cost	\$ 8,775	9,016	9,264	24,584
Interest	15,962	17,288	18,677	52,317
Difference in benefit terms	-	-	116	(2,443)
Differences between expected and actual experience	-	-	34,873	-
Changes of assumption	-	-	435,621	-
Benefit payments	(5,921)	(6,158)	(7,126)	(41,586)
Net change in total OPEB liability	18,816	20,146	491,425	32,872
Total OPEB liability, beginning	226,723	245,539	265,685	757,110
Total OPEB liability, ending (a)	<u>245,539</u>	<u>265,685</u>	<u>757,110</u>	<u>789,982</u>
OPEB fiduciary net position				
Contributions - employer	21,565	27,960	14,136	41,586
Net investment income	9,580	8,919	8,063	5,055
Benefit payments	(5,921)	(6,158)	(7,126)	(41,586)
Administrative expense	(80)	(193)	(28)	(71)
Other	-	(15,583)	-	-
Net change in plan fiduciary net position	25,144	14,945	15,045	4,984
Plan fiduciary net position, beginning	90,344	115,488	130,433	145,478
Plan fiduciary net position, ending (b)	<u>115,488</u>	<u>130,433</u>	<u>145,478</u>	<u>150,462</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 130,051</u>	<u>135,252</u>	<u>611,632</u>	<u>639,520</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	<u>47.03%</u>	<u>49.09%</u>	<u>19.21%</u>	<u>19.05%</u>
Covered payroll	<u>\$ 2,279,280</u>	<u>2,059,259</u>	<u>2,362,608</u>	<u>2,427,580</u>
Plan net OPEB liability as a percentage of covered payroll	<u>5.71%</u>	<u>6.57%</u>	<u>25.89%</u>	<u>26.34%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17. Additional years of information will be displayed as it become available.

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of Contributions - Other Postemployment Benefits (Continued)  
 For the year ended June 30, 2021

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution <sup>2</sup>	\$ 15,225	-	-	-	-
Contribution in relation to the actuarially determined contribution <sup>2</sup>	<u>(21,565)</u>	<u>(27,599)</u>	<u>(14,136)</u>	<u>(9,990)</u>	<u>(58,135)</u>
Contribution deficiency/(excess)	<u>\$ (6,340)</u>	<u>(27,599)</u>	<u>(14,136)</u>	<u>(9,990)</u>	<u>(58,135)</u>
Covered payroll	<u>\$ 2,279,280</u>	<u>2,059,259</u>	<u>2,362,608</u>	<u>2,427,580</u>	<u>2,768,913</u>
Contributions as a percentage of covered payroll	<u>0.95%</u>	<u>1.34%</u>	<u>0.60%</u>	<u>0.41%</u>	<u>2.10%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17. Additional years of information will be displayed as it become available.

<sup>2</sup> The June 30, 2015 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2017. There is no actuarially determined contribution for the years ended June 30, 2018, 2019, 2020, and 2021.

Notes to Schedule:

Valuation date:	June 30, 2019
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age actuarial cost method
Inflation:	2.75% per year
Investment return/discount rate:	7.00% per year based on assumed long-term return on plan assets assuming 100% funding through CERBT. "Building Block Method" is used.
Healthcare cost trend:	4.00% per year
Payroll increase:	2.75% per year
Mortality:	2014 CalPERS active mortality for miscellaneous employees
Retirement rates:	Hired < 1/1/2013: 2009 CalPERS 2.5%@55 rate for miscellaneous employee Hired > 12/31/12: 2009 CalPERS 2.0%@62 rate for miscellaneous employees adjusted to reflect minimum retirement age of 52

## **Supplementary Information**

**VALLEY SANITARY DISTRICT**  
**Schedule of Operating Expenses**  
**Year ended June 30, 2021**  
**(with comparative totals for the year ended June 30, 2020)**

	General and Administrative	Sewage Collection	Sewage Treatment	2021	2020
Salaries and wages	\$ 680,702	1,518,580	1,042,306	3,241,588	2,811,327
Employee benefits	500,613	925,433	596,795	2,022,841	1,590,574
Directors' fees	48,350	-	-	48,350	49,750
Insurance	308,396	-	-	308,396	289,120
Memberships	34,957	2,974	5,980	43,911	55,207
Office expenses	16,427	-	-	16,427	13,887
Permits	2,957	19,101	20,552	42,610	80,477
Operating supplies	35,866	42,337	115,608	193,811	127,946
Professional services	3,782	-	-	3,782	3,300
Repairs and maintenance	2,651	475,662	11,443	489,756	484,772
Travel and seminars	25,009	13,401	10,655	49,065	104,085
Utilities and telephone	20,911	10,278	636,753	667,942	633,390
Chemicals	-	-	407,342	407,342	386,474
Clothing	-	13,322	10,162	23,484	22,429
Certifications	-	3,676	754	4,430	4,666
Gas, oil and fuel	-	-	34,094	34,094	29,179
County charges	20,521	-	-	20,521	16,611
Contractual services	477,133	207,440	165,902	850,475	1,129,828
Publication/legal notices	3,673	-	-	3,673	3,717
Small tools	54,698	10,447	4,293	69,438	80,824
Other expenses	39,704	12,794	29,303	81,801	48,117
Total	<u>\$ 2,276,350</u>	<u>3,255,445</u>	<u>3,091,942</u>	<u>8,623,737</u>	<u>7,965,680</u>

**STATISTICAL SECTION  
(UNAUDITED)**

# Statistical Section





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**Valley Sanitary District  
Statistical Section  
(Unaudited)**

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This part of District's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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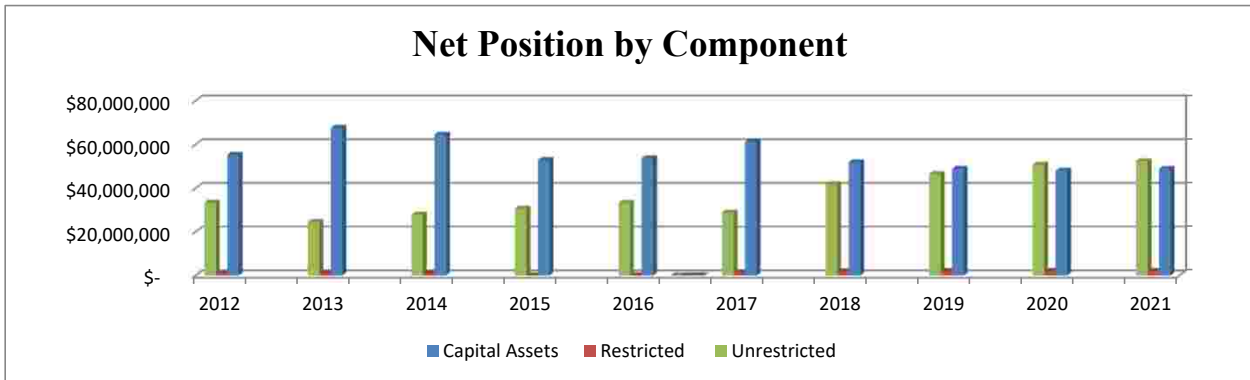
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**Valley Sanitary District**  
**Table of Net Position By Component**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	2021	2020 <i>As Restated</i>	2019	2018	2017 <i>As Restated</i>
<b>NET POSITION:</b>					
Net investment in					
Capital Assets	\$ 48,752,135	\$ 48,005,841	\$ 48,843,501	\$ 51,797,220	\$ 61,242,162
Restricted	2,005,722	2,005,722	2,005,722	1,958,648	1,413,000
Unrestricted	52,284,298	50,689,404	46,401,215	41,754,432	28,777,592
<b>TOTAL NET POSITION</b>	<b><u>\$ 103,042,155</u></b>	<b><u>\$ 100,700,967</u></b>	<b><u>\$ 97,250,438</u></b>	<b><u>\$ 95,510,300</u></b>	<b><u>\$ 91,432,754</u></b>

**Valley Sanitary District**  
**Table of Net Position By Component (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	2016	2015 <u>As Restated</u>	2014 <u>As Restated</u>	2013 <u>As Restated</u>	2012 <u>As Restated</u>
<b>NET POSITION:</b>					
Net investment in					
Capital Assets	\$ 53,603,070	\$ 52,839,192	\$ 64,388,904	\$ 67,535,369	\$ 55,265,910
Restricted	-	-	964,900	964,900	967,394
Unrestricted	33,187,943	30,548,647	27,817,622	24,444,820	33,266,658
<b>TOTAL NET POSITION</b>	<b><u>\$ 86,791,013</u></b>	<b><u>\$ 83,387,839</u></b>	<b><u>\$ 93,171,426</u></b>	<b><u>\$ 92,945,089</u></b>	<b><u>\$ 89,499,962</u></b>

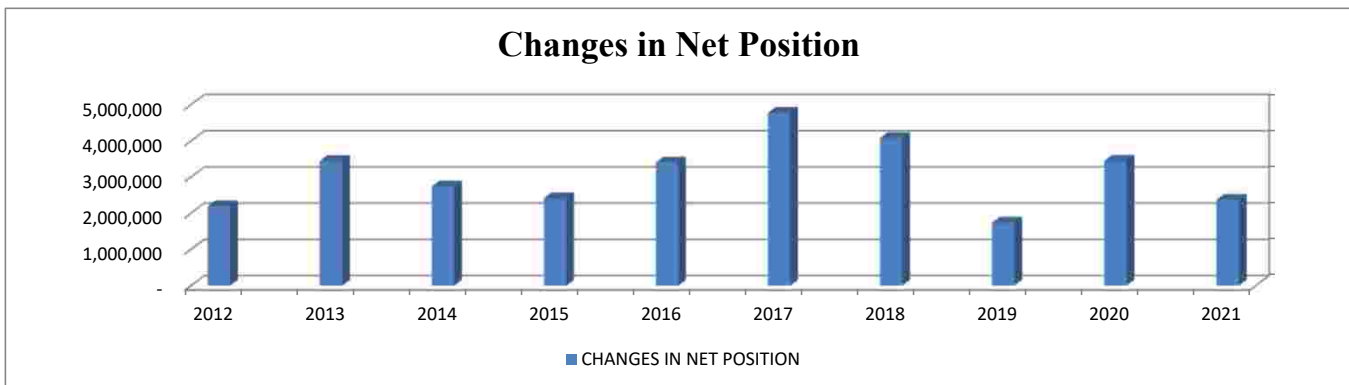


**Valley Sanitary District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Last Ten Fiscal Years**  
**Changes in Net Position**

	Fiscal Year Ended June 30				
	2021	2020 <i>As Restated</i>	2019	2018	2017 <i>As Restated</i>
<b>OPERATING REVENUES:</b>					
Sewer service charges	\$ 11,872,945	\$ 11,198,100	\$ 11,139,580	\$ 11,004,428	\$ 10,846,682
Connection fees	831,978	832,348	1,010,031	1,272,580	791,280
Permits and inspection fees	37,270	21,225	25,390	17,885	22,442
Other services	13,275	13,640	10,950	10,139	11,300
<b>TOTAL OPERATING REVENUES</b>	<b>12,755,468</b>	<b>12,065,313</b>	<b>12,185,951</b>	<b>12,305,032</b>	<b>11,671,704</b>
<b>OPERATING EXPENSES:</b>					
General and administrative	2,276,350	2,270,072	2,089,490	1,652,714	1,297,345
Sewage collection	3,255,445	2,903,125	3,082,175	2,604,267	2,091,041
Sewage treatment	3,091,942	2,792,483	2,361,681	2,413,567	2,048,207
Sewage disposal	-	-	-	-	-
<b>Total administrative and plant</b>	<b>8,623,737</b>	<b>7,965,680</b>	<b>7,533,346</b>	<b>6,670,548</b>	<b>5,436,593</b>
<b>Other Operating Expenses</b>					
Depreciation	2,466,329	2,578,816	2,451,371	2,444,764	1,980,043
<b>TOTAL OPERATING EXPENSES</b>	<b>11,090,066</b>	<b>10,544,496</b>	<b>9,984,717</b>	<b>9,115,312</b>	<b>7,416,636</b>
<b>NET OPERATING INCOME</b>	<b>1,665,402</b>	<b>1,520,817</b>	<b>2,201,234</b>	<b>3,189,720</b>	<b>4,255,068</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Property taxes	1,018,280	902,875	862,297	794,367	761,756
Homeowner's tax relief	5,669	6,203	5,873	5,978	6,203
Investment income	32,137	1,143,026	1,193,840	479,862	170,869
Bond issue cost	-	-	-	-	-
Interest expense	(353,399)	(391,814)	(428,612)	(412,602)	(267,220)
Amortization	-	-	-	-	-
Gain (loss) on disposed assets	(12,139)	30,170	(2,120,122)	19,976	(160,033)
Other revenues	18,017	239,253	25,628	245	6,565
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>708,565</b>	<b>1,929,712</b>	<b>(461,096)</b>	<b>887,826</b>	<b>518,140</b>
<b>CHANGES IN NET POSITION</b>	<b>2,373,967</b>	<b>3,450,529</b>	<b>1,740,138</b>	<b>4,077,546</b>	<b>4,773,208</b>
<b>NET POSITION, beginning of the year</b>	100,700,967	97,250,438	95,510,300	91,564,221	86,791,013
<b>Prior period adjustments</b>	(32,779)	-	-	(131,467)	-
<b>NET POSITION, end of the year</b>	<b>\$ 103,042,155</b>	<b>\$ 100,700,967</b>	<b>\$ 97,250,438</b>	<b>\$ 95,510,300</b>	<b>\$ 91,564,221</b>

**Valley Sanitary District**  
**Statements of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**Changes in Net Position**

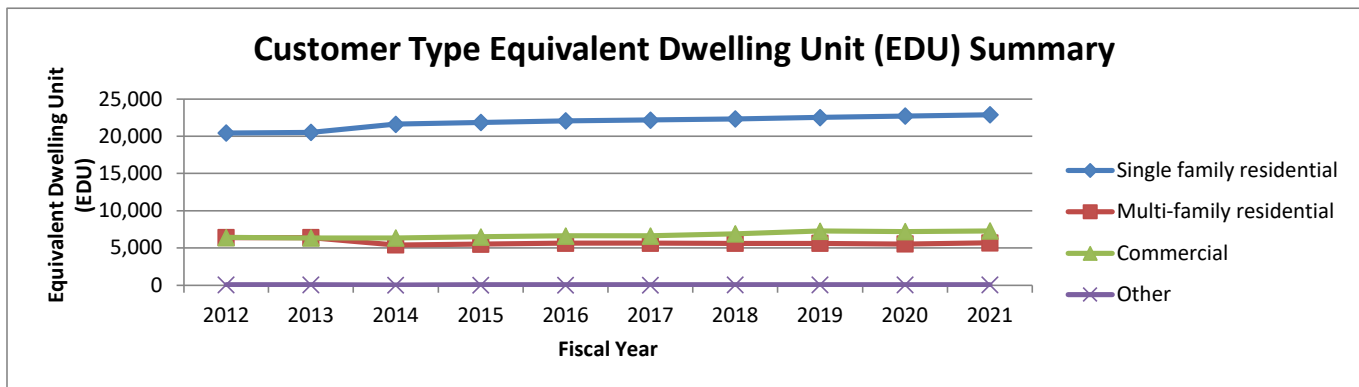
	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
		<u>As Restated</u>	<u>As Restated</u>	<u>As Restated</u>	<u>As Restated</u>
<b>OPERATING REVENUES:</b>					
Sewer service charges	\$ 9,347,928	\$ 9,218,538	\$ 9,187,360	\$ 9,053,022	\$ 8,808,414
Connection fees	1,446,315	897,863	1,998,788	548,527	192,763
Permits and inspection fees	21,735	17,264	40,202	12,017	7,362
Other services	7,495	27,425	46,100	7,039	11,173
<b>TOTAL OPERATING REVENUES</b>	<b>10,823,473</b>	<b>10,161,090</b>	<b>11,272,450</b>	<b>9,620,605</b>	<b>9,019,712</b>
<b>OPERATING EXPENSES:</b>					
General and administrative	1,744,274	1,819,626	1,997,332	1,403,644	1,559,137
Sewage collection	856,871	866,622	855,884	917,799	846,598
Sewage treatment	3,104,860	3,140,480	3,631,992	2,588,299	2,147,581
Sewage disposal	-	-	-	338	317,791
<b>Total administrative and plant</b>	<b>5,706,005</b>	<b>5,826,728</b>	<b>6,485,208</b>	<b>4,910,080</b>	<b>4,871,107</b>
<b>Other Operating Expenses</b>					
Depreciation	2,309,350	2,334,398	2,335,264	1,841,601	1,835,054
<b>TOTAL OPERATING EXPENSES</b>	<b>8,015,355</b>	<b>8,161,126</b>	<b>8,820,472</b>	<b>6,751,681</b>	<b>6,706,161</b>
<b>NET OPERATING INCOME</b>	<b>2,808,118</b>	<b>1,999,964</b>	<b>2,451,978</b>	<b>2,868,924</b>	<b>2,313,551</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Property taxes	709,233	745,800	605,711	899,670	585,004
Homeowner's tax relief	6,343	6,461	6,604	6,690	6,851
Investment income	142,649	75,611	52,007	75,110	123,009
Bond issue cost	-	(193,516)	-	-	-
Interest expense	(279,125)	(175,454)	(402,257)	(422,157)	(638,155)
Amortization	-	-	-	-	(205,908)
Gain (loss) on disposed assets	12,188	(46,408)	14,176	-	-
Other revenues	3,768	310	14,735	16,890	13,632
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>595,056</b>	<b>412,804</b>	<b>290,976</b>	<b>576,203</b>	<b>(115,567)</b>
<b>CHANGES IN NET POSITION</b>	<b>3,403,174</b>	<b>2,412,768</b>	<b>2,742,954</b>	<b>3,445,127</b>	<b>2,197,984</b>
<b>NET POSITION, beginning of the year</b>	<b>83,387,839</b>	<b>94,251,725</b>	<b>92,945,089</b>	<b>89,499,962</b>	<b>87,301,978</b>
		(13,276,654)	(1,436,318)		
<b>NET POSITION, end of the year</b>	<b>\$ 86,791,013</b>	<b>\$ 83,387,839</b>	<b>\$ 94,251,725</b>	<b>\$ 92,945,089</b>	<b>\$ 89,499,962</b>



**Valley Sanitary District  
Customer Type Equivalent Dwelling Unit (EDU) Summary  
Last Ten Fiscal Years**

Customer Type	Fiscal Year Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Single family residential	22,908	22,704	22,516	22,321	22,180	22,061	21,863	21,623	20,514	20,433
Multi-family residential	5,685	5,521	5,613	5,623	5,635	5,643	5,513	5,431	6,389	6,389
Commercial	7,289	7,209	7,267	6,913	6,633	6,629	6,504	6,344	6,353	6,409
Other	67	67	67	66	63	62	62	59	103	103
<b>Total</b>	<b>35,949</b>	<b>35,501</b>	<b>35,463</b>	<b>34,923</b>	<b>34,511</b>	<b>34,395</b>	<b>33,942</b>	<b>33,457</b>	<b>33,359</b>	<b>33,334</b>

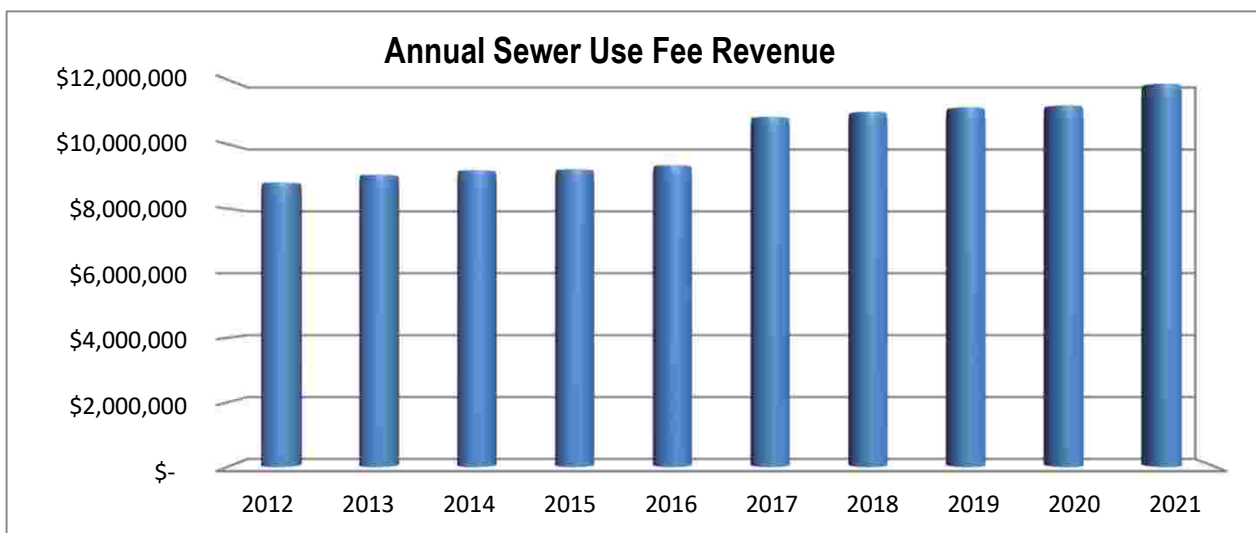
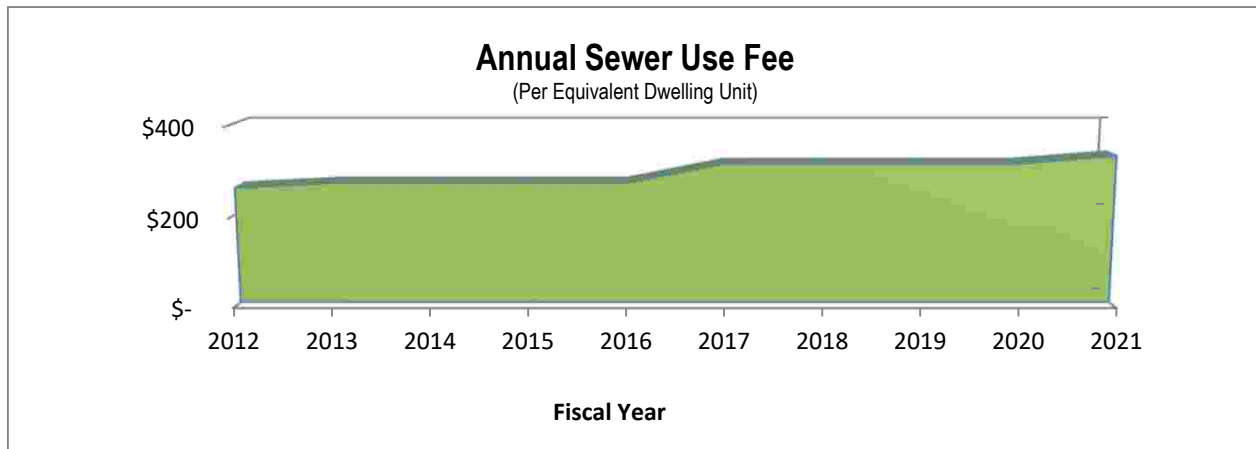
Source: Valley Sanitary District



**Valley Sanitary District  
Annual Sewer Use Fee and Fiscal Year Revenue  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Annual fee / EDU</b>		<b>Revenue</b>
2021	\$	330	\$11,872,945
2020		313	11,198,100
2019		313	11,139,580
2018		313	11,004,428
2017		313	10,846,682
2016		270	9,347,928
2015		270	9,218,538
2014		270	9,187,360
2013		270	9,053,022
2012		259	8,808,414

Source: Valley Sanitary District

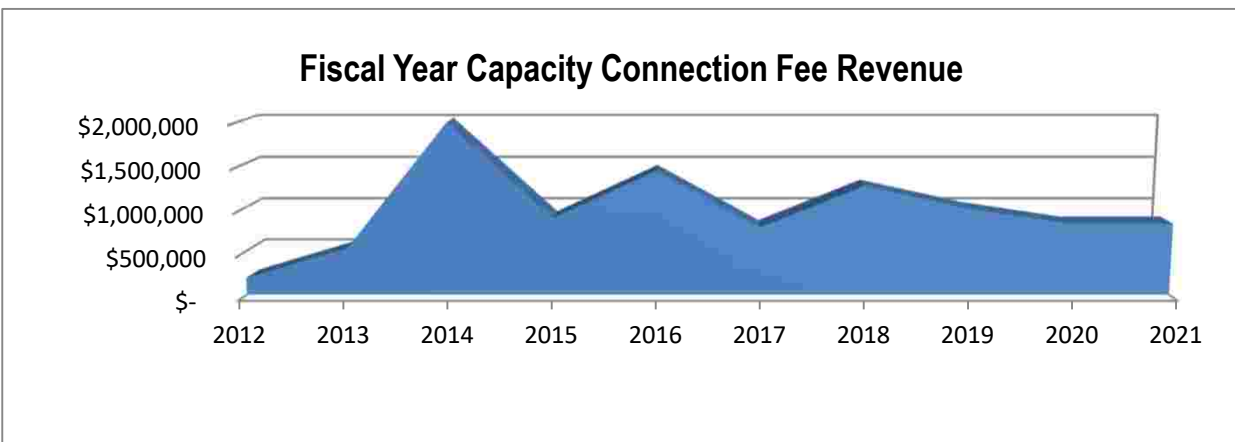
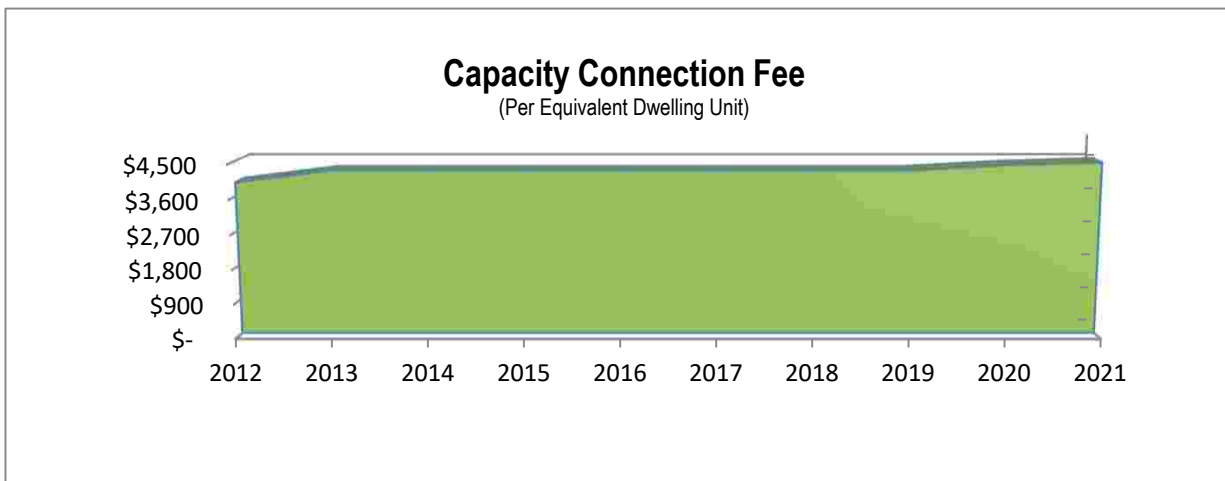




**Valley Sanitary District  
Capacity Connection Fee and Fiscal Year Revenue  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Fee / EDU</b>	<b>Revenue</b>
2021	\$ 4,473	\$ 831,978
2020	4,400	832,348
2019	4,265	1,010,031
2018	4,265	1,272,500
2017	4,265	791,280
2016	4,265	1,446,315
2015	4,265	897,863
2014	4,265	1,998,788
2013	4,265	548,527
2012	3,957	192,763

Source: Valley Sanitary District



**Valley Sanitary District  
Principal Users  
Current Year and Nine Years Ago**

Principal Users	Year Ended June 30			Year Ended June 30		
	2021			2012		
	Amount Billed	Rank	Percent of District Total \$	Amount Billed	Rank	Percent of District Total \$
Desert Sands Unified School District	\$ 245,190	1	2.07%	\$ 223,258	1	2.53%
The Wells Mobile Home Association	99,000	2	0.83%	77,700	2	0.88%
Forager Project Inc	188,710	3	1.59%	-		0.00%
Smoketree Polo Club Apartments	95,040	4	0.80%	74,592	3	0.85%
Fantasy Springs Casino	93,720	5	0.79%	73,556	4	0.84%
Sunrise Point Apartments	89,760	6	0.76%	70,448	5	0.80%
Casa Monroe Apartments	74,580	7	0.63%	58,534	8	0.66%
Indio Palms Apartments	73,260	8	0.62%	60,347	7	0.69%
Del Mar Apartments	62,040	9	0.52%	48,692	9	0.55%
Arabian Gardens Mobile Estates	61,380	10	0.52%	48,174	10	0.55%
Fred Young Housing				67,599	6	0.77%
Bermuda Palms Mobile Estates						
<b>Total</b>	<b>\$ 1,082,680</b>			<b>\$ 802,900</b>		
<b>District total customer charges</b>	<b>\$ 11,872,945</b>			<b>\$ 8,808,414</b>		

Source: Valley Sanitary District

**Valley Sanitary District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Business-Type Activities				Total			
	Certificates of Participation (1) (net of amortization)	Wastewater Revenue Refunding Bonds Series 2015 (2) (net of amortization)	State Water Resource Control Board Revolving Fund Loan	Debt	Population (3)	Personal Income (3)	Percentage of Personal Income	Debt Per Capita
2021	\$ -	4,374,185	\$ 11,901,885	\$ 16,276,070	89,551	\$ 24,604	0.74%	182
2020	-	5,159,697	12,247,046	17,406,743	90,387	25,143	0.77%	193
2019	-	5,910,209	12,586,437	18,496,646	89,863	24,398	0.84%	206
2018	-	6,630,721	12,920,155	19,550,876	89,127	24,994	0.88%	219
2017	-	7,321,233	7,643,459	14,964,692	88,485	23,103	0.73%	169
2016	-	7,986,745	-	7,986,745	86,544	22,336	0.41%	92
2015	-	8,637,257	-	8,637,257	84,201	20,607	0.50%	103
2014	9,379,080	-	-	9,379,080	82,398	21,702	0.52%	114
2013	9,920,254	-	-	9,920,254	81,393	20,645	0.59%	122
2012	10,436,428	-	-	10,436,428	77,165	19,748	0.68%	135

Sources: (1) Valley Sanitary District  
(2) Valley Sanitary District - Refinancing of Certificates of Participation  
(3) California Home Town Locator

**Valley Sanitary District  
Pledged Revenue Coverage  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Revenue & Expenses			Debt Service			Coverage Ratio (3)
	Net Revenues	Operating Expenses (1)	Net Available Revenues	Principal (2)	Interest	Total	
2021	\$ 13,464,033	\$ 8,623,737	4,840,296	\$ 1,030,161	\$ 414,888	\$ 1,445,049	<b>3</b>
2020	13,995,025	7,965,680	6,029,345	989,391	453,157	1,442,548	<b>4</b>
2019	14,273,589	7,533,346	6,740,243	953,718	489,831	1,443,549	<b>5</b>
2018	13,192,858	6,670,548	6,522,310	590,000	299,688	889,688	<b>7</b>
2017	12,189,844	5,436,593	6,753,251	565,000	327,938	892,938	<b>8</b>
2016	11,418,529	5,706,005	5,712,524	550,000	338,653	888,653	<b>6</b>
2015	10,573,894	5,826,728	4,747,166	-	415,378	415,378	<b>11</b>
2014	11,563,426	6,485,208	5,078,218	570,000	402,257	972,257	<b>5</b>
2013 As Restated	10,196,808	4,910,080	5,286,728	550,000	422,157	972,157	<b>5</b>
2012 As Restated	8,904,145	4,871,107	4,033,038	525,000	440,705	965,705	<b>4</b>

Notes:

(1) Excludes Depreciation

(2) Due to refinancing of the COPs, no principal payment was due in fiscal year 2014/2015. Costs to refinance are included in interest.

(3) The coverage ratio is a measure of the District's liquidity and how many times the District's revenues will cover their annual bond/loan expense.

Source: Valley Sanitary District

**Valley Sanitary District  
Principal Employers  
Current Year and Ten Years Ago**

<b>Employer (1) (2)</b>	<b>Fiscal Year Ended June 30 2021</b>			<b>Fiscal Year Ended June 30 2012</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
County of Riverside	1,135	1	2.71%	1,288	1	5.67%
Fantasy Springs Casino	1,083	2	2.58%	1,200	2	5.29%
Desert Sands Unified School District	952	3	2.27%	913	3	4.02%
John F. Kennedy Memorial Hospital	690	4	1.65%	681	4	3.00%
Walmart Supercenter	356	5	0.85%	-	-	0.00%
City of Indio	248	7	0.59%	241	6	1.06%
Granite Construction	220	6	0.53%	324	5	1.43%
Riverside Superior Court	166	8	0.40%	218	7	0.96%
Indio Nursing and Rehab Center	161	9	0.38%	-	-	0.00%
Cardena's Market	151	10	0.36%	-	-	0.00%
Mathis Brothers	-	-	0.00%	-	-	0.00%
Home Depot	-	-	0.00%	137	9	0.60%
Ralphs	-	-	0.00%	-	-	0.00%
Super Targer	-	-	0.00%	175	8	0.77%
Jackalope Ranch	-	-	0.00%	125	10	0.55%
<b>Total Employment Listed</b>	<b>5,162</b>		<b>12.32%</b>	<b>5,302</b>		<b>23.36%</b>
<b>Total City Employment (2)</b>	<b>41,900</b>			<b>22,700</b>		

*"Total Employment" as used above represents the total employment of all employers located within the District.*

Sources: (1) City Indio 2020 ACFR  
(2) Valley Sanitary District

**Valley Sanitary District**  
**Total Customers and Number of Permits Issued**  
**Last Ten Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>Total Customers</b>	<b>Number of Permits Issued</b>
2021	28,239	75
2020	28,028	67
2019	27,849	67
2018	27,668	71
2017	27,535	87
2016	27,417	86
2015	27,164	69
2014	26,908	83
2010	26,807	45
2012	26,762	44

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Source: Valley Sanitary District

**Valley Sanitary District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Population (1)</b>	<b>Median Age (2)</b>	<b>Average Household Size (1)</b>	<b>Median Household Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Unemployment Rate (3)</b>
2021	89,551	42.50	3.16	\$ 58,132	\$ 24,604	8.70%
2020	90,387	44.70	3.18	57,645	25,143	17.80%
2019	89,863	43.50	3.19	56,961	24,398	5.40%
2018	89,127	40.50	3.19	56,571	24,994	5.80%
2017	88,485	35.90	3.30	54,179	23,103	5.10%
2016	86,544	34.00	3.25	53,183	22,336	7.20%
2015	84,201	32.70	3.25	50,068	20,607	6.50%
2014	82,398	34.10	3.25	50,528	21,702	10.70%
2013	81,393	34.30	3.60	47,642	20,645	11.10%
2012	77,165	29.60	3.23	41,082	19,748	14.00%

Sources: (1) California Home Town Locator  
(2) City of Indio 2020 ACFR  
(3) U.S. Bureau of Labor Statistics

**Valley Sanitary District  
Operating Indicators  
Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Equivalent Dwelling Units (EDU)	35,949	35,501	35,463	34,923	34,511
Rainfall (inches) (1)	0.62	5.42	6.14	2.19	6.46
Flow (MGD) (2)	5.70	5.60	5.49	5.44	5.31
CBOD (mg/L)	280.10	256.50	280.00	281.00	289.00
CBOD (PE) (3)	78,326	70,468	75,413	74,993	75,285
Suspended solids (mg/L)	252.80	252.30	279.00	266.00	262.00
Suspended solids (PE) (4)	60,088	58,917	63,872	60,342	68,252
Tonnage of biosolids produced	1,278	853	805	1,411	1,362
Tonnage of biosolids applied to land	934	950	1,438	0	1,162
<b>Total waste treated (million gallons/year)</b>	<b>2,210</b>	<b>2,211</b>	<b>2,169</b>	<b>2,081</b>	<b>2,080</b>

Notes:

(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

(2) Million gallons per day

(3) Carbonaceous Biochemical Oxygen Demand (CBOD) Population Equivalent (PE) based on a conversion factor of 0.17

(4) Suspended solids population equivalent based on a conversion factor of 0.20

Source: Valley Sanitary District



**Valley Sanitary District  
Operating Indicators (Continued)  
Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Equivalent Dwelling Units (EDU)	34,395	33,942	33,457	33,359	33,334
Rainfall (inches) (1)	2.90	2.70	0.92	2.02	1.75
Flow (MGD) (2)	5.30	5.57	5.97	6.18	6.10
CBOD (mg/L)	257.40	246.92	219.75	215.66	213.50
CBOD (PE) (3)	66,928	68,446	63,706	65,385	63,892
Suspended solids (mg/L)	234.2	192.08	188.25	219.83	171.66
Suspended solids (PE) (4)	51,755	45,096	47,083	57,263	44,937
Tonnage of biosolids produced	468	1,440	1,505	1,882	1,849
Tonnage of biosolids applied to land	0	1,440	1,200	718	2,007
<b>Total waste treated (million gallons/year)</b>	<b><u>2,022</u></b>	<b><u>2,034</u></b>	<b><u>2,254</u></b>	<b><u>2,257</u></b>	<b><u>2,227</u></b>

Notes:

(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

(2) Million gallons per day

(3) Carbonaceous Biochemical Oxygen Demand (CBOD) Population Equivalent (PE) based on a conversion factor of 0.17

(4) Suspended solids population equivalent based on a conversion factor of 0.20

Source: Valley Sanitary District

**Valley Sanitary District  
Capital Assets and Operating Information  
Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Sanitary Sewer Service Operations</b>					
Equivalent Dwelling Units (EDUs)	35,949	35,501	35,463	34,923	34,511
<b>Treatment Plant Operations</b>					
Plant flow (Units = Million Gallons Per Day (mgd))					
Monthly average	173	170	167	165	161
Permit limitation (dry weather)	12.50	12.50	12.50	12.50	12.50
Annual rainfall (inches) (1)	0.62	5.42	6.14	2.19	6.46
<b>Collection System Operations</b>					
Sewer lines					
Length (ft)	943,548	1,341,120	1,341,120	1,351,680	1,335,840
Inspected (ft)	245,652	167,913	158,940	174,030	135,472
Cleaned (ft)	697,896	610,629	741,600	728,314	731,159

Notes:

(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

Source: Valley Sanitary District

**Valley Sanitary District**  
**Capital Assets and Operating Information (Continued)**  
**Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Sanitary Sewer Service Operations</b>					
Equivalent Dwelling Units (EDUs)	34,395	33,942	33,457	33,359	33,334
<b>Treatment Plant Operations</b>					
Plant flow (Units = Million Gallons Per Day (mgd))					
Monthly average	161	170	182	188	186
Permit limitation (dry weather)	12.50	13.50	13.50	11.00	11.00
Annual rainfall (inches) (1)	2.90	2.70	0.92	2.02	1.75
<b>Collection System Operations</b>					
Sewer lines					
Length (ft)	1,336,682	1,323,035	1,298,880	1,288,320	1,276,660
Inspected (ft)	175,178	136,838	106,350	95,040	56,203
Cleaned (ft)	796,840	708,071	562,472	776,160	538,569

Notes:

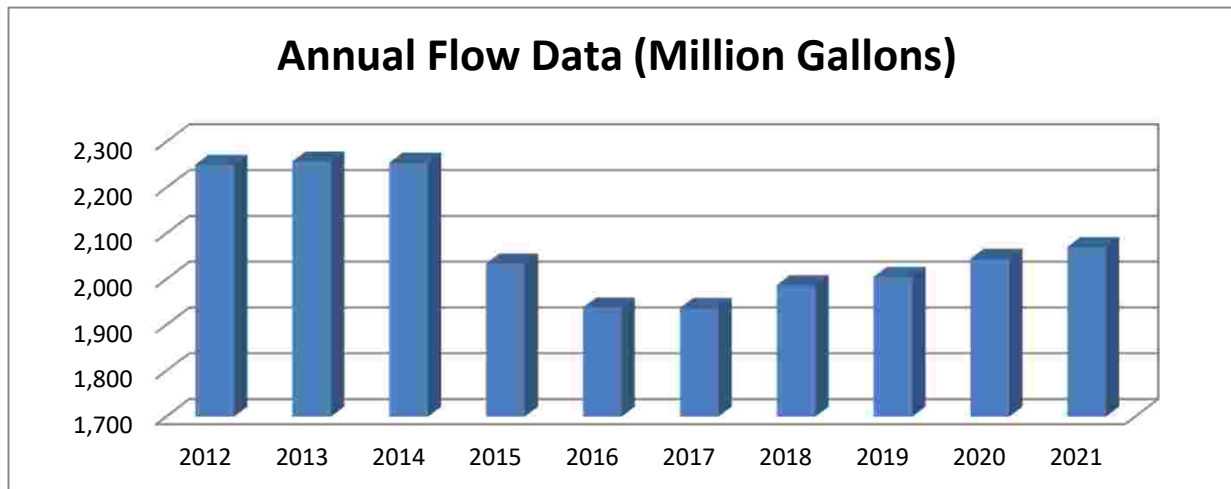
(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

Source: Valley Sanitary District

**Valley Sanitary District  
Annual Flow Data (Million Gallons)  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Annual Flow</b>
2021	2,070
2020	2,045
2019	2,005
2018	1,987
2017	1,937
2016	1,938
2015	2,034
2014	2,254
2013	2,257
2012	2,250

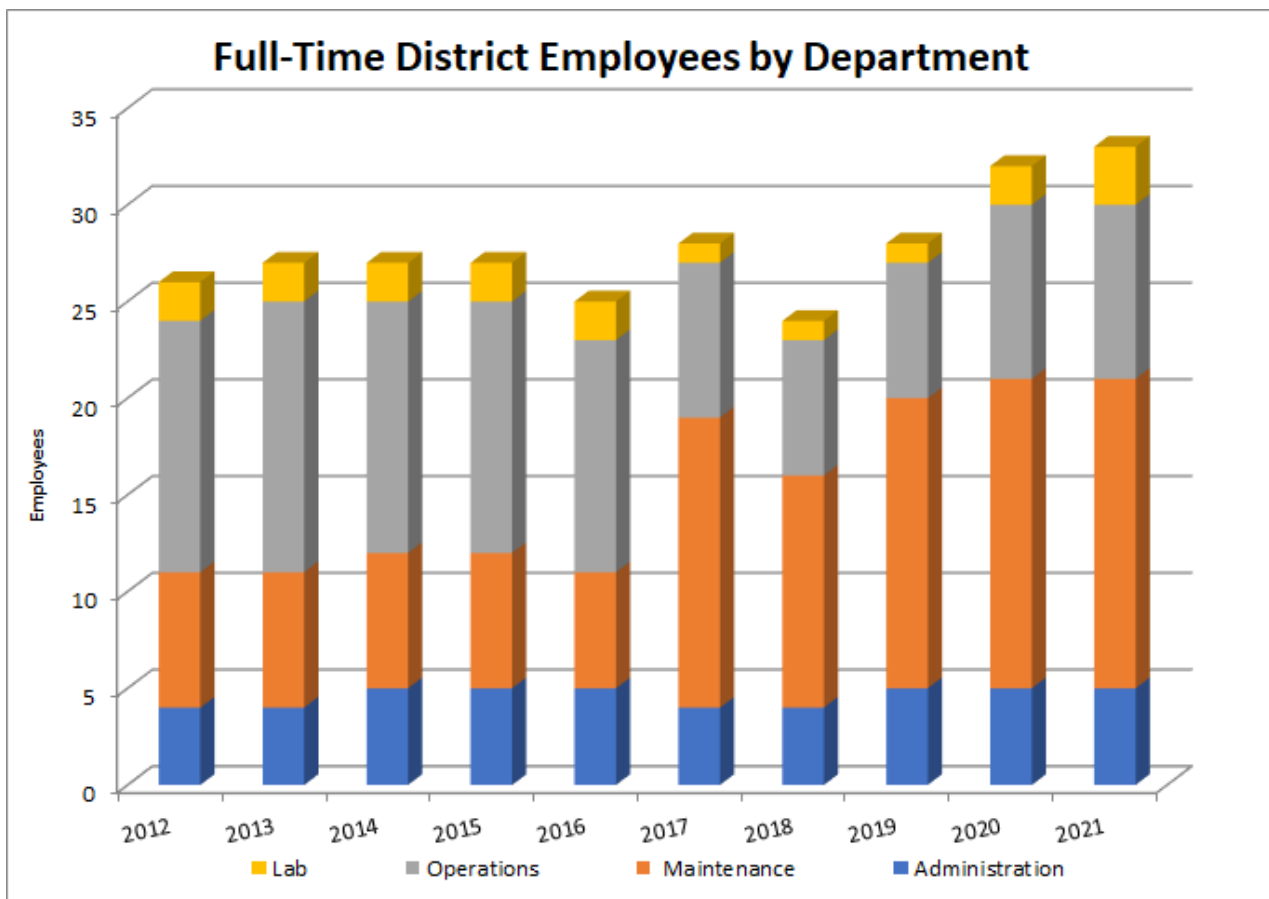
Source: Valley Sanitary District



**Valley Sanitary District  
Full-Time District Employees by Department  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Administration</b>	<b>Engineering &amp; Maintenance</b>	<b>Operations</b>	<b>Lab</b>	<b>Total</b>
2021	5	17	9	3	33
2020	5	17	8	2	32
2019	5	15	7	1	28
2018	4	12	7	1	24
2017	4	15	8	1	28
2016	5	6	12	2	25
2015	5	7	13	2	27
2014	5	7	13	2	27
2013	4	7	14	2	27
2012	4	7	13	2	26

Source: Valley Sanitary District



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# 2021

Valley Sanitary District



**VALLEY SANITARY DISTRICT**

**Audit Communications**

**Year ended June 30, 2021**

**VALLEY SANITARY DISTRICT**

**Audit Communications**

**Year ended June 30, 2021**

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## **REQUIRED AUDIT COMMUNICATIONS**

Board of Directors  
Valley Sanitary District  
Indio, California

We have audited the financial statements of the business-type activities and fiduciary fund of the Valley Sanitary District ("District") for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 24, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of which capital projects represent ordinary maintenance activities necessary to keep an asset operational for its originally intended useful life versus significant improvement, replacement, and life extending projects that should be capitalized as additions to capital assets is based on management's knowledge of the assets and their useful lives. We evaluated the key factors and assumptions used to develop the amounts added to capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of transactions related to net pension liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of transactions related to net OPEB liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of pensions in note 10 to the financial statements.
- The disclosure of OPEB in note 11 to the financial statements.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management: prior period adjustment for OPEB obligations.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 29, 2021.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the *Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios, Schedule*

*of Contributions – Pensions, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and Schedule of Contributions – Other Postemployment Benefits*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Operating Expenses which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory or statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Restriction on Use**

This information is intended solely for the information and use of Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis Farr LLP*

Irvine, California  
October 29, 2021

**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  
Valley Sanitary District  
Indio, 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 business-type activities and fiduciary fund of the Valley Sanitary District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Valley Sanitary District's basic financial statements, and have issued our report thereon dated October 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Valley Sanitary District'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 Valley Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Valley Sanitary District'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. We consider the following deficiency in internal control to be a significant deficiency:

(1) Adjustments Detected During the Audit

During the audit, we detected and recorded three journal entries to correct errors. We noted one material prior period adjustment relating to OPEB which was recorded to properly reflect the correct valuation amounts.

Recommendation

We recommend the District enhance its annual closing process to ensure the balances of the related accounts are adjusted prior to the audit.

### Management Comments Regarding Corrective Actions Planned

Management agrees with the auditors' recommendations and will enhance its annual closing processes to ensure the balances are adjusted prior to the audit.

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 may exist that have not been identified.

As a matter of best practice, we offer the following recommendation as an opportunity to improve the District's IT controls.

#### (2) Information Systems Controls

During our audit, we performed a review of the District's information systems internal controls. We noted the District had not implemented adequate password controls for users of the network and financial software.

#### Recommendation

As a best practice, the District should improve password settings for users accessing the financial software, including minimum password length, password complexity, forced password change after first logon and after a specific number of days, limit password reuse, and account lockout after a specific number of unsuccessful login attempts.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Valley Sanitary District'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*.

### **District's Response to Findings**

The District's response to the findings identified in our audit are described in the Management Comments Regarding Corrective Actions Planned above in which the finding is reported. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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 entity's

internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Davis Farn LLP*

Irvine, California  
October 29, 2021

## DAVIS FARR AUTHORITY

### New Accounting Standards Not Yet Effective

Year ended June 30, 2021

#### GASB Statement No. 87: Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources.

The standard will be effective for the fiscal year ending June 30, 2022.

#### 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 clarifies the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer, establishes 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.

The standard will be effective for the fiscal year ending June 30, 2022.

#### GASB Statement No. 92: Omnibus 2020

This Statement addresses a variety of topics and includes specific provisions about the reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of GASB Statement No. 73 to reporting assets accumulated for postemployment benefits, applicability of certain requirements of GASB 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations, and reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.

The standard will generally be effective for the fiscal year ending June 30, 2022.

#### GASB Statement No. 93: Replacement of Interbank Offered

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment

## DAVIS FARR AUTHORITY

### Notes to Required Supplementary Information

Year ended June 30, 2019

- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The standard will be effective for the fiscal year ending June 30, 2022.

#### 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 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. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The standard will be effective for the fiscal year ending June 30, 2022.

#### 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. This Statement requires a government



**DAVIS FARR AUTHORITY**

**Notes to Required Supplementary Information**

**Year ended June 30, 2019**

to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The standard will be effective for the fiscal year ending June 30, 2022.

*GASB Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.31*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

The standard will be effective for the fiscal year ending June 30, 2023.



**Valley Sanitary District  
Board of Directors Meeting  
October 12, 2021**

**TO:** Board of Directors

**THROUGH:** Beverli A. Marshall, General Manager

**SUBJECT:** **Monthly General Managers Report – September 2021**

<input type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input checked="" type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Executive Summary**

The purpose of this report is to keep the Board and the public informed on VSD’s day-to-day operations.

**Strategic Plan Compliance**

The recommendation complies with the VSD Strategic Plan Goal 6: Improve Planning, Administration, and Governance.

**Fiscal Impact**

There is no fiscal impact from this report.

**Background**

The following data represents the activities and metrics for the month of September 2021.

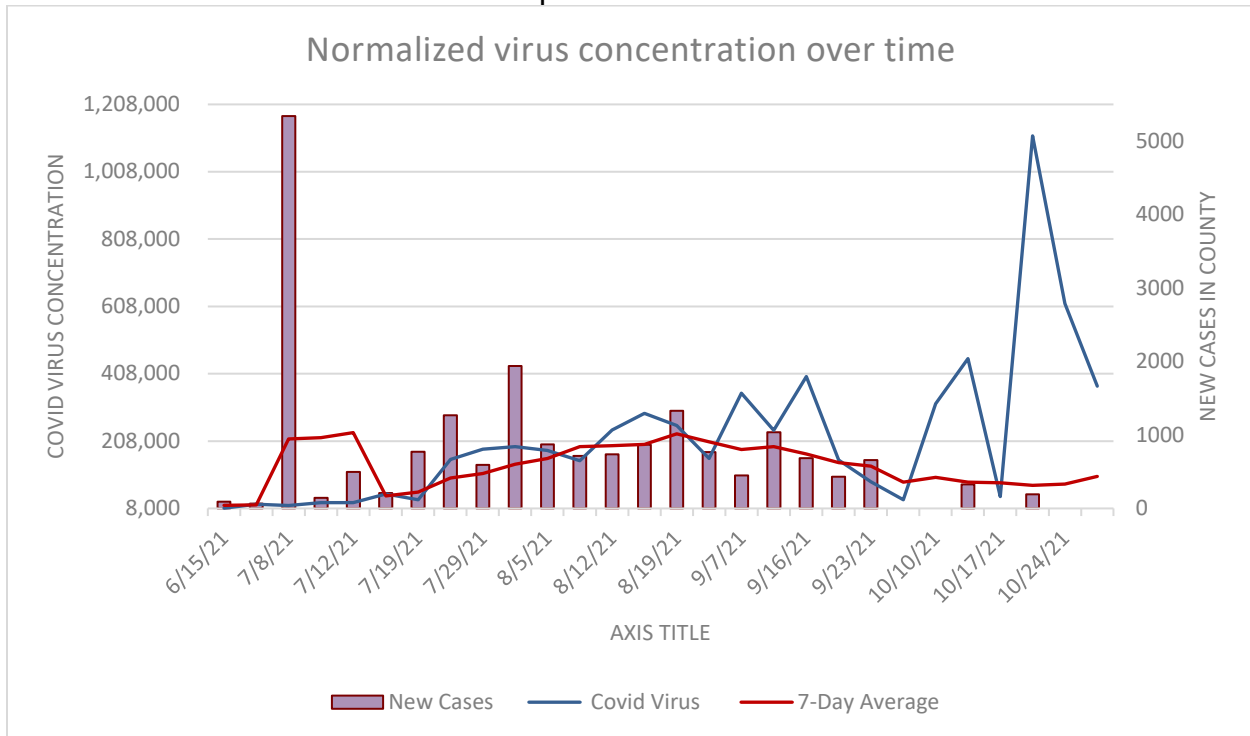
*Administrative Services*

- Completed Human Resources Specialist interviews.
- Reviewed open enrollment benefits and changes with all staff.
- Clerk of the Board attended CSDA Board Secretary conference.
- Provided additional requests to auditors for audit ending June 30, 2021.
- Continued working on the development of the Annual Comprehensive Financial Report.
- Accounting Analyst completed CSMFO internal control training.
- Actively working with Caselle to resolve web service issues.
- Worked with IT on two (2) factor authentication process.

*Operations & Maintenance*

- Trailer for Maintenance Staff has been installed with support services provided – maintenance staff have transitioned into new offices

- Laboratory staff completed the collection of the Quarterly Bioassay and the Annual California Toxic Rule (CTR) per the NPDES sampling requirements.
- Operations staff completed the summer hauling of the biosolids, which included increased shifts for extended operation.



**Development Services**

- Construction will begin soon on the El Polo Loco near the southwest corner of Jackson St and Ave. 42 in Shadow Hills.
- Construction has begun on the Ono Hawaiian BBQ Restaurant in the Indio Town Center shopping center near the corner of Jackson St. and Avenue 42.
- The tenant improvement has begun on the Dairy Queen at the corner of Avenue 44 and Indio Blvd. within the Chandi Plaza.
- The tenant improvement has begun on the Mochi Donut shop at the corner of Jefferson Street and Fred Waring, next to Subway.
- Construction has begun on the Chandi Plaza at the southwest corner of Indio Blvd. and Avenue 44. This project will include a convenience store with fueling station, carwash, restaurant, and retail suites.

**Collection Services**

- No-Spill report for the month of October will be submitted to the California Integrated Water Quality System, as required in the Waste Discharge Requirements Monitoring and Reporting Program. Due by the end of the month.
- Field Vector crew is currently working on Trouble Spot areas, upon completion they will continue working in the area of Monroe and Avenue 42

- CCTV Inspection work is currently being conducted in the area of Avenue 48 and Jackson.

#### *Capital Improvement Program*

- The Preliminary Design Report for the replacement of the sewer siphon at Westward Ho Drive is complete. This is a FEMA funded project to replace the damaged sewer siphon from the February 2019 storm. The design is in progress. Staff and the consultant had a preliminary meeting with CVWD regarding requirements for crossing the channel. Staff reviewed the 50% design plans and the updated project cost schedule. Staff reviewed the 90% design plans and specifications and submitted comments for correction. Staff is finishing their review of the submitted 95% set of plans and specifications. Staff has met with both the City of Indio and La Quinta, and both have no revisions or concerns. Staff has sent plans to CVWD and IWA for review and VSD received comments back from both agencies for incorporation. Carollo will be performing additional potholing to verify IWA and other utilities. Potholing has revealed that an IWA water line is closer to the project alignment than indicated on record drawings and must be rerouted around the proposed siphon manhole. *Update: Carollo is making the revisions to the design plans per IWA's recommendation and once complete, the plans will be resubmitted to IWA and CVWD for review and approval.*
- Staff is continuing to work with Harris and Associates on the Collections System Rehabilitation and Maintenance project. The first rehabilitation project on Indio Blvd. is complete. This was a good first project and lessons were learned on how to better the process for the next project. The CCTV inspection project is complete. Harris is currently developing plans for the downtown Indio rehabilitation and repair project. This is being done to rehabilitate and replace deficient sewer mains in the streets and allies of the downtown area. The 50% plans for the Downtown Indio Rehabilitation project have been reviewed and comments have been returned to Harris for revision. *Update: The 100% design plans have been completed and VSD has submitted copies of the plans to IWA and the City of Indio for their review and approval.*
- VSD has chosen SGH Architects as the architectural firm for the preliminary design of a new single-story training/office building and new laboratory building. Staff has selected a new location for the training/office building that will allow the single-story building with minimal demolition. The architect has completed the schematic design and cost estimate for both the training/office building and laboratory building. An onsite survey was conducted on July 7<sup>th</sup>. SGH Architects is continuing with final design of both the Office & Training and Laboratory Buildings. *Update: SGH has submitted a 30% design plan which includes both buildings which VSD staff is currently reviewing.*
- VSD is currently working with Stantec, who is acting as an Owner's Representative, on the repair and rehabilitation of the Influent Pump Station.

The Request for Proposal (RFP) was released on August 28, 2020 and was closed on September 28, 2020. The Board awarded the project to the DCI / Dudek team, and a pre-construction meeting was held on December 4th, 2020. The DCI / Dudek has developed a preliminary bypass plan for the initial inspection and shutdown of the influent pump station structure. The preliminary bypass and inspection were completed from February 22<sup>nd</sup> to February 26<sup>th</sup>. VSD has chosen the valves and gates that will be used for this project based on Dudek / DCI and Stantec's recommendations. Dudek and VSD are coordinating the ordering and purchasing of long, lead items. Dudek has submitted the Basis of Design Report which Stantec and VSD staff have reviewed. *Update: Dudek has made corrections to the 30% design plans and specifications based on Stantec and VSD comments. Dudek is continuing to develop the project plans to 60% design phase to be able to provide a guaranteed maximum price for the project.*

- Staff is working on implementing an asset management system for the treatment plant using Lucity web software. VSD is currently working on building out the Lucity Web system with the help of a Lucity implementor. The latest session of virtual training from the implementor was completed on August 25, 2020. Staff has finished the installation of Lucity Mobile and is pursuing the implementation of plant wide Wi-Fi that will allow access to the asset management system from a mobile device anywhere in the plant facility. Training videos for VSD staff training have been recorded. *Update: Operations and maintenance staff will begin to review the training videos and once they have been trained, use the system to create and complete work orders. Maintenance staff is also working on updating asset information and populating the system with scheduled work orders.*

### **Recommendation**

Staff recommends that the Board receive the Manager's Report for activities during the month of September.

### **Attachments**

- Attachment A: Administrative Services Report
- Attachment B: Monthly NPDES Report
- Attachment C: Collection System Report
- Attachment D: Development Services Report
- Attachment E: Capital Improvement Program Update

## Administrative Services - Task Summary 2021

Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total To Date
Active litigation filed	-	-	-	-	-	-	-	-	-				-
Board meeting	3	2	2	3	2	2	2	2	1				19
Budget/Finance Committee meeting	1	1	2	-	1	-	1	-	1				7
Operations Committee meeting	-	1	1	1	-	1	-	1	-				5
Employee anniversaries	-	5	1	-	5	3	3	1	2				20
Employee promotions	1	-	-	-	-	-	-	-	-				1
Facebook postings	1	-	4	2	11	9	5	2	1				35
Insurance claims initiated	-	-	1	-	1	-	-	-	-				2
Lost time work incidents	-	-	1	-	-	-	-	-	-				1
Media coverage items	-	-	-	-	-	-	-	-	-				-
New hires	-	-	-	1	-	-	2	-	1				4
Press release	-	-	-	-	-	-	-	-	-				-
Public records request	-	-	-	1	-	-	1	-	-				2
Resignations	-	-	-	1	1	-	1	-	-				3
Retirements	-	-	-	1	-	-	-	-	-				1

Report Name: Monthly

September 2021	Plant Influent		ASP Effluent			Pond Effluent			Total Plant Discharge (Outfall)								
	CBOD (mg/L)	TSS (mg/L)	Monthly Average Flow (MGD)	CBOD (mg/L)	TSS (mg/L)	Monthly Average Flow (MGD)	CBOD	TSS	EColi (MPN/100ml)	Oil and Grease (mg/L)	Copper (ug/L)	Di(2-ethylhexyl)pht halate (ug/L)	Cyanide (total) (ug/L)	Ammonia (total, as N) (mg/L)	Nitrate (as N) (mg/L)	Nitrite (as N) (mg/L)	Total Nitrogen (mg/L)
1									34.1								
2																	
3																	
4																	
5																	
6																	
7	211	226		7	6.5				8.6	< 1.4	2.3	< 0.5	1.9	0.65	6.3	0.027	7.6
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15									17.7								
16	248	212		9.09	3.3												
17																	
18																	
19																	
20																	
21																	
22																	
23	252	258		13.7	5.4				29.5								
24																	
25																	
26																	
27	229	270		8	8												
28																	
29									17.3								
30			6.32			0.000											
<b>Average</b>	235	242	6.32	9.45	5.8	0.000			19.3*	1.4	2.3	0.5	1.9	0.65	6.3	0.027	7.6
<b>Minimum</b>	211	212	6.32	7	3.3	0.000			8.6	< 1.4	2.3	< 0.5	1.9	0.65	6.3	0.027	7.6
<b>Maximum</b>	252	270	6.32	14	8.0	0.000			34.1	< 1.4	2.3	< 0.5	1.9	0.65	6.3	0.027	7.6
<b>Exceedences</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

<b>Permit LIMITS</b>	25	30	40.0	49.0	126	<0.01	25	5.9	9.0	4.3
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<b>Laboratory</b>	Collected (# of Samples)	316
	Analyzed (# of Tests)	576

## Collection Services Task Summary Report for 2021

Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total To Date
Customer Service Calls	2	2	4	5	8	7	2	1	6	4			20
F.O.G. Inspection - Completed													-
F.O.G. Inspection - Fail													-
F.O.G. Inspection - Pass													-
Hot spot cleaning (total)*	26	-	-	36	-		26			36			62
Lift station inspection	19	19	19	23	23	23	19	16	19	19			96
Manhole inspection	157	125	216	163	154	161	117	93	150	141			662
Sewer line CCTV (feet)	0	0	32,428	28,289	16,224	3,888	19,739	6,470	19,873	19,874			69,844
Sewer line cleaning (feet)	58,522	50,400	70,368	68,722	52,573	59,063	65,193	30,295	55,419	51,650			261,620
SSO Response - Cat 1	0	0	0	0	0	0	0	0	0	0			0
SSO Response - Cat 2	0	0	0	0	0	0	0	0	0	0			0
SSO Response - Cat 3	0	0	1	0	0	0	0	0	0	0			0
USA Markings	37	33	55	31	53	69	79	54	34	35			271

\*Note: Hot spot cleaning is performed quarterly





## VALLEY SANITARY DISTRICT DEVELOPMENT SERVICES REPORT

9-Nov-21

Plan Check in Progress  
Inspection in Progress  
New Project

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
7-Eleven Golf Center	44925 Golf Center/Avenue 45	Civil plans submitted for new 7-Eleven store approved. Arch. plans approved and returned to the applicant 10/26/20. Issued permit 3915 on 10/26/20.	Inspect work improvements as scheduled.
82490 Highway 111-Former Imperial Furniture	82490 Highway 111/Arabia Street	Plans submitted for remodeled suites. Plans approved and notified applicant 4/28/21.	Waiting for owner to process permit paperwork.
Abel Lupian Commercial Bldg.	45105 Commerce Street	Plans submitted for new commercial building. Completed 1st plan check and returned to the applicant 4/3/20.	Perform 2nd plan check upon plan resubmittal.
Add'l Dwelling Unit - Cebreros Residence	83181 Blue Mountain Court	Plans submitted for additional dwelling unit. Plans approved and notified applicant 3/3/21. Permit 3967 7/26/2021	Inspect work improvements as scheduled.
Animal Samaritans - TI	42150 Jackson Street, Ste's 104-106	Plans submitted for building TI. Plans approved and returned to the applicant 2/4/2020. Issued permit 3874 on 2/28/2020. Finaled 10/8/21	No further action required
Arroyo Crossing Phase 1 architectural plans	47555 Jefferson Steet/Highway 111	Architectural plans submitted for new apartment complex.	In queue
Arroyo Crossing Phase 1 civil plans	47555 Jefferson Steet/Highway 111	Civil plans submitted for new apartment complex.	Perform 2nd plan check upon plan resubmittal.
Arroyo Crossing Phase 2 civil plans	47555 Jefferson Steet/Highway 111	Civil plans submitted for new apartment complex.	In queue
Autozone Jackson Street	41850 Jackson Street/aAvenue 42	Plans submitted for plan check. Sewer main relocation. Plans approved 1/21/21. Waiting for engineer to finalize easements docs. Permit 3954 issued 5/13/21.	Inspect work improvements as scheduled.
Buzzbox	42625 Jackson Street #112	Plans submitted existng building TI. Completed 1st plan check and returned to the City 2/22/19.	Perform 2nd plan check upon plan resubmittal.
Carranza Residence -Additional Dwelling Unit	81-450 Palmyra Avenue	Plans submitted for additional dwelling unit. Plans approved and notified applicant 10/2/20. Issued permit 3907 on 10/5/20. Finaled 10/8/21	No further action required
Chandi Plaza	SW Corner of Indio Blvd/Avenue 44	Civil plans submitted for plan check. Plans approved and notified applicant 1/8/21. Permit 3948 issued 4/2/21.	Inspect work improvements as scheduled.
Chandi Plaza Building "B" Shell	81-971 Indio Blvd/Avenue 44	Plans submitted for plan check. Completed 1st check and returned to the applicant 10/13/20. Issued permit 3963 on 6/29/21.	Inspect work improvements as scheduled.
Chandi Plaza Building Restaurant Shell	81-977 Indio Blvd/Avenue 44	Plans submitted for plan check. Completed 1st plan check and returned to applicant 10/22/20. Issued permit 3964 on 6/29/21.	Inspect work improvements as scheduled.
Chandi Plaza Car Wash	81-983 Indio Blvd/Avenue 44	Plans submitted for plan check. Completed 1st plan check and returned to applicant 9/16/20. Permit 3965 on 6/29/21.	Inspect work improvements as scheduled.
Chandi Plaza Convenience Store	81-965 Indio Blvd/Avenue 44	Plans submitted for plan check. Completed 1st plan check and returned to applicant 9/16/20. Permit 3962 om 6/29/21	Inspect work improvements as scheduled.
Chavez Tenant Improvement	45330 Jackson St/Civic Center	Plans submitted for TI of existing building. Demolition of interior walls and facilities. Completed 4th plan check and returned to the City 6/25/18. Issued permit 3755 on 7/9/18.	Inspect work improvements as scheduled.
Citadel RV Storage-Phase 1	83667 Dr. Carreon Blvd/Calhoun Street	Plans submitted for construction of new RV storage facility. Plans approved and returned to the applicant 3/17/2020.	Waiting for owner to process permit paperwork.
COD Child Development Center	45742 Oasis Street	Plans submitted for child development center. Completed 1st plan check and notified applicant 9/20/21.	Perform 2nd plan check upon plan resubmittal.
College of the Desert	45524 Oasis Street	Plans submitted for campus expansion Completed 2nd plan check and returned to applicant 10/21/21.	Perform 3rd plan check upon plan resubmittal.
Corso Residence	49491 Braley Court	Plans submitted for single family residence. Plans approved and notified applicant 9/2/20. Permit 3931 issued 1/5/21	Inspect work improvements as scheduled.
Couthouse Bar & Grill	82910 Highway 111/Jackson Street	Plans submitted for new restaurant. Completed 1st plan check and returned to applicant 12/14/20.	Perform 2nd plan check upon plan resubmittal.
Demo Unlimited Storage Yard	83-845 Ave 45/Vam Buren St	Plans submitted for plan check. Completed 2nd plan check and returned to applicant 9/25/20. Plans approved and returned 10/13/2020	Waiting for owner to submit Bonds before drafting agreement
Destiny Church	80250 Highway 111/Jefferson Street	Plans submitted for plan check. Plans approved and notified applicant 7/12/21. Issued permit 3974 on 9/14/21.	Inspect work improvements as scheduled.
Diary Queen	81977 Indio Blvd, Unit 100	Plans submitted for new restaurant 10/5/21	In queue

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
El Pollo Loco	42223 Jackson Street/Showcase Parkway	Plans submitted for restaurant building. Completed first plan check and returned to applicant 8/5/21. Permit issued 10/21/21 3982	Inspect work improvements as scheduled.
EOS Fitness Ave 42 Gym	SWC of Spectrum Street & Avenue 42	Plans submitted for construction of new gym facility. Completed 2nd plan check and returned to the City 11/13/19.	Perform 3rd plan check upon plan resubmittal.
EOS Fitness Hwy 111	Highway/Jefferson Street	Plans submitted for construction of new gym facility. Plans approved and notified applicant 4/27/20.	Waiting for Development Agreement and Bonds before owner can process permit paperwork.
EOS Fitness Public Sewer Extension	SWC of Spectrum Street & Avenue 42	Mainline complete. Waiting on Maintenance Bond to release Performance Bond	Release Performance Bond when Maintenance Bond is received
Fred Young (Villa Hermosa Apts Phase III)	83801 Dr. Carreon Blvd / West of Van Buren	Plans submitted for apts at Fred Young Farm Labor Dev. Plans approved and returned to the applicant 7/17/2019. Submitted revision to approved plans 9/16/20 Revised Plans approved 11/5/2020. Permit 3944 issued 3/23/21.	Inspect work improvements as scheduled.
Gallery at Indian Springs	Jefferson St/Westward Ho Drive	Tract is Complete. Warranty Bond received 8/25/2021.	Notice of acceptance after 12 month warranty bond release.
Gallery Homes Tract -Indian Palms	Monroe & Avenue 50	Gallery Homes has recently purchased the 106 lots. Staff has inspected the site and prepared a list of improvements that need to be made prior to issuing connection permits. Plans submitted for home plans. Reviewed 1st plan check and returned back to the city on 6/4/2014. 2nd plan check returned to city 7/7/14. Model plans approved and returned to the City 8/22/14. New homes currently under construction.	Inspect work improvements as scheduled.
Gallery Links - 3	Indian Palms Country Club - Monroe/Avenue 48	Plans submitted for installation of 5 sewer laterals for new SFD. Plans approved and returned to the applicant 4/13/20.	Inspect work improvements as scheduled.
Golden Corral Restaurant	Atlantic Ave/Caspian near Ave 42 and Jackson	Plans submitted for new restaurant building. Arch plans approved 6/12/20. Completed 1st plan check on civil plans and returned to the applicant 6/12/20.	Perform 3rd plan check upon plan resubmittal.

**Monthly Capital Improvement Project Update - November 2021**

Project Title	Project Description	Current Status	Fiscal Year Budget	Total Spent to Date
Westward Ho Sewer Siphon Replacement Design and Construction	Due to the February 2019 rain event, the existing VSD sewer siphon that crosses the CVWD storm channel at Westward Ho Drive became exposed and was damaged. In order to prevent this from happening again in the future, Carollo Engineers is currently working with VSD on the final design of a new sewer that is to be constructed well below the new channel scour depth. The design being proposed would utilize horizontal directional drilling to create a new sewer siphon alignment under the channel and adjacent to the original siphon. Permit processing with at least CVWD and possibly other regulatory agencies may extend the design/permit period. Some or possibly all the project costs will be reimbursed by FEMA / CalOES.	Carollo is making the revisions to the design plans per IWA's recommendation and once complete, the plans will be resubmitted to IWA and CVWD for review.	\$2,562,063.00	\$28,178.62
Collections System Rehabilitation Projects	Harris & Associates is assisting the District in creating a 10-year rehabilitation and replacement program for the collections system. The purpose of this project is to repair, rehabilitate, replace and/or realign aging or defective pipelines and/or segments projected to reach capacity within the foreseeable future. Harris and the District have assigned a rating and priority to all of the pipes in the collection system and are splitting them up into projects for each fiscal year. The first project for this fiscal year will consist of the rehabilitation of approximately 2,300 feet of sewer located in Indio Boulevard and underneath the railroad near Cabazon Avenue using cured in place lining. The second project will consist of hiring a contractor to perform CCTV inspections of all pipes within the District that cannot be surveyed by collections staff due to high flows or pipe diameter. The third project is the downtown Indio rehabilitation and repair project. This project is being done to rehabilitate and replace deficient sewer mains in the streets and allies of the downtown area.	The 100% design plans have been completed and VSD has submitted copies of the plans to IWA and the City of Indio for their review and approval.	\$2,900,000.00	\$80,732.75
Reclaimed Water Project Phase 1	The contract for this project was awarded to Schneider Electric / Stantec. The project design cost is \$2,200,000 and project schedule is approximately 460 days. Construction costs will be determined during the design phase and will be awarded to Schneider Electric / Stantec upon approval of the Board. The Reclaimed Water Project – Phase 1 will replace an aging and capacity restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project will also include adding a biofilter, and a sludge thickener unit.	Schneider is working on the next design submittal. Potholing is being performed to verify the location and depth of existing onsite utilities.	\$2,200,000.00	\$0.00. Per the contract, no payment is due until the project reaches the 60% design phase at which time \$2.2 million will be due.
Influent Pump Station Rehabilitation	Stantec is assisting the District as an Owner's Representative and DCI / Dudek are acting as the design-build team for this project. The influent pump station structure is showing significant signs of deterioration. Proposed improvements to the pump station include: bypass of the pump station for inspection and repair, repair/replacement of leaking and broken gates, repair of interior concrete coating, installation of new valves for proper isolation/drainage, installation of a new jockey pump in the empty pump bay.	Dudek has made corrections to the 30% design plans and specifications based on Stantec and VSD comments. Dudek is continuing to develop the project plans in order to be able to provide a guaranteed maximum price for the project.	\$3,634,476.00	\$34,746.02
New Training and Office Building and Laboratory Building	The District and SGH Architects are developing the initial design for a new office / training building that will be located to the west of the existing Operations building. The purpose of this new building is to provide space for new offices for collections and maintenance personnel as well as a training area for company events and meetings. Also as part of this project, VSD has contracted SGH to develop designs for a new laboratory building to replace the existing lab due to the current issues lab staff are experiencing with the layout and air filtering system.	SGH has submitted a 30% design plan which includes both buildings which VSD staff is currently reviewing.	\$1,922,000.00	\$196,793.50
Additional Parking and Landscaping	The District is in need of additional parking for employees and customers. Staff proposes to remove the lawn at the front of the property and replace it with parking and drought tolerant landscaping.	A preliminary design of the Project has been completed. In que for the next steps.	\$500,000.00	\$0.00

**Monthly Capital Improvement Project Update - November 2021**

Project Title	Project Description	Current Status	Fiscal Year Budget	Total Spent to Date
Steel WaterLine Replacement	The above ground, steel waterline adjacent to the aeration basins is old and prone to leaks, especially at the grooved joints, and has exceeded its useful life. The new steel waterline will have traditional joints that will provide a longer life. This project has been on the books for several years and has been a lower priority due to lack of leaks in recent years and the difficult nature of replacement. The project was awarded to Dudek who has begun the development of the project design and specifications.	Dudek has completed the 100% design plans and specifications which VSD staff are currently reviewing.	\$642,000.00	\$10,230.00