



Board of Directors Regular Meeting
Tuesday, February 22, 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/83037666720> **Meeting ID:** 830 3766 6720

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 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
- 1.3. New Employee Introduction
- Muhammad Rahman, Maintenance Technician

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 February 8, 2022, Regular Meeting Minutes 5 - 8
[3.1 8 Feb 2022 Meeting Minutes.pdf](#) 
- 3.2. Approve Warrants for February to February 16, 2022 9 - 10
[3.2 Warrants for February 2 to February 16, 2022.pdf](#) 
- 3.3. Adopt Resolution No. 2022-1155 Proclaiming a Local Emergency, Re-Ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom, dated March 4, 2020, and Executive Order N-1-22 dated January 5, 2022, and Re-Authorizing Remote Teleconference Meetings of the Legislative Bodies of Valley Sanitary District for the Period of 11 - 12

February 23, 2022, through March 25, 2022, pursuant to Brown Act Provisions

[3.3 Staff Report Teleconference Meetings AB 361.pdf](#) 

3.4. Monthly Financial Report for January 31, 2022 13 - 18

[3.4 Staff Report Monthly Financial Report for Jan 2022.pdf](#) 

[3.4 Attachment A Monthly Income Summary - January 2022.pdf](#) 

[3.4 Attachment B Budget Variance Report January 2022.pdf](#) 

[3.4 Attachment C Summary of Cash and Investments - January 2022.pdf](#) 

3.5. Approve Credit Card Report for January 31, 2022 19 - 26

[3.5 Staff Report Credit Card Statement January 2022.pdf](#) 

[3.5 Attachment A Credit Card Transaction Jan 2022.pdf](#) 

[3.5 Attachment B UMQUA Statement January Redacted.pdf](#) 

4. NON-HEARING ITEMS

4.1. Approve Renewal of Environmental Pollution Liability Coverage 27 - 36

[4.1 Approve Annual Renewal of the Environmental Pollution Liability Coverage.pdf](#) 

[4.1 Attachment A Valley Sanitary District Pollution letter.pdf](#) 

[4.1 Attachment B VSD Proposal.pdf](#) 

4.2. Receive and File Continuing Disclosure Annual Reports for Fiscal Year 2020/2021 37 - 160

[4.2 Continuing Annual Disclosure Reports.pdf](#) 

[4.2 Attachment A Refunding Bonds 2015.pdf](#) 

[4.2 Attachment B VSD 2004.pdf](#) 

4.3. Authorize the Rehabilitation of the Sludge Spiral Heat Exchanger 161 - 169

[4.3 Staff Report for Sludge Spiral Heat Exchanger Rehabilitation.pdf](#)



[4.3 Attachment A Alfa Laval Quote.pdf](#)

[4.3 Attachment B Photos of Sludge Spiral Heat Exchanger.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.

6. COMMITTEE REPORTS

6.1. East Valley Reclamation Authority - February 15, 2022 170 - 172

[6.1 EVRA Minutes 15 Feb 2022.pdf](#)

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. INFORMTIONAL ITEMS

9. PUBLIC COMMENT

This is the time set aside for public comment on any item to be discussed in Closed Session. Please notify the Secretary at the beginning of the meeting if you wish to speak in a Closed Session item.

10. CONVENE IN CLOSED SESSION

10.1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION Pursuant to Government Code paragraph (2) or (3) of Subdivision (d) of Section 54956.9 (one potential case - circumstances need not be disclosed pursuant to paragraph (1) of subdivision (e) of Government Code Section 54956.9)

11. CONVENE IN OPEN SESSION

Report out on Closed Session

12. 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.

**VALLEY SANITARY DISTRICT
MINUTES OF REGULAR BOARD MEETING
February 8, 2022**

A regular Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, February 8, 2022, at 45-500 Van Buren St., Indio, CA 92201.

1. CALL TO ORDER

President Sear called the meeting to order at 1:08 p.m.

1.1 Roll Call

Directors Present:

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

Staff Present:

Beverli Marshall, General Manager, Holly Gould, Jeanette Juarez, Ron Buchwald, Dave Commons, Ed Luna, Kenny Kepley, Lorraine Shinnette, Anna Bell, Tino Tijerina, and Bob Hargreaves, Best Best & Krieger

Guests:

Gloria Franz, Coachella Valley History Museum
Valarie Houchin, Schneider Electric

1.2 Pledge of Allegiance

1.3 February Employee Anniversaries

- Tito Moreno, Collection System Supervisor – 17 years
- Kenny Kepley, Operator III – 16 years
- Ed Luna, Maintenance Technician I – 2 Years
- Lorraine Shinnette, Lab Technician I – 2 Years

The Board thanked Tito, Kenny, Ed, and Lorraine for their years of service, hard work, and dedication to the District.

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.

None.

3. CONSENT CALENDAR

3.1 Approve January 25, 2022, Regular Meeting Minutes

3.2 Approve Warrants for January 25, through February 1, 2022

3.3 Monthly Financial Report for December 31, 2021

Jeanette Juarez, Business Services Manager, presented the monthly financial report for December 31, 2021.

ACTION TAKEN:

MOTION: Director Duran motioned to approve the consent calendar as presented. Vice President Canero seconded the motion. Motion carried unanimously.

MINUTE ORDER NO. 2022-3172

4. NON-HEARING ITEMS

4.1 Authorize the General Manager to Execute a Contract with the Coachella Valley History Museum for a Three-Year Term for a Total Amount Not to Exceed \$90,000

Gloria Franz of the Coachella Valley History Museum was present and informed the Board of what the Coachella Valley History Museum offers and what a partnership with the museum could offer the District. The three-year contract would include adding wastewater education to their existing programs, an exhibit around the "outhouse," and the waiver of facility rental fees for hosting an annual event. CV Strategies would also promote the partnership as part of the community outreach strategic plan.

ACTION TAKEN:

MOTION: Director Duran made a motion to authorize the General Manager to execute a contract with the Coachella Valley History Museum for a three-year term in an amount not to exceed \$90,000. Secretary/Treasurer Coleman seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3173

4.2 Authorize the District to Proceed with the Design Alternative for the Recycled Water Project – Phase I at an Estimated Cost of \$387,497

Ron Buchwald, Engineering Services Manager, stated that during the 30% design phase, VSD staff worked with the design-build team on key design components. Once the components were selected by operations staff, the design-build team provided the engineering design and specifications to ensure they would fit within the plant. One specific component was the sludge thickening of the primary waste before entering the digester. There were three (3) primary types of waste thickeners presented to VSD staff: gravity belt thickeners (GBT), rotary drum thickeners (RDT), and dissolved air floatation thickeners (DAFT). The design-build team selected the DAFT system. In November of 2021, VSD hired Dave Commons, Facility Operations Manager. Dave's review of the design reports and drawings noticed that a DAFT system was selected for the sludge thickening. Dave has substantial experience with each of the three (3) primary devices. He did not favor the DAFT unit because it represented an older technology, lower operational efficiency, and maintenance difficulties. After careful consideration, management staff recommended that the team revisit this design component and consider the rotary drum thickener option. The design of the DAFT unit is complete and is available as an option. If the

Board authorizes the design alternate, the estimated schedule to complete the 60% design of the rotary drum thickener is December 2022. A guaranteed maximum price will then be completed and brought to the Board for approval as amendment #2 to the contract. The cost of this component will be included in the financing of the entire project.

ACTION TAKEN:

MOTION: Director Teague made a motion to authorize the District to proceed with the design alternative to the Recycled Water Project – Phase 1 at an estimated cost of \$387,497. Director Duran seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3174

4.3 Update on the COVID-19 Wastewater Surveillance Program

Anna Bell, Laboratory and Compliance Supervisor updated the Board on the COVID-19 Wastewater Surveillance Program. In June 2021, VSD was selected to participate in the 12-week wastewater COVID-19 surveillance program with Biobot. Laboratory staff collected weekly wastewater influent composite samples and sent them to BioBot for analysis. After the 12-week grant-funded program with Biobot, VSD has continued to monitor the wastewater influent for COVID-19 with GTmolecular to continue contributing to the nationwide monitoring system. On January 26, 2022, VSD was selected to participate in a 6-month, fully funded public health program to monitor the presence of COVID, its variants, and influenza in wastewater on a national scale with Biobot. The comprehensive public health data gathered through the project will be made available to the public through the VSD website and at the county level at biobot.io/data.

4.4 Nominate Representative to CSDA Board of Directors – Seat B

Secretary/Treasurer Coleman nominated Beverli Marshall, General Manager, as a candidate for the California Special District Association Board of Directors Vacancy – Seat B Southern Network. Director Teague seconded the nomination.

