



East Valley Reclamation Authority
Tuesday, February 15, 2022 at 1:00 PM
Valley Sanitary District Board Room
45-500 Van Buren Street, Indio, CA 92201

Valley Sanitary District will be open to the public and Board Meetings will be conducted in person and remotely through Zoom in compliance with Government Code Section 54953(e) (AB 361).

**Members of the public may view and participate in meeting via the following
Zoom link: <https://us06web.zoom.us/j/86342677227> Meeting ID: 863 4267 7227**

The District has limited seating available on a first-come, first-served basis. Members of the public will be required to comply with the California Department of Health Guidance for the Use of Face Coverings which requires masks to be worn in all indoor public settings, irrespective of vaccine status, through February 15, 2022.

Consistent with Government Code Section 54953(e) (Assembly Bill 361), members of the Valley Sanitary District Board of Directors and District Staff are permitted to attend the meeting by teleconference and such teleconference locations are not accessible to the public and are not subject to special posting requirements.

Members of the public who desire to address the Board of Directors during the meeting may do so either in person or orally or in writing. **Oral testimony** can be provided in person or during the virtual live session. Individual speakers are limited to three (3) minutes each. To address the Board in person please complete speaker request card located at in the Board Room and give it to the Clerk of the Board. Your name will be called when it is your turn to speak. To address the Board of Directors during the virtual live session via zoom, please email the Clerk of the Board at hgould@valley-sanitary.org , or alternatively, during the specific agenda item or general comment period (i.e. non-agenda items), please use the "raise your hand" function in zoom in order to be recognized by the Clerk of the Board in order to provide comments in real time. **The Clerk of the Board will facilitate to the extent possible any email requests to provide oral testimony that are sent during the live meeting.** Please specify on the subject line of the email "Oral Comment" and note the agenda item number or if general comment (i.e., non-agenda item). To participate during the live session, please keep track of the meeting proceedings by watching the meeting via Zoom. Please raise your hand and your name or other identifier (phone number) will be called when it is your turn to speak. **Written Comments:** If you are unable to provide comments during the meeting (whether in person or the virtual Zoom session), written public comments on agenda and non-agenda

items, or both, may be submitted by email to the Clerk of the Board at hgould@valley-sanitary.org . Please specify on the subject line the agenda item number or if general public comment (i.e., non-agenda item). For example, on a specific item, write "agenda item 8a" on the email subject line. **Email/Written comments must be received by the Clerk of the Board no later than 11:00 a.m. on the day of the meeting.**

Page

1. CALL TO ORDER


- 1.1. Roll Call
- 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.

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 Minutes of October 19, 2021 4 - 5
[3.1 19 Oct 2021 EVRA Minutes.pdf](#) 

4. ADMINISTRATIVE ITEMS

- 4.1. Election of Officers for Calendar Year 2022
- 4.2. Receive and File Fiscal Year 2020/21 Audited Financial Statements 6 - 24
[4.2 Final 2020-21 Audited Financial Statements.pdf](#) 
- 4.3. Receive and File Fiscal Year 2021/22 Mid-Year Budget Report 25 - 26
[4.3 Final 2021-22 Midyear Budget Report.pdf](#) 
- 4.4. Budget Process for Fiscal Year 2022/23

4.5. Recycled Water Project Update

5. GENERAL MANAGERS' REPORTS

6. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS

7. ADJOURN

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.

REGULAR MEETING
October 19, 2021
MINUTES

President Glenn Miller called to order the Regular Meeting of the East Valley Reclamation Authority at 3:01 p.m. in the Valley Sanitary District Board Room located at 45-500 Van Buren Street, Indio, California.

1. CALL TO ORDER

1.1 Roll Call

Directors Present: President Glenn Miller (*City of Indio*)
Vice President Dennis Coleman (*Valley Sanitary District*)
Secretary Elaine Holmes (*City of Indio*)
Treasurer William Teague (*Valley Sanitary District*)

Staff Present: Beverli Marshall – General Manager, *Valley Sanitary District*
Rey Trejo – Interim General Manager, *Indio Water Authority*
Holly Gould – EVRA Clerk of the Board, *Valley Sanitary District*
Brian Kinder – Manager of Finance & Customer Service, *Indio Water Authority*

1.2 Pledge of Allegiance

2. PUBLIC COMMENT - NONE.

3. CONSENT CALENDAR

3.1 Minutes of June 29, 2021 **Recommendation:** Approve

It was moved by Secretary Holmes, seconded by Treasurer Teague, and unanimously carried to **ADOPT** the Consent Calendar as submitted.

4. ADMINISTRATIVE ITEMS

4.1 Recycled Water Project Update **Recommendation:** Information

Reymundo Trejo, Interim General Manager for Indio Water Authority, explained that the Geoscience study found that spreading at the VSD site is not feasible and the most feasible option is injection. The geophysical survey found that there are fault locations at the site, but injection is still feasible. Mr. Trejo explained that staff has met with regulators. From that meeting, it was determined that Reverse Osmosis (R.O.) Treatment is needed for the injection project. The cost of treatment would be approximately \$70 million and the O&M for R.O. would be approximately \$4 million annually. 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. Beverli Marshall, General Manager, Valley Sanitary District also updated the Board on the Recycled Water Project currently underway at VSD. VSD continues to move in the direction of tertiary. Within the next two (2) years, Phase 1 of the Recycled Water Project will be complete. Phase 2 will consist of decommissioning the ponds and then the design will begin for what is needed for the EVRA Recycled Water Project. A discussion took place on public outreach.

5. GENERAL MANAGERS' REPORT

Trish Rhay has resigned as General Manager of Indio Water Authority. Reymundo Trejo is serving as Interim General Manager. Mr. Trejo stated that Ms. Rhay had briefed him on this project and that he is up to date with the information regarding this project.

6. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS

Secretary Coleman congratulated President Glenn Miller on receiving the Above and Beyond Award from Angel Light Academy's Leadership Training Institute.

7. ADJOURN

There being no further business to discuss, the meeting **ADJOURNED** at 3:51 p.m.

Holly Gould
EVRA Clerk of the Board
Approved:



**SUBMITTAL TO THE JOINT POWERS AUTHORITY
EAST VALLEY RECLAMATION AUTHORITY**

Board of Directors Meeting
February 15, 2022

FROM: EVRA JPA Staff

SUBJECT: Fiscal Year 2020-21 Audited Financial Statements

RECOMMENDED MOTION: Receive and File

SUMMARY: The East Valley Reclamation Authority (EVRA) is required to have an independent auditor conduct a financial audit each fiscal year. For the fiscal year ended June 30, 2021, the firm of Lance, Soll & Lunghard LLP conducted the audit. It is their opinion that the annual financial reports present fairly in all material respects, the financial position of EVRA and the reports are in conformity with accounting principles generally accepted in the United States.

Financial Highlights

- Total Net Position for all EVRA totaled \$318,435, an increase of \$58,582 from the prior year.
- Total revenues from operating and nonoperating came in at \$63,495, an increase of \$13,495 from the prior year.
- Operating expenses totaled \$4,913, and increase of \$3,626 from the prior year.
- Capital expense for the Recycled Water Treatment Injection Project came in at \$126,166.

The auditors had no findings for this fiscal year.

Prepared by:
Brian M Kinder
IWA Finance Manager

	Account Number	Dollars
Costs associated with this action		\$0.00
Current Fiscal Year Budget		\$0.00

Legal Review		N/A
City of Indio Review	Reymundo Trejo, P.E.	
Valley Sanitary District	Beverli Marshall	



EAST VALLEY RECLAMATION AUTHORITY

JUNE 30, 2021

FINANCIAL STATEMENTS

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EAST VALLEY RECLAMATION AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2021

EAST VALLEY RECLAMATION AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
East Valley Reclamation Authority
Indio, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of East Valley Reclamation Authority, (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2021, and the 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the date of the financial statements.



To the Board of Directors
East Valley Reclamation Authority
Indio, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Responsibilities

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.



To the Board of Directors
East Valley Reclamation Authority
Indio, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
January 24, 2022

EAST VALLEY RECLAMATION AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2021**

Assets:

Current Assets:

Cash and investments	\$ 192,854
Accrued interest receivable	46
Total Current Assets	<u>192,900</u>

Noncurrent Assets:

Capital assets - not being depreciated	126,166
Total Noncurrent Assets	<u>126,166</u>
Total Assets	<u>319,066</u>

Liabilities:

Current Liabilities:

Accounts payable	631
Total Current Liabilities	<u>631</u>
Total Liabilities	<u>631</u>

Net Position:

Investment in capital assets	126,166
Unrestricted	<u>192,269</u>
Total Net Position	<u>\$ 318,435</u>

The notes to financial statements are an integral part of this statement.

EAST VALLEY RECLAMATION AUTHORITY

**STATEMENT OF EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Operating Expenses:	
General and administrative	\$ 1,663
Contractual services	<u>3,250</u>
Total Operating Expenses	<u>4,913</u>
Operating (Loss)	<u>(4,913)</u>
Nonoperating Revenues:	
Investment earnings	(360)
Contributions from member agencies	<u>63,855</u>
Total Nonoperating Revenues	<u>63,495</u>
Change in Net Position	58,582
Net Position - Beginning	<u>259,853</u>
Net Position - Ending	<u><u>\$ 318,435</u></u>

The notes to financial statements are an integral part of this statement.

EAST VALLEY RECLAMATION AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Cash paid for general and administrative costs	\$ (1,663)
Cash paid to suppliers for contractual services	<u>(2,619)</u>
Net Cash (Used for) Operating Activities	<u>(4,282)</u>
Cash Flows from Non-Capital Financing Activities:	
Contributions from member agencies	<u>63,855</u>
Net Cash Provided by Non-Capital Financing Activities	<u>63,855</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(126,166)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(126,166)</u>
Cash Flows from Investing Activities:	
Investment earnings	<u>(156)</u>
Net Cash (Used for) Investing Activities	<u>(156)</u>
Net (Decrease) in Cash and Cash Equivalents	(66,749)
Cash and Cash Equivalents, July 1	<u>259,603</u>
Cash and Cash Equivalents, June 30	<u>\$ 192,854</u>

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating loss	\$ <u>(4,913)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:	
Increase in accounts payable	<u>631</u>
Total Adjustments	<u>631</u>
Net Cash Used for Operating Activities	<u>\$ (4,282)</u>

Non-Cash Investing Activities:	
Unrealized loss on investments	\$ (360)

The notes to financial statements are an integral part of this statement.

EAST VALLEY RECLAMATION AUTHORITY

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies

a. Organization

The East Valley Reclamation Authority (EVRA) was created in December 2013 by a Joint Exercise of Powers Agreement (Agreement) between the Valley Sanitary District (VSD) and the City of Indio through the Indio Water Authority (IWA).

The purpose of the EVRA is to develop and implement a planning, programming, funding, construction, and operation strategy for a joint reclaimed/recycled water facility which will provide either recycled water for non-potable use or treated water for groundwater replenishment, and to engage in any other transactions authorized by the Agreement.

According to the agreement, the VSD is responsible for wastewater treatment of municipal sewage as required by permit issued by the California Regional Water Quality Control Board and the IWA is responsible for the conveyance, distribution, and treatment of water necessary to comply with standards for potable use and groundwater replenishment.

The Board of Directors (Board) consists of four members. Two members are appointed by the legislative body of the VSD and two members are appointed by the legislative body of the IWA. Only currently active members of the legislative bodies of the City and VSD may be appointed to the Board. The Board is authorized to exercise those powers necessary or reasonably convenient to carry out the purposes of the Agreement. The President of the Board is selected from among the members of the Board and alternate each calendar year between VSD and the City. The President of the Board is the ex officio member of all standing committees and has the general powers and duties of management of the EVRA.

The Board may adopt, from time to time, such policies, procedures, bylaws, rules and regulations for the conduct of the EVRA's affairs as deemed necessary. The Agreement shall remain in effect unless the Board approves the dissolution of the EVRA. However, the Agreement may not be terminated, and no Member Agency may withdraw its membership until all outstanding obligations of the EVRA have been paid in full or provision has been made for payment in full. In the event of dissolution or termination of the EVRA, the assets of the EVRA shall be distributed to the Members in such manner as shall be determined by the Board.

The books and records for EVRA are maintained by the Indio Water Authority Finance Department at 83101 Avenue 45, Indio, California 92201.

b. Measurement Focus and Basis of Accounting

EVRA reports its activities as an enterprise fund, which is used to account for operations that are financed and conducted in a manner similar to a private business enterprise, wherein the intent of EVRA is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The user charges will primarily consist of charges for operation and maintenance costs which will also include any ongoing costs to lease or purchase real property to accommodate the reclaimed/recycled water facility.

An enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position reflects revenues in the accounting period in which they are earned, and expenses are recognized in the period incurred.

EAST VALLEY RECLAMATION AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability.

c. Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and may include amounts based on estimates and assumptions by management. Actual results could differ from those amounts reported.

d. Capital Assets

Capital assets are recorded at cost where historical records are available and at estimated historical cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of the acquisition. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

The following schedule summarizes capital asset useful lives:

Machinery, equipment and vehicles	3-20 years
Improvements	40 years
Infrastructure	40 years
Water walls and pumps	70 years

Depreciation is computed using the straight-line method over the estimated useful life of the asset in the financial statements.

e. Net Position

Governmental Accounting Standards Board (GASB) Statement No. 63 adds the concept of Net Position, which is measured on the full accrual basis.

Net Position is divided into three captions under GASB Statement No. 63. These captions apply only to Net Position as determined at the government-wide and proprietary fund level, and are described below:

Net Investment in Capital Assets describes the portion of net position, which is represented by the current net book value of the EVRA's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the EVRA cannot unilaterally alter. These principally include charges for services and contribution from members received for use on capital projects and debt service requirements.

Unrestricted describes the portion of net position which is not restricted as to use.

EAST VALLEY RECLAMATION AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 2: EVRA Project and Financing

On December 2013, the IWA, and the VSD formed the Joint Exercise of Powers Agreement for EVRA, with the mission of augmenting local water resources by maximizing beneficial water reuse. The purpose of the Joint Powers Authority is to develop and implement a planning, programming, funding, construction, and operation strategy for a joint reclaimed/recycled water facility to replenish highly treated recycled water in the groundwater basin via injection wells.

For FY 21-22, EVRA will collaborate with regulatory agencies to seek the services of a consulting firm to develop a groundwater model required for the Engineer's Report approval, as part of the development phase of the project. EVRA will also seek the services of a technical advisor and outreach firm to begin the stakeholder outreach and public engagement process for the project. The project schedule is anticipated to be from Fall 2021 to Spring 2028.

Note 3: Cash and Investments

EVRA's funds are included as part of the City of Indio Water Authority's cash. EVRA currently does not have any investments. The EVRA has \$192,854 invested in the City's pooled cash fund. Future EVRA investments may be deposited within the City of Indio's investment portfolio and will be subject to the City's investment policy. Disclosures regarding the City's investment portfolio are included in the City's Comprehensive Annual Financial Report.

Note 4: Member Contributions

Members paid the following amounts during the fiscal year ended June 30, 2021:

<u>Member</u>	<u>Contributions from Member Agencies</u>
City of Indio through the Indio Water Authority Valley Sanitary District	\$ 31,928 <u>31,927</u>
Totals	<u>\$ 63,855</u>

Note 5: Commitments and Contingencies

In the normal course of operations, the members have been subjected to certain routine litigation matters which are relevant to EVRA. The ultimate outcome of these lawsuits is not presently determinable; however, in the opinion of management, the amount of losses that might be sustained, if any, would not materially affect the financial position of EVRA.



January 24, 2022

To the Board of Directors
East Valley Reclamation Authority
Indio, California

We have audited the financial statements of East Valley Reclamation Authority (the "Authority") for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, 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 April 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings and Other Issues

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2020-2021. We noted no transactions entered into by the Authority 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. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

Management is responsible for the policies and practices used to account for significant unusual transactions. No significant unusual transactions have occurred during fiscal year 2020-2021.

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 trivial, and communicate them to the appropriate level of management. No misstatements were found.





To the Board of Directors
East Valley Reclamation Authority
Indio, California

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.

Circumstances that Affect the Form and Content of the Auditor's Report

New auditing standards were implemented in fiscal year 2020-2021 related to Statement of Auditing Standards 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, through Statement of Auditing Standards 140, *Supplementary Information in Relation to the Financial Statements as a Whole*. These standards updated the form and content of the financial statement auditor's report. The purpose of the change was to present an easier format for users to understand the results of the audit and management's responsibilities.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 24, 2022.

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 Authority'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 Discussed with Management

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the Authority and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as the Authority'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

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2020-2021 audit:

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.



To the Board of Directors
East Valley Reclamation Authority
Indio, California

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2022

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Lance, Soll & Loughard, LLP".

Brea, California



INDEPENDENT AUDITORS' 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*

To the Board of Directors
East Valley Reclamation Authority
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 East Valley Reclamation Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 24, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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





To the Board of Directors
East Valley Reclamation Authority
Indio, California

Purpose of this Report

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

Lance, Soll & Lughard, LLP

Brea, California
January 24, 2022

EAST VALLEY RECLAMATION AUTHORITY

**SCHEDULE OF FINDINGS
JUNE 30, 2021**

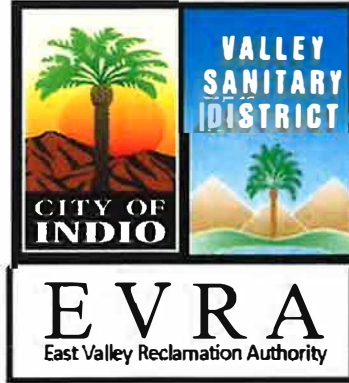
SECTION I – CURRENT YEAR FINDINGS

No matters were reported.

SECTION II – PRIOR YEAR FINDINGS

No matters were reported.

Beverli A. Marshall, ICMA-CM
Valley Sanitary District
General Manager



Reymundo Trejo, P.E.
Indio Water Authority
General Manager

February 15, 2022

Honorable Board of Directors
East Valley Reclamation Authority
45-500 Van Buren Street
Indio, CA 92201

SUBJECT: FY 2021-22 Midyear Budget Report

Board members:

The attached Midyear FY2021-22 Budget Report summarizes EVRA's financial condition as of December 31, 2021.

It is recommended by staff that the agency contributions budget be adjusted by \$200,000 from each agency for a total contribution of \$400,000. Engineering staff will utilize the adjusted budget to conduct a feasibility study. During the third quarter, staff will solicit professional hydrogeological services via a request for proposals. The feasibility study will analyze the natural spreading capabilities along the Coachella Valley Storm channel resulting from Valley Sanitary District's (VSD) existing discharge outfall. The study will also look at opportunities to use recycled water for irrigation at either agricultural or at a golf course near the existing VSD facilities.

EVRA is looking forward to a productive fiscal year 2021-22. EVRA will continue to explore available funding opportunities for projects that promote the recharging of the underground acetifier.

Included attachments:

ATTACHMENT A – Revenue and Expenditure Summary

IT IS RECOMMENDED that the EVRA Board of Directors receive and file this report along with Attachment A.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Beverli Marshall'.

Beverli Marshall,
Valley Sanitary District
General Manager

A handwritten signature in blue ink that reads 'Reymundo Trejo'.

Reymundo Trejo, P.E.
Indio Water Authority
General Manager



**EAST VALLEY
RECLAMATION AUTHORITY**

**Fiscal Year 2021-2022
Budget Report**

**Revenue and Expenditure Summary
from July 1, 2021 to December 31, 2021**

	Budget FY 2021-22	Adjusted Budget FY 2021-22	Year to Date as of December 31, 2021
REVENUE			
Indio Water Authority	\$ 25,000	\$ 25,000	\$ 25,000
Valley Sanitary District	25,000	25,000	25,000
Total Revenue	\$ 50,000	\$ 50,000	\$ 50,000
REVENUE SUMMARY			
<u>Source of Funds</u>			
Program Revenue	\$ 50,000	\$ 50,000	\$ 50,000
Additional Contribution \$200K (Each Agency)	-	400,000	-
Unrestricted Fund Balance	192,269	192,269	-
Interest	-	-	339
Reserve	-	-	-
Total Source of Funds	\$ 242,269	\$ 642,269	\$ 50,339
EXPENSES / USE OF FUNDS			
Board Stipends	\$ 2,400	\$ 2,400	400
Professional Services/ Legal Services	10,000	10,000	2,920
Spreading & Injection Project (Rollover From 2021)	127,500	127,500	6,170
Feasibility Study (TBD)	-	400,000	-
Audit Fees	3,500	3,500	-
Travel and Training	2,500	2,500	-
Dues and Publications	2,000	2,000	-
Office Supplies	600	600	-
Total Expenditures/Use of Funds	\$ 148,500	\$ 548,500	\$ 9,490