ACTION TAKEN:

MOTION: Secretary/Treasurer Coleman made a motion to nominate Beverli Marshall, General Manager, as a candidate for the California Special District Association Board of Directors Vacancy – Seat B Southern Network. Director Teague seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3175

5. GENERAL MANAGER'S ITEMS

5.1 Monthly General Manager's Report – December 2021

6. COMMITTEE REPORTS

6.1 Operations Committee – February 1, 2022

Director William Teague and Ron Buchwald, Engineering Services Manager, reported on the Operation Committee meeting held on February 1, 2022. The committee discussed the design alternative for the rotary drum thickener for the Recycled Water Project – Phase I and reviewed the draft fiscal year 2022/23 capital improvement projects and their rankings. Dave Commons, Facility Operations Manager, informed the Board of the pilot project to remove ammonia and total nitrogen through a facility process control modification.

7. DIRECTOR'S ITEMS

Secretary/Treasurer Coleman requested a closed session item update for the potential litigation issue. Robert Hargreaves, District Counsel, stated that he had forwarded the General Manager's contract to the board members for review. He requested that any revisions or suggestions be sent to him, and once received, he will forward the contract to the labor negotiation committee. Vice President Canero asked staff for the collections department call-out data. Director Teague thanked Holly Gould, Clerk of the Board, for her accurate minute taking.

8. INFORMATIONAL ITEMS

None.

9. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 3:28 p.m. The next regular Board meeting will be on February 22, 2022.

Respectfully submitted,

Holly Gould, Clerk of the Board
Valley Sanitary District

DISBURSEMENTS
Approved at the Board Meeting of
February 22, 2022

40102 Analytical Technology, Inc.	Autochem 100 ohm rtd temp sensing assembly	\$133.78
40102 Analytical Technology, Inc.	Check valve	\$145.86
40103 Anna Bell	Tuition reimbursement - 08/23/2021-12/09/2021	\$1,000.00
40104 Associated Time Instruments	AOD - January 2022	\$292.63
40105 Branden Rodriguez	Reimbursment for admin team lunch	\$110.74
40106 California Association of Mutual Water Companies	Cal Mutual 2022 membership dues	\$100.00
40107 Caltest Analytical Laboratory	Local Limits - volatile compounds	\$282.15
40107 Caltest Analytical Laboratory	Local limits testing - Cyanide, mercury	\$838.85
40107 Caltest Analytical Laboratory	Local limits testing - cyanide, mercury, and OC pesticides	\$1,531.40
40107 Caltest Analytical Laboratory	Local limits testing - cyanide and mercury	\$838.85
40107 Caltest Analytical Laboratory	Local limits testing - cyanide, mercury 2 of 2	\$838.85
40107 Caltest Analytical Laboratory	Weekly samples 02/03/2022	\$383.30
40107 Caltest Analytical Laboratory	Local limits testing 02/10/2022	\$838.85
40107 Caltest Analytical Laboratory	Local limits testing part 2 - 02/10/2022	\$838.85
40107 Caltest Analytical Laboratory	Local limits testing part 3 - 02/10/2022	\$838.85
40108 Carquest Auto Parts	New charges - January 2022	\$139.36
40109 Circuit Breaker Sales, LLC	Eaton DP-4000 Relay	\$2,513.92
40110 Clean Harbors, Inc	Day rate chemical disposal services	\$3,800.00
40111 CleenX Carpet & Tile Care Inc.	Floor and carpet cleaning	\$6,435.00
40112 Coalition of Accredited Laboratories Organizing Committee	CAL Membership	\$1,000.00
40113 D & H Water Systems	Pumphead replacement	\$386.06
40114 Desert Arc	Janitorial services - January 2022	\$3,500.36
40114 Desert Arc	Landscaping services additional charge - January 2022	\$40.00
40114 Desert Arc	Landscaping services - february 2022	\$840.00
40115 Desert Fire Extinguisher Co., Inc.	Fire extinguisher training	\$600.00
40115 Desert Fire Extinguisher Co., Inc.	Annual fire extinguisher service - January 2022	\$1,774.21
40116 Desert Sun Publishing Company	Notice of public hearing publishing	\$217.80
40117 E.S. Babcock & Sons, Inc.	Monthly samples - January 2022	\$67.20
40117 E.S. Babcock & Sons, Inc.	Quarterly samples - VSD WWTP	\$22.05
40117 E.S. Babcock & Sons, Inc.	Masters water	\$95.55
40117 E.S. Babcock & Sons, Inc.	Weekly samples- VSD WWTP	\$166.95
40117 E.S. Babcock & Sons, Inc.	Biosolids - Class B testing	\$400.05
40118 EOA, Inc.	Pretreatment program assistance - up to Dec 2021	\$3,828.50
40119 Gary Daniel Lopez	1 headshot photo	\$225.00
40120 Grainger	Toaster	\$50.07
40120 Grainger	Caster kingpin	\$444.94
40120 Grainger	Deck screw	\$13.34
40120 Grainger	Fuse glass	\$35.16
40120 Grainger	Sulfuric acid	\$263.17
40121 Grant Fournier	Mech tech grade 1 exam reimbursement	\$180.00
40121 Grant Fournier	Tuition reimbursement for G. Fournier	\$79.00
40122 Haaker Equipment Company	Swivel, counter wheel	\$1,517.06
40122 Haaker Equipment Company	Filter element, atf synthetic, hydraulic fluid, oil	\$3,425.70
40123 Hach Company	Nitrogen nitrate, ammonia	\$332.42
40123 Hach Company	Nitrogen nitrate	\$138.55
40123 Hach Company	Sensor cap replacement kit	\$1,416.57
40124 IDEXX Distribution, Inc.	Gamma Irrad	\$223.36
40125 Innovative Federal Strategies LLC	Federal advocacy - January 2022	\$6,100.00
40126 Kaman Industrial Technologies	Pillow block	\$270.87
40127 Lorraine Shinnette	Uniform reimbursement	\$286.88
40128 Master's Refreshment Services LLC	Water delivery - 02/07/2022	\$289.70
40129 Miguel Serna	LCW conference travel reimbursement	\$1,364.86
40130 NBS Government Finance Group	Annual Sewer service admin services - Q1 2022	\$4,260.00
40131 Pyro-Comm Systems	Fire alarm monitoring - 2/1/2022-4/30/2022	\$135.00
40132 Quinn Company	Hydraulic oil for tractors	\$1,029.20
40133 Rudy's Pest Control	General pest - Feb 2022	\$200.00
40134 Safety-Kleen Systems, Inc.	Drum 55gal disposal	\$283.64
40135 SC Fuels	Fuel delivery - 02/02/2022	\$3,550.25
40136 Southern California Boiler, Inc.	Boiler maintenance - January 2022	\$1,004.99
40137 Southwest Networks, Inc.	4 LED monitors	\$1,064.00
40137 Southwest Networks, Inc.	BDR Storage - March 2022	\$699.00
40137 Southwest Networks, Inc.	Vivotek bullet camera	\$594.30
40138 Stantec Consulting Services, Inc.	IPS Rehab project - Period ending October 2021	\$1,146.00
40139 Staples Advantage	New charges - January 2022	\$933.47
40140 Superior Protection Consultants	Security Patrol - January 2022	\$9,828.00
40141 Thomas Scientific	Total chlorine test snips	\$63.23
40142 Total Compensation Systems, Inc.	Gasb 75 full valuation - 2nd installment	\$1,620.00
40143 Tritech Software Systems	Asset management annual renewal - 04/01/2022-03/31/2023	\$10,660.01
40144 Turing Video	12 month subscription - facial recognition, software renewal	\$1,536.00
40145 Uline Shipping Supply	Utility jug, plastic funnel	\$112.45
40145 Uline Shipping Supply	1/2 gallon utility jug	\$35.92
40146 Underground Service Alert	Board fee - Feb 2022	\$58.07
40146 Underground Service Alert	Dig alerts - February 2022	\$150.25
40147 United Way of the Desert	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$20.00
40148 Univar Solutions	Ferric delivery - 02/03/2022	\$7,461.96
40148 Univar Solutions	Sodium bisulfite - 1/27/2022	\$6,444.46
40148 Univar Solutions	Sodium hypochlorite delivery - 2/10/2022	\$9,269.03
40149 USA Blue Book	Bottles, cones	\$376.83
40149 USA Blue Book	Intellical rugged LDO probe	\$1,218.70
40150 Walters Wholesale Electric	Hoff panel J box	\$28.41

40150 Walters Wholesale Electric	Parts for primary scum water valve	\$1,181.33
40151 Yellow Mart	Boots	\$212.05
202202081 FedEx	Shipping charges as of 01/25/2022	\$278.99
202202081 FedEx	Shipping charges as of 02/02/2022	\$373.24
202202082 Bank of New York Trust Co. (A.D. 4)	VSDAD2004 loan payment	\$110,126.52
202202101 Burrtec Waste & Recycling Svcs	Grit removal - January 2022	\$2,066.62
202202102 Burrtec Waste & Recycling Svcs	Trash service - February 2022	\$239.34
202202103 SPOK, Inc.	Pager service - February 2022	\$24.13
202202104 De Lage Landen Financial Services, Inc	Sharp lease payment - Feb 2022	\$212.06
202202111 Paychex - Direct Deposit	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$80,713.57
202202112 Paychex - Garnishment	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$210.46
202202113 Paychex - Tax	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$37,878.04
202202114 Paychex - Fee	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$184.47
202202115 Vantage Point Transfer Agents - ICMA	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$1,470.00
202202116 MassMutual	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$10.00
202202117 CalPERS 457	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$1,195.02
202202118 CalPERS Retirement	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$20,525.74
202202119 Nationwide Retirement Solution	PR 01/21/2022 - 02/03/2022 PD 02/11/2022	\$1,725.00
202202131 Time Warner Cable	Telephone service - February 2022	\$1,162.78
202202181 SoCal Gas	Gas service - January 2022	\$770.46
	Total	\$375,839.67



**Valley Sanitary District
Board of Directors Meeting
February 22, 2022**

TO: Board of Directors
FROM: Beverli A. Marshall, General Manager
SUBJECT: **Adopt Resolution No. 2022-1153 Proclaiming a Local Emergency, Re-Ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom, dated March 4, 2020, and Executive Order N-1-22 dated January 5, 2022, and Re-Authorizing Remote Teleconference Meetings of the Legislative Bodies of Valley Sanitary District for the Period of February 23, 2022, through March 25, 2022, Pursuant to Brown Act Provisions**

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New expenditure request	<input 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 to discuss the need to continue teleconference accessibility for Board and committee meetings during the COVID-19 pandemic.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 6: Improve Planning, Administration and Governance.

Fiscal Impact

There is no additional cost to the District to implement the recommendation.

Background

The State of California proclaimed the existence of a State of Emergency because of the threat of COVID-19, on March 4, 2020. In an effort to reduce the spread of COVID-19 at public meetings, on March 17, 2020, the Governor of California issued Executive Order N-29-20 which suspended and modified specified provisions of the Brown Act [Government Code Section § 54950 et seq.] and authorized local legislative bodies to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and address the local legislative body.

On June 11, 2021, the Governor issued Executive Order N-08-21 which extended the teleconference provisions of EO N-29-20 for public meetings through September 30,

2021. The District implemented teleconference procedures and accessibility for conducting all its public meetings while the Governor's "Stay-At-Home" order was in effect in early 2020. On May 4, 2021, the Governor issued Executive Order N-60-20 which established a framework for a gradual, risk-based reopening of the economy; and on June 11, 2021, issued Executive Order N-07-21, which formally rescinded the "Stay-At-Home" order imposed by Executive Order N-33-20, issued on March 19, 2020.

As of Monday, February 14, 2022, the statewide 7-day average Daily Case Rate (DCR) was 57.0 (per 100k) with a positivity rate of 6.2%. This compares to a 7-day average DCR for Riverside County was 68.9 (per 100k) with a positivity rate of 18.1%, indicating a very elevated transmission risk.

Following the established state framework for reopening the economy, the District has resumed limited in-person public meetings while also offering teleconference accessibility to members of the public, Board of Directors, and committees, District staff and consultants. AB 361 was signed into law by the Governor on September 16, 2021, which went into effect immediately as urgency legislation (codified under Government Code § 54953) and waived certain provisions of the Brown Act to allow local agencies to continue to meet remotely. Specifically, the bill allows remote teleconference flexibility, but only when there is a state of emergency that makes it unsafe to meet in person.

In addition to the ability to attend public meetings in-person, teleconference accessibility via call-in option or an internet-based service option (via the Zoom Webinars platform) is listed on the published agenda for each meeting as well as on the District's website. The District monitors attendance via teleconference as well as email correspondence (as published on the agenda) throughout each public meeting and provides access for public comment opportunities in real time both verbally and in writing.

Resolution No. 22-1155 extends the required findings under AB 361 that were adopted as part of Resolution No. 22-1153 on January 22, 2022, and, if adopted, it will allow the District to continue to offer teleconference accessibility for public meetings through March 25, 2022, to help mitigate the spread of COVID-19 to mitigate the risk of transmission.

Recommendation

Staff recommends that the Board of Directors adopt Resolution No. 2022-1155 proclaiming a local emergency, re-ratifying the proclamation of a state of emergency by Governor Gavin Newsom, dated March 4, 2020, and Executive Order N-1-22 dated January 5, 2022, and re-authorizing remote teleconference meetings of the legislative bodies of Valley Sanitary District for the period of February 23, 2022, through March 25, 2022, pursuant to Brown Act provisions.

Attachments

Attachment A: Resolution No. 2022-1155



**Valley Sanitary District
Board of Directors Meeting
February 22, 2022**

TO: Board of Directors

THROUGH: Beverli A. Marshall, General Manager

FROM: Jeanette Juarez, Business Services Manager

SUBJECT: Monthly Revenue & Expense Report for the Period Ending January 31, 2022

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input 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 to present the monthly revenue and expenses to the Board and the public for the District for the month of January 2022.

Strategic Plan Compliance

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

Fiscal Impact

There is no fiscal impact from this report.

Background

The adopted operating and capital budget for fiscal year 2021/22 includes \$15,850,108 in revenues, \$10,967,155 in operating expenditures.

The attached Monthly Income Summary (Attachment A) and Budget Variance (Attachment B) report compares revenues and expenses to the respective line-item budgets. The report identifies current monthly revenues and expenses as well as fiscal year to date (FYTD) values.

Year to Date Summary

- As of January 31, 2022, the District’s has recorded \$16,969,029 in revenue. The revenues are \$7,723,133 or 83.5% above the FYTD straight-line budget. The variance is attributed to recording of the tax roll billing for fiscal year 2021/22.
- As of January 31, 2022, the District has incurred \$5,245,048 in expenditures. The District’s expenditures are \$1,152,460 or 18.0% under the FYTD straight line budget.

The Summary of Cash and Investments (Attachment C) report details the changes to the fund balances by fund type.

FUND	UNAUDITED FUND BALANCE AS OF 1/31/2022
OPERATING FUND (FUND 11)	\$ 24,202,018
SPECIAL REVENUE FUND (FUND 11 AND FUND 6)	1,083,134
FIDUCIARY FUND (FUND 4)	538,785
CAPITAL IMPROVEMENT FUND (FUND 13)	8,829,233
RESTRICTED CIP FUND (FUND 12)	26,501,850
TOTAL	\$ 61,155,020

Recommendation

Staff recommends that the Board receive and file the Revenue and Expense report for the period ending January 2022.

Attachments

- Attachment A: Monthly Income Summary for January 2022
- Attachment B: Budget Variance Report for January 2022
- Attachment C: Summary of Cash and Investments for January 2022

Valley Sanitary District

Monthly Income Summary

January 2022 (UNAUDITED)

	<u>Current Month</u>	<u>Fiscal YTD</u>	<u>Annual Projection</u>	<u>% Received</u>	<u>Balance</u>
Revenues					
Sewer Service Chgs-Current	\$96,699	\$14,540,994	\$13,550,998	107 %	(\$989,996)
Permit & Inspection Fees	\$4,660	\$19,640	\$30,355	65 %	\$10,715
Plan Check Fees	\$1,500	\$8,050	\$11,671	69 %	\$3,621
Other Services	\$380	\$1,860	\$0	0 %	(\$1,860)
Sale of Surplus Property	\$0	\$17,419	\$18,115	96 %	\$696
Taxes - Current Secured	\$245,939	\$468,312	\$1,002,212	47 %	\$533,900
Taxes - Current Unsecured	\$0	\$30,272	\$61,266	49 %	\$30,994
Supple Prop. Taxes - Current	\$0	\$0	\$9,196	0 %	\$9,196
Supple Prop. Taxes - Prior	\$0	\$0	\$8,328	0 %	\$8,328
Homeowners Tax Relief	\$2,334	\$3,334	\$0	0 %	(\$3,334)
Interest Income	\$9,164	\$19,746	\$140,906	14 %	\$121,160
Unrealized gains (losses)	(\$7,484)	(\$14,963)	\$0	0 %	\$14,963
Rebate Income	\$2,100	\$2,100	\$0	0 %	(\$2,100)
Non-Operating Revenues - Fnd 11	\$17,624	\$17,785	\$451	3,943 %	(\$17,334)
Interest Income	\$15,645	\$30,175	\$0	0 %	(\$30,175)
Connection Fees	\$1,206,015	\$1,815,906	\$991,610	183 %	(\$824,296)
Interest Income	\$4,465	\$8,400	\$25,000	34 %	\$16,600
Total Revenues	\$1,599,042	\$16,969,029	\$15,850,108	107 %	(\$1,118,921)

Valley Sanitary District
Budget Variance Report
January 2022

Description	FY22 Total Budget	Current Month			Fiscal Year to Date			
		Actual	Budget	Favorable (Unfavorable)	FYTD Actual	YTD Budget	Favorable (Unfavorable)	Percentage Remaining
Revenues:								
Operating Revenue	14,602,749	1,309,254	1,216,896	92,358	16,403,868	8,518,270	7,885,598	-12.3%
Non-Operating Revenue	1,247,359	289,787	103,947	185,841	565,161	727,626	(162,465)	54.7%
Total Operating Revenue	15,850,108	1,599,042	1,320,842	278,199	16,969,029	9,245,896	7,723,133	-7.1%
Operating Expenses:								
Salaries And Wages	3,199,977	266,266	266,665	399	1,730,311	1,866,653	136,342	45.9%
Director Fee/Payroll Tax-Board	55,756	3,900	4,646	746	32,000	32,524	524	42.6%
Bonus, Awards, Recertification	7,200	100	600	500	8,171	4,200	(3,971)	-13.5%
Overtime	32,900	2,411	2,742	331	11,521	19,192	7,671	65.0%
Callout	9,500	313	792	478	4,671	5,542	871	50.8%
Standby Pay	38,190	5,004	3,183	(1,822)	27,045	22,278	(4,767)	29.2%
Longevity	41,600	2,862	3,467	605	21,785	24,267	2,482	47.6%
Retirement Contributions	369,230	23,450	30,769	7,319	169,320	215,384	46,064	54.1%
Fica And Medicare	270,140	19,172	22,512	3,340	125,102	157,582	32,480	53.7%
Life Insurance	8,477	589	706	117	3,785	4,945	1,160	55.3%
Health Insurance	521,253	43,600	43,438	(162)	278,384	304,064	25,680	46.6%
Dental Insurance	41,064	3,377	3,422	45	19,932	23,954	4,022	51.5%
Vision Insurance	11,160	630	930	300	4,218	6,510	2,292	62.2%
Long Term Disability	8,676	851	723	(128)	5,342	5,061	(281)	38.4%
Accounting Services-Admin	87,707	3,838	7,309	3,471	59,293	51,162	(8,131)	32.4%
Certifications	20,735	979	1,728	749	6,635	12,095	5,460	68.0%
Chemicals	464,521	40,778	38,710	(2,068)	250,142	270,971	20,828	46.2%
Comprehensive Insurance	340,993	27,479	28,416	937	192,352	198,913	6,560	43.6%
Conferences/ Meetings	164,523	1,865	13,710	11,845	54,700	95,972	41,272	66.8%
Contracts	1,412,834	80,194	117,736	37,542	403,921	824,153	420,232	71.4%
County Expense	22,000	16,580	1,833	(14,747)	19,995	12,833	(7,162)	9.1%
Covid-19 Supplies	64,000	1,338	5,333	3,995	2,951	37,333	34,382	95.4%
Election Expense	-	-	-	-	-	-	-	-
Electric	638,488	55,027	53,207	(1,820)	445,781	372,451	(73,329)	30.2%
Gas, Oil & Fuel	52,000	4,681	4,333	(348)	25,413	30,333	4,920	51.1%
Grit & Screening Removal	31,865	2,306	2,655	349	15,835	18,588	2,753	50.3%
Legal Services	50,625	-	4,219	4,219	24,780	29,531	4,751	51.1%
Loan Repayment	1,018,873	84,906	84,906	-	594,343	594,343	-	41.7%
Medical Services	32,443	2,235	2,704	469	10,718	18,925	8,208	67.0%
Memberships	58,242	7,016	4,854	(2,163)	34,953	33,975	(978)	40.0%
Misc. Professional Services	95,392	1,059	7,949	6,891	43,352	55,645	12,293	54.6%
Natural Gas	6,000	770	500	(270)	2,886	3,500	614	51.9%
Office Supplies	22,300	2,389	1,858	(530)	9,664	13,008	3,344	56.7%
Opeb Contribution	57,253	1,192	4,771	3,579	8,056	33,398	25,342	85.9%
Other Expenses	74,000	171	6,167	5,996	18,788	43,167	24,379	74.6%
Permits & Fees	104,750	2,753	8,729	5,976	17,506	61,104	43,598	83.3%
Projects	303,550	11,743	25,296	13,553	42,830	177,071	134,241	85.9%
Publications	2,500	243	208	(34)	1,531	1,458	(73)	38.8%
Repairs & Maintenance	671,210	36,855	55,934	19,080	265,966	391,539	125,573	60.4%
Research & Monitoring	100,000	7,606	8,333	727	42,958	58,333	15,375	57.0%
Supplies	240,840	8,238	20,070	11,832	101,209	140,490	39,281	58.0%
Telephone/Internet	31,255	2,451	2,605	153	17,792	18,232	440	43.1%
Tools & Equipment	37,000	566	3,083	2,517	13,716	21,583	7,868	62.9%
Tuition Reimbursement	12,000	1,000	1,000	-	4,221	7,000	2,779	64.8%
Uniform Services	40,720	1,637	3,393	1,756	17,387	23,753	6,367	57.3%
Water	23,000	1,361	1,917	556	15,019	13,417	(1,602)	34.7%
Workers Compensation	70,413	5,165	5,868	703	38,768	41,074	2,307	44.9%
Total Operating Expenses (Before Depreciation)	10,967,155	786,945	913,930	126,985	5,245,048	6,397,507	1,152,460	52.2%
Operating Expenses in Excess of Operating Revenue		812,097			11,723,981			

Valley Sanitary District
Budget Variance Report
January 2022

Description	FY22 Total Budget	Current Month			Fiscal Year to Date			
		Actual	Budget	Favorable (Unfavorable)	FYTD Actual	FY22 YTD Budget	Favorable (Unfavorable)	Percentage Remaining
Operating Expenses:								
Wages	3,287,767	277,994	273,981	(4,013)	1,813,718	1,917,864	104,146	44.8%
Fringe Benefits	1,271,600	94,530	105,967	11,436	627,869	741,767	113,898	50.6%
Services	1,734,845	92,849	144,570	51,721	586,830	1,011,993	425,163	66.2%
Supplies and Materials	1,599,871	97,770	133,323	35,553	686,607	933,258	246,652	57.1%
Fuels and Lubricants	52,000	4,681	4,333	(348)	25,413	30,333	4,920	51.1%
Comprehensive Insurance	411,406	32,644	34,284	1,640	231,120	239,987	8,867	43.8%
Projects	379,434	11,743	31,620	19,877	42,830	221,337	178,507	88.7%
Utilities	699,353	59,464	58,279	(1,185)	479,521	407,956	(71,565)	31.4%
Loan Payments	1,018,873	84,906	84,906	-	594,343	594,343	-	41.7%
Permits and Fees	126,750	19,333	10,563	(8,770)	37,502	73,938	36,436	70.4%
Other	385,256	11,031	32,105	21,073	119,296	224,733	105,436	69.0%
Total Operating Expenses (Before Depreciation)	10,967,155	786,945	913,930	126,985	5,245,048	6,397,507	1,152,460	52.2%
Revenues:								
Operating Revenue	14,602,749	1,309,254	1,216,896	92,358	16,403,868	8,518,270	7,885,598	-12.3%
Non-Operating Revenue	1,247,359	289,787	103,947	185,841	565,161	727,626	(162,465)	54.7%
Total Revenue	15,850,108	1,599,042	1,320,842	278,199	16,969,029	9,245,896	7,723,133	-7.1%
Net Operating Gain (Loss)		812,097			11,723,981			

VALLEY SANITARY DISTRICT
SUMMARY OF CASH AND INVESTMENTS

FOR THE PERIOD: 01/01/2022 TO 01/31/2022 (UNAUDITED)

Agenda Item No. _____

INVESTMENTS

LAIF Fund 4 - Agency Fund	
Beginning Balance (Fund 4)	228,324
Net Transfer from (to) Fund 11	310,327
Fair Value Factor for quarter ending 06/30/2021	0
Interest (Pd quarterly - Int. Rate 0.23%)	134
Fund 04 Ending Balance	<u>538,785</u>
LAIF Fund 6 - Wastewater Revenue Refunding Bonds	
Beginning Balance (Fund 6)	747
Net Transfer from (to) Fund 11	0
Fair Value Factor for quarter ending 06/30/2021	0
Interest (Pd quarterly - Int. Rate 0.23%)	0
Fund 06 Ending Balance	<u>747</u>
LAIF Fund 11 - Operating Fund	
Beginning Balance (Fund 11)	14,904,412
Net Transfer from (to) Fund 04	(310,327)
Net Transfer from (to) Fund 06	0
Net Transfer from (to) Fund 12	225,096
Net Transfer from (to) Fund 13	(1,201,040)
Fund Transfer from (to) LAIF - WF	0
Fair Value Factor for quarter ending 06/30/2021	0
Interest (Pd quarterly - Int. Rate 0.23%)	8,730
Fund 11 Ending Balance	<u>13,626,871</u>
LAIF Fund 12 - Reserve Fund	
Beginning Balance (Fund 12)	26,711,302
Net Transfer from (to) Fund 11	(225,096)
Fair Value Factor for quarter ending 06/30/2021	0
Interest (Pd quarterly - Int. Rate 0.23%)	15,644
Fund 12 Ending Balance	<u>26,501,850</u>
LAIF Fund 13 - Capital Improvement Fund	
Beginning Balance	7,623,728
Connection Fees	1,206,015
(Disbursements) or Reimbursements	<u>(4,975)</u>
Net Transfer from (to) Fund 11	1,201,040
Fair Value Factor for quarter ending 06/30/2021	0
Interest (Pd quarterly - Int. Rate 0.23%)	4,465
Fund 13 Ending Balance	<u>8,829,233</u>
TOTAL LAIF INVESTMENTS: FUNDS 04, 06, 11, 12 AND 13	<u>49,497,486</u>

CASH IN CHECKING ACCOUNT

WELLS FARGO - FUND 11

Beginning Balance	2,040,431
Deposits	9,366,646
Fund Transfer from (to) LAIF (net)	0
Disbursements and Payroll	(831,930)
Wells Fargo Ending Balance	<u>10,575,147</u>

CALTRUST - FUND 11

Beginning Balance	1,089,436
Interest Income	435
Unrealized Gain / <Loss>	(7,484)
CalTRUST Ending Balance	<u>1,082,387</u>

TOTAL WELLS FARGO AND CALTRUST CHECKING	<u>11,657,534</u>
TOTAL CASH AND INVESTMENTS	<u>61,155,020</u>

The Board certifies the ability of the District to meet its expenditure requirements for the next six (6) months, as per Government Code 53646(b)(3).

This report is in compliance with the District's Investment Policy under Government Code 53646(b)(2).



**Valley Sanitary District
Board of Directors Meeting
February 22, 2022**

TO: Board of Directors
THROUGH: Beverli A. Marshall, General Manager
FROM: Jeanette Juarez, Business Services Manager
SUBJECT: **Credit Card Statement for Period Ending January 31, 2021**

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input 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 to present the credit card statement ending January 31, 2021 to the Board of Directors.

Strategic Plan Compliance

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

Fiscal Impact

The total charges incurred for the credit card statement ending January 31, 2021, are \$16,232.86.

Background

The attached report summarizes the District’s credit card expenditures for the statement ending January 31, 2021.

Recommendation

Staff recommends that the Board receive and file the credit card report and statement for the period ending January 31, 2021.

Attachments

- Attachment A: Valley Sanitary District Credit Card Report January 2021
- Attachment B: Credit Card Statement January 2021

Diverted From Cardholder Name	Tran Date	Post Date	Merchant Name	MCC Description	Debits	Credits
ANNA BELL	1/25/2022	1/26/2022	GT MOLECULAR LLC	Testing Laboratories (Non-Medical)	\$1,770.00	
ANNA BELL	1/19/2022	1/20/2022	AMZN Mktp US*NS1RL3VZ3	Book Stores	\$28.65	
ANNA BELL	1/16/2022	1/17/2022	AMZN Mktp US*4T3T19VG3	Book Stores	\$391.00	
BEVERLI A MARSHALL	1/28/2022	1/28/2022	Palm Sp Desert Sun	Continuity/Subscription Merchants	\$9.99	
BEVERLI A MARSHALL	1/17/2022	1/18/2022	PE SUBSCRIPTIONS	Advertising Services	\$10.00	
BEVERLI A MARSHALL	1/12/2022	1/13/2022	PAYPAL *QUICKYMARTL	Telecommunications Equipment Including	\$4.99	
BEVERLI A MARSHALL	1/3/2022	1/4/2022	VISTAPR*VistaPrint.com	Miscellaneous Publishing And Printing	\$177.26	
BRANDEN RODRIGUEZ	1/28/2022	1/30/2022	AMZN Mktp US*X294785Y3	Book Stores	\$76.11	
BRANDEN RODRIGUEZ	1/21/2022	1/21/2022	PAPERROLLS-N-MORE.COM	Miscellaneous Personal Services	\$86.87	
BRANDEN RODRIGUEZ	1/20/2022	1/21/2022	WALMART.COM AA	Discount Stores	\$20.00	
BRANDEN RODRIGUEZ	1/12/2022	1/13/2022	DOCUSIGN	Business Services Not Elsewhere Classi	\$300.00	
BRANDEN RODRIGUEZ	1/8/2022	1/9/2022	AMZN Mktp US*614W22DU3	Book Stores	\$27.18	
DANIEL A MILLS	1/19/2022	1/20/2022	MRO212571-1642612611	Industrial Supplies Not Elsewhere Clas	\$704.70	
DANIEL A MILLS	1/13/2022	1/14/2022	LEDLenser USA	Miscellaneous General Merchandise	\$249.95	
DANIEL A MILLS	1/4/2022	1/6/2022	THE HOME DEPOT #6874	Home Supply Warehouse Stores	\$115.23	
DAVE COMMONS	1/24/2022	1/27/2022	AQUAPHOENIX/KRAKENSUPPLY	Industrial Supplies Not Elsewhere Clas	\$104.30	
DAVE COMMONS	1/20/2022	1/23/2022	WASTEWATER TECHNOLOGY TRA	Professional Services Not Elsewhere Cl	\$550.00	
DAVE COMMONS	1/6/2022	1/9/2022	HOMEDepot.COM	Home Supply Warehouse Stores	\$1,683.60	
EDUARDO LUNA	1/25/2022	1/27/2022	THE HOME DEPOT #6874	Home Supply Warehouse Stores	\$101.30	
EDUARDO LUNA	1/25/2022	1/27/2022	BECK OIL INC LEE ESCHER	Service Stations	\$1,135.35	
HEBERTO MORENO	1/27/2022	1/28/2022	HARBOR FREIGHT TOOLS 411	Hardware Stores	\$101.11	
HEBERTO MORENO	1/19/2022	1/21/2022	THE HOME DEPOT #6874	Home Supply Warehouse Stores	\$32.56	
HEBERTO MORENO	1/19/2022	1/21/2022	THE HOME DEPOT #6630	Home Supply Warehouse Stores	\$161.84	
HEBERTO MORENO	1/14/2022	1/16/2022	APPLE.COM/BILL	unassigned	\$2.99	
HEBERTO MORENO	1/11/2022	1/12/2022	TRUGRITTRACTION.COM	Computer Prgrmg Intgrtd Sys Dsgn Dp	\$1,216.33	
HOLLY GOULD	1/31/2022	1/31/2022	Amazon.com*OR5B825B3	Book Stores	\$493.77	
HOLLY GOULD	1/27/2022	1/28/2022	PANDA EXPRESS #1486 P	Express Payment Services (Fast Food)	\$183.35	
HOLLY GOULD	1/27/2022	1/28/2022	TURING VIDEO INC.	Professional Services Not Elsewhere Cl	\$380.63	
HOLLY GOULD	1/24/2022	1/25/2022	DOLLAR TREE	Variety Stores	\$10.98	
HOLLY GOULD	1/24/2022	1/25/2022	WM SUPERCENTER #2181	Grocery Stores Supermarkets	\$77.13	
HOLLY GOULD	1/22/2022	1/23/2022	AMZN Mktp US*625RTOLP3	Book Stores	\$430.60	
HOLLY GOULD	1/20/2022	1/21/2022	PJ S DESERT TROPHIES &	Gift Card Novelty & Souvenir Shops	\$329.78	
HOLLY GOULD	1/18/2022	1/20/2022	CALIFORNIA ASSOCIATION OF	Membership Organizations Not Elsewher	\$2,085.00	
HOLLY GOULD	1/18/2022	1/20/2022	HOMEDepot.COM	Home Supply Warehouse Stores	\$53.23	
HOLLY GOULD	1/18/2022	1/18/2022	AMAZON.COM*WM1NG0UF3 AMZN	Book Stores	\$21.99	
HOLLY GOULD	1/11/2022	1/12/2022	WAL-MART #2181	Grocery Stores Supermarkets	\$60.99	
HOLLY GOULD	1/10/2022	1/12/2022	CALIFORNIA ASSOCIATION OF	Membership Organizations Not Elsewher		(\$2,975.00)
HOLLY GOULD	1/6/2022	1/7/2022	CALIFORNIA WATER ENVIRON	Membership Organizations Not Elsewher	\$283.00	
HOLLY GOULD	1/6/2022	1/7/2022	CPS HR CONSULTING	Government Services Not Elsewhere Clas	\$50.00	
HOLLY GOULD	1/1/2022	1/2/2022	AMZN Mktp US*5B04G2GH3	Book Stores	\$516.56	
JEANETTE JUAREZ	1/28/2022	1/28/2022	TARGET.COM *	Discount Stores	\$33.37	
JEANETTE JUAREZ	1/28/2022	1/28/2022	TARGET.COM *	Discount Stores	\$35.96	
JEANETTE JUAREZ	1/26/2022	1/27/2022	BED BATH & BEYOND #651	Miscellaneous House Furnishing Special	\$195.62	
JEANETTE JUAREZ	1/27/2022	1/27/2022	TARGET.COM *	Discount Stores	\$37.36	
JEANETTE JUAREZ	1/25/2022	1/27/2022	AROUND THE CLOCK CALL CTR	Miscellaneous & Specialty Retail Store	\$136.10	
JEANETTE JUAREZ	1/22/2022	1/23/2022	TARGET.COM *	Discount Stores	\$46.84	
JEANETTE JUAREZ	1/22/2022	1/23/2022	ADOBE ACROPRO SUBS	Computer Software	\$7.24	
JEANETTE JUAREZ	1/19/2022	1/20/2022	AMZN MKTP US*5P5W3ANO3 AM	Book Stores	\$107.35	
JEANETTE JUAREZ	1/18/2022	1/20/2022	AMERICAN AIR0017711697878	American Airlines	\$432.21	
JEANETTE JUAREZ	1/19/2022	1/20/2022	J2 FAX SERVICES	Continuity/Subscription Merchants	\$16.95	
JEANETTE JUAREZ	1/18/2022	1/19/2022	GOVERNMENT FINANCE OFFIC	Membership Organizations Not Elsewher	\$475.00	
JEANETTE JUAREZ	1/18/2022	1/19/2022	EXPEDIA 72233374809217	Travel Agencies	\$31.34	
JEANETTE JUAREZ	1/16/2022	1/17/2022	PAPER SOURCE ECOMMERCE	Stationery Office Supp Prntng And Wr	\$75.14	
JEANETTE JUAREZ	1/14/2022	1/16/2022	TARGET.COM *	Discount Stores		(\$0.10)
JEANETTE JUAREZ	1/13/2022	1/14/2022	TARGET.COM *	Discount Stores	\$8.21	
JEANETTE JUAREZ	1/13/2022	1/14/2022	AMZN Mktp US*127058WY3	Book Stores	\$7.60	
JEANETTE JUAREZ	1/4/2022	1/5/2022	ADOBE ACROPRO SUBS	Computer Software	\$169.90	
JIMMY GARCIA	1/25/2022	1/27/2022	THE HOME DEPOT #6874	Home Supply Warehouse Stores	\$76.95	
JIMMY GARCIA	1/21/2022	1/23/2022	HOBBY-LOBBY #627	Hobby Toy & Game Shops	\$108.74	
JIMMY GARCIA	1/21/2022	1/23/2022	THE HOME DEPOT #6630	Home Supply Warehouse Stores	\$57.89	
JIMMY GARCIA	1/19/2022	1/21/2022	THE HOME DEPOT #6630	Home Supply Warehouse Stores	\$66.81	
JIMMY GARCIA	1/13/2022	1/16/2022	THE HOME DEPOT 6874	Home Supply Warehouse Stores	\$374.30	
JIMMY GARCIA	1/12/2022	1/13/2022	SMART AND FINAL 718	Grocery Stores Supermarkets	\$153.88	
JIMMY GARCIA	1/12/2022	1/13/2022	ACE HARDWARE COACHELLA	Hardware Stores	\$67.35	
JIMMY GARCIA	1/11/2022	1/13/2022	THE HOME DEPOT 6874	Home Supply Warehouse Stores	\$80.75	
RON BUCHWALD	1/24/2022	1/25/2022	SQ *TKB BAKERY & DELI	Express Payment Services (Fast Food)	\$27.26	
RON BUCHWALD	1/11/2022	1/12/2022	SQ *TKB BAKERY & DELI	Express Payment Services (Fast Food)	\$95.11	
TINO TIJERINA	1/28/2022	1/30/2022	THE HOME DEPOT #6874	Home Supply Warehouse Stores	\$121.38	
TINO TIJERINA	1/27/2022	1/28/2022	SMART AND FINAL 718	Grocery Stores Supermarkets	\$27.49	
TINO TIJERINA	1/26/2022	1/28/2022	BECK OIL INC LEE ESCHER	Service Stations	\$514.39	
TINO TIJERINA	1/20/2022	1/23/2022	KSC & SON CORPORATION - G	Car Washes	\$15.00	
TINO TIJERINA	1/20/2022	1/23/2022	KSC & SON CORPORATION - G	Car Washes	\$15.00	
TINO TIJERINA	1/20/2022	1/23/2022	KSC & SON CORPORATION - G	Car Washes	\$15.00	
TINO TIJERINA	1/20/2022	1/23/2022	KSC & SON CORPORATION - G	Car Washes	\$15.00	
TINO TIJERINA	1/20/2022	1/23/2022	KSC & SON CORPORATION - G	Car Washes	\$15.00	
TINO TIJERINA	1/20/2022	1/23/2022	THE HOME DEPOT 6874	Home Supply Warehouse Stores	\$221.51	
TINO TIJERINA	1/19/2022	1/21/2022	THE HOME DEPOT #6874	Home Supply Warehouse Stores	\$39.94	
TINO TIJERINA	1/14/2022	1/16/2022	THE HOME DEPOT #6874	Home Supply Warehouse Stores	\$71.76	
TINO TIJERINA	1/13/2022	1/14/2022	IMCDIRECT	Electrical Parts And Equipment	\$406.88	
TINO TIJERINA	1/11/2022	1/12/2022	B&H PHOTO 800-606-6969	Office Photographic Photocpy And Mic	\$291.33	
TINO TIJERINA	1/10/2022	1/11/2022	SQ *TKB BAKERY & DELI	Express Payment Services (Fast Food)	\$135.54	
TINO TIJERINA	1/10/2022	1/11/2022	eBay O*10-08114-35004	Department Stores	\$1,043.98	
TINO TIJERINA	1/7/2022	1/9/2022	BECK OIL INC LEE ESCHER	Service Stations	\$257.20	
TINO TIJERINA	1/8/2022	1/9/2022	AMZN MKTP US AMZN.COM/BIL	Book Stores		(\$480.99)
TINO TIJERINA	1/8/2022	1/9/2022	AMZN MKTP US AMZN.COM/BIL	Book Stores		(\$481.00)
TINO TIJERINA	1/10/2022	1/10/2022	AUTO PMT FROM ACCT	Payment Adjustment Fee or Finance Charge		(\$20,459.51)
Total					\$20,169.95	(\$24,396.60)



Account Summary

Billing Cycle		01/31/2022
Days In Billing Cycle		31
Previous Balance		\$20,459.51
Purchases	+	\$20,169.95
Cash	+	\$0.00
Balance Transfers	+	\$0.00
Special	+	\$0.00
Credits	-	\$3,937.09-
Payments	-	\$20,459.51-
Other Charges	+	\$0.00
Finance Charges	+	\$0.00

NEW BALANCE \$16,232.86

Credit Summary

Total Credit Line	\$75,000.00
Available Credit Line	\$58,767.14
Available Cash	\$0.00
Amount Over Credit Line	\$0.00
Amount Past Due	\$0.00
Disputed Amount	\$0.00

Account Inquiries

- Call us at: (866) 777-9013
Lost or Stolen Card: (866) 839-3485
- Go to www.umpquabank.com
- Write us at PO BOX 35142 - LB1181, SEATTLE, WA 98124-5142

Payment Summary

NEW BALANCE	\$16,232.86
MINIMUM PAYMENT	\$16,232.86
PAYMENT DUE DATE	02/25/2022

NOTE: Grace period to avoid a finance charge on purchases, pay entire new balance by payment due date. Finance charge accrues on cash advances until paid and will be billed on your next statement.

Corporate Activity

				TOTAL CORPORATE ACTIVITY	\$20,459.51-
Trans Date	Post Date	Reference Number	Transaction Description	Amount	
01/10	01/10	74807252009111111111111	AUTO PMT FROM ACCT [REDACTED]	\$20,459.51-	

Cardholder Account Summary

JEANETTE JUAREZ #### #### #### 4756	Payments & Other Credits \$0.10-	Purchases & Other Charges \$1,816.19	Cash Advances \$0.00	Total Activity \$1,816.09
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/04	01/05	PPLN01	24943002004700878313227	ADOBE ACROPRO SUBS 800-443-8158 CA	\$169.90
01/13	01/14	PPLN01	24431062013083052513496	TARGET.COM * 800-591-3869 MN	\$8.21
01/13	01/14	PPLN01	24692162013100345751477	AMZN Mktp US*127O58VVY3 Amzn.com/bill WA	\$7.60

PLEASE DETACH COUPON AND RETURN PAYMENT USING THE ENCLOSED ENVELOPE - ALLOW UP TO 7 DAYS FOR RECEIPT

UMPQUA BANK
 PO BOX 35142 - LB1181
 SEATTLE WA 98124-5142



Account Number
 [REDACTED]

Check box to indicate name/address change on back of this coupon

Closing Date	New Balance	Total Minimum Payment Due	Payment Due Date
01/31/22	\$16,232.86	\$16,232.86	02/25/22

AMOUNT OF PAYMENT ENCLOSED

\$ [REDACTED]

BL ACCT [REDACTED]
 VALLEY SANITARY DISTRICT
 45-500 VAN BUREN STREET
 INDIO CA 92201

MAKE CHECK PAYABLE TO:

[REDACTED]
 UMPQUA BANK COMMERCIAL CARD OPS
 PO BOX 35142 - LB1181
 SEATTLE WA 98124-5142

IMPORTANT INFORMATION

Finance Charge Calculation Methods and Computation of Average Daily Balance Subject to Finance Charge: The Finance Charge Calculation Method applicable to your account for Cash Advances and Credit Purchases of goods and services that you obtain through the use of your card is specified on the front side of this statement and explained below:

Method A - Average Daily Balance (including current transactions): The Finance Charge on purchases begins on the date the transaction posted to your account. The Finance Charge on Cash Advances begins on the date you obtained the cash advance, or the first day of the billing cycle within which it is posted to your account, whichever is later. There is no grace period.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of your account. To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method E - Average Daily Balance (excluding current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances if Method E is specified as applicable to cash advances) reflected on your monthly statement, you must pay the New Balance shown on your monthly statement on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day and subtract any payments, credits, non-accruing fees, and unpaid finance charges. We do not add in any new purchases or cash advances. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Method G - Average Daily Balance (including current transactions): To avoid incurring an additional Finance Charge on the balance of purchases (and cash advances, if Method G is specified as applicable to cash advances) reflected on your monthly statement and, on any new purchases (and if applicable, cash advances) appearing on your next monthly statement, you must pay the New Balance, shown on your monthly statement, on or before the Payment Due Date. The grace period for the New Balance of purchases extends to the Payment Due Date.

The Finance Charges for a billing cycle are computed by applying the Periodic Rate to the "average daily balance" of purchases (and if applicable, cash advances). To get the average daily balance, we take the beginning balance of your account each day, add any new purchases or cash advances, and subtract any payments, credits, non-accruing fees, and unpaid finance charges. This gives us the daily balance. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Payment Crediting and Credit Balance: Payments received at the location specified on the front of the statement after the phrase "MAKE CHECK PAYABLE TO" will be credited to the account specified on the payment coupon as of the date of receipt. Payments received at a different location or payments that do not conform to the requirements set forth on or with the periodic statement (e.g. missing payment stub, payment envelope other than as provided with your statement, multiple checks or multiple coupons in the same envelope) may be subject to delay in crediting, but shall be credited within five days of receipt. If there is a credit balance due on your account, you may request in writing, a full refund. Submit your request to the Account Inquiries address on the front of this statement.

By sending your check, you are authorizing the use of the information on your check to make a one-time electronic debit from the account on which the check is drawn. This electronic debit, which may be posted to your account as early as the date your check is received, will be only for the amount of your check. The original check will be destroyed and we will retain the image in our records. If you have questions please call the customer service number on the front of this billing statement.

Closing Date: The closing date is the last day of the billing cycle; all transactions received after the closing date will appear on your next statement.

Annual Fee: If your account has been assessed an annual fee, you may avoid paying this annual fee by sending written notification of termination within 30 days following the mailing date of this bill. Submit your request to the Account Inquiries address on the front of this statement. You may use your card(s) during this 30 day period but immediately thereafter must send your card(s), which you have cut in half, to this same address.

Negative Credit Reports: You are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

BILLING RIGHTS SUMMARY

In Case of Errors or Inquiries About Your Bill: If you suspect there is an error on your account or you need information about a transaction on your bill, send your written inquiry to the Account Inquiries address on the front of this statement within 60 days of the date of the statement containing the transaction in question. You may telephone us, however a written request is required to preserve your rights.

In your letter, give us the following information:

- ◆ Your name and account number.
- ◆ The dollar amount of the suspected error.
- ◆ Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Please provide a legal document evidencing your name change, such as a court document.

Please use blue or black ink to complete form

NAME CHANGE

Last

First Middle

ADDRESS CHANGE

Street

City State ZIP Code

Home Phone () - Business Phone () -

Cell Phone () - E-mail Address

SIGNATURE REQUIRED TO AUTHORIZE CHANGES

Signature _____

Cardholder Account Detail Continued					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/14	01/16		74431062014083008703070	CREDIT VOUCHER TARGET.COM * 800-591-3869 MN	\$0.10-
01/16	01/17	PPLN01	24943002016083335930875	PAPER SOURCE ECOMMERCE 312-775-6908 IL	\$75.14
01/18	01/19	PPLN01	24692162018100457469350	EXPEDIA 72233374809217 EXPEDIA.COM WA	\$31.34
01/18	01/19	PPLN01	24005942018300543153680	GOVERNMENT FINANCE OFFIC CHICAGO IL	\$475.00
01/18	01/20	PPLN01	24943002019344900159028	AMERICAN AIR0017711697878 FORT WORTH TX JUAREZ/JEANETTE 060522 PSP PHX AA G X AUS AA G O PHX AA G X PSP AA G O	\$432.21
01/19	01/20	PPLN01	24692162019100018690840	J2 EFAX SERVICES 323-817-3205 CA	\$16.95
01/19	01/20	PPLN01	24431062019083324424385	AMZN MKTP US*5P5W34NO3 AM AMZN.COM/BILL WA	\$107.35
01/22	01/23	PPLN01	24431062022083051258670	TARGET.COM * 800-591-3869 MN	\$46.84
01/22	01/23	PPLN01	24943002022700533821554	ADOBE ACROPRO SUBS 800-443-8158 CA	\$7.24
01/27	01/27	PPLN01	24431062027083050020753	TARGET.COM * 800-591-3869 MN	\$37.36
01/26	01/27	PPLN01	24138292027286423107137	BED BATH & BEYOND #651 973-785-4333 NJ	\$195.62
01/25	01/27	PPLN01	24412902026030021873217	AROUND THE CLOCK CALL CTR 888-711-1956 CA	\$136.10
01/28	01/28	PPLN01	24431062028083066911705	TARGET.COM * 800-591-3869 MN	\$35.96
01/28	01/28	PPLN01	24431062028083062263887	TARGET.COM * 800-591-3869 MN	\$33.37

Cardholder Account Summary				
BEVERLI A MARSHALL #### #### #### 5986	Payments & Other Credits \$0.00	Purchases & Other Charges \$202.24	Cash Advances \$0.00	Total Activity \$202.24

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/03	01/04	PPLN01	24692162003100076547732	VISTAPR*VistaPrint.com 866-8936743 MA	\$177.26
01/12	01/13	PPLN01	24492152012894417326895	PAYPAL *QUICKYMARTL 402-935-7733 CA	\$4.99
01/17	01/18	PPLN01	24493982018083704661627	PE SUBSCRIPTIONS 951-368-9000 CA	\$10.00
01/28	01/28	PPLN01	24692162028100409311989	Palm Sp Desert Sun 888-426-0491 IN	\$9.99

Cardholder Account Summary				
RON BUCHWALD #### #### #### 6000	Payments & Other Credits \$0.00	Purchases & Other Charges \$122.37	Cash Advances \$0.00	Total Activity \$122.37

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/11	01/12	PPLN01	24692162011100149972461	SQ *TKB BAKERY & DELI gosq.com CA	\$95.11
01/24	01/25	PPLN01	24692162024100930639282	SQ *TKB BAKERY & DELI Indio CA	\$27.26

Cardholder Account Summary				
HEBERTO MORENO #### #### #### 6026	Payments & Other Credits \$0.00	Purchases & Other Charges \$1,514.83	Cash Advances \$0.00	Total Activity \$1,514.83

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/11	01/12	PPLN01	24492162011000033889890	TRUGRITTRACTION.COM TRUGRITTRACTI FL	\$1,216.33
01/14	01/16	PPLN01	24692162014100371520720	APPLE.COM/BILL 866-712-7753 CA	\$2.99
01/19	01/21	PPLN01	24943012020010182143982	THE HOME DEPOT #6630 LA QUINTA CA	\$161.84
01/19	01/21	PPLN01	24943012020010182683839	THE HOME DEPOT #6874 INDIO CA	\$32.56

Cardholder Account Detail Continued

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/27	01/28	PPLN01	24231682028091035434235	HARBOR FREIGHT TOOLS 411 INDIO CA	\$101.11

Cardholder Account Summary

TINO TIJERINA #### #### #### 6034		Payments & Other Credits \$961.99-	Purchases & Other Charges \$3,206.40	Cash Advances \$0.00	Total Activity \$2,244.41
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/07	01/09	PPLN01	24801972008200863200035	BECK OIL INC LEE ESCHER COACHELLA CA	\$257.20
01/08	01/09		74431062008083007285523	CREDIT VOUCHER	\$481.00-
				AMZN MKTP US AMZN.COM/BIL AMZN.COM/BILL WA	
01/08	01/09		74431062008083003355924	CREDIT VOUCHER	\$480.99-
				AMZN MKTP US AMZN.COM/BIL AMZN.COM/BILL WA	
01/10	01/11	PPLN01	24204292010005320614948	eBay O*10-08114-35004 San Jose CA	\$1,043.98
01/10	01/11	PPLN01	24692162010100486747311	SQ *TKB BAKERY & DELI gosq.com CA	\$135.54
01/11	01/12	PPLN01	24906412011138365302709	B&H PHOTO 800-606-6969 800-2215743 NY	\$291.33
01/13	01/14	PPLN01	24492152013852486321295	IMCDIRECT 800-222-5129 NJ	\$406.88
01/14	01/16	PPLN01	24943012015010178589948	THE HOME DEPOT #6874 INDIO CA	\$71.76
01/19	01/21	PPLN01	24943012020010182683755	THE HOME DEPOT #6874 INDIO CA	\$39.94
01/20	01/23	PPLN01	24692162021100583706092	THE HOME DEPOT 6874 INDIO CA	\$221.51
01/20	01/23	PPLN01	24269792021500526056850	KSC & SON CORPORATION - G INDIO CA	\$15.00
01/20	01/23	PPLN01	24269792021500526056934	KSC & SON CORPORATION - G INDIO CA	\$15.00
01/20	01/23	PPLN01	24269792021500526057015	KSC & SON CORPORATION - G INDIO CA	\$15.00
01/20	01/23	PPLN01	24269792021500526057197	KSC & SON CORPORATION - G INDIO CA	\$15.00
01/20	01/23	PPLN01	24269792021500526057270	KSC & SON CORPORATION - G INDIO CA	\$15.00
01/27	01/28	PPLN01	24231682028837000091602	SMART AND FINAL 718 COACHELLA CA	\$27.49
01/26	01/28	PPLN01	24801972027200863500050	BECK OIL INC LEE ESCHER COACHELLA CA	\$514.39
01/28	01/30	PPLN01	24943012029010178689882	THE HOME DEPOT #6874 INDIO CA	\$121.38

Cardholder Account Summary

EDUARDO LUNA #### #### #### 9557		Payments & Other Credits \$0.00	Purchases & Other Charges \$1,236.65	Cash Advances \$0.00	Total Activity \$1,236.65
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/25	01/27	PPLN01	24943012026010178549600	THE HOME DEPOT #6874 INDIO CA	\$101.30
01/25	01/27	PPLN01	24801972026200863400047	BECK OIL INC LEE ESCHER COACHELLA CA	\$1,135.35

Cardholder Account Summary

BRANDEN RODRIGUEZ #### #### #### 9565		Payments & Other Credits \$0.00	Purchases & Other Charges \$510.16	Cash Advances \$0.00	Total Activity \$510.16
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/08	01/09	PPLN01	24692162008100888416519	AMZN Mktp US*614W22DU3 Amzn.com/bill WA	\$27.18
01/12	01/13	PPLN01	24492152013027930985090	DOC USIGN 866-219-4318 WA	\$300.00
01/20	01/21	PPLN01	24055232020083740869198	WALMART.COM AA 800-966-6546 AR	\$20.00
01/21	01/21	PPLN01	24692162021100111691733	PAPERROLLS-N-MORE.COM 480-929-9000 AZ	\$86.87
01/28	01/30	PPLN01	24692162028100006343427	AMZN Mktp US*XZ9478SY3 Amzn.com/bill WA	\$76.11

Cardholder Account Summary

HOLLY GOULD #### #### #### 7260		Payments & Other Credits \$2,975.00-	Purchases & Other Charges \$4,977.01	Cash Advances \$0.00	Total Activity \$2,002.01
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/01	01/02	PPLN01	24692162001100491294649	AMZN Mktp US*5B04G2GH3 Amzn.com/bill WA	\$516.56
01/06	01/07	PPLN01	24801972007690274913906	CALIFORNIA WATER ENVIRON 510-382-7800 CA	\$283.00
01/06	01/07	PPLN01	24755422006640063778310	CPS HR CONSULTING 916-2633600 CA	\$50.00

Cardholder Account Detail Continued					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/11	01/12	PPLN01	24226382011360947412651	WAL-MART #2181 INDIO CA	\$60.99
01/10	01/12		74207852011166401332966	CREDIT VOUCHER	\$2,975.00-
				CALIFORNIA ASSOCIATION OF SACRAMENTO CA	
01/18	01/18	PPLN01	24431062018083706098667	AMAZON.COM*WM1NG0UF3 AMZN	\$21.99
				AMZN.COM/BILL WA	
01/18	01/20	PPLN01	24943012019010185078030	HOMEDEPOT.COM 800-430-3376 GA	\$53.23
01/18	01/20	PPLN01	24207852019169801261014	CALIFORNIA ASSOCIATION OF 916-4460388 CA	\$2,085.00
01/20	01/21	PPLN01	24323042020044900017563	PJ S DESERT TROPHIES & INDIO CA	\$329.78
01/22	01/23	PPLN01	24692162022100131928601	AMZN Mktp US*6Z5RT0LP3 Amzn.com/bill WA	\$430.60
01/24	01/25	PPLN01	24445002025000739419737	DOLLAR TREE INDIO CA	\$10.98
01/24	01/25	PPLN01	24445002025400167441593	WM SUPERCENTER #2181 INDIO CA	\$77.13
01/27	01/28	PPLN01	24431062028091070822420	PANDA EXPRESS #1486 P olo.com CA	\$183.35
01/27	01/28	PPLN01	24492162027000020872125	TURING VIDEO INC. HTTPSWWW.TURI CA	\$380.63
01/31	01/31	PPLN01	24692162031100778830424	Amazon.com*OR5B825B3 Amzn.com/bill WA	\$493.77

Cardholder Account Summary					
ANNA BELL #### #### #### 7278		Payments & Other Credits \$0.00	Purchases & Other Charges \$2,189.65	Cash Advances \$0.00	Total Activity \$2,189.65

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/16	01/17	PPLN01	24692162016100031365647	AMZN Mktp US*4T3T19VG3 Amzn.com/bill WA	\$391.00
01/19	01/20	PPLN01	24692162019100029926910	AMZN Mktp US*NS1RL3VZ3 Amzn.com/bill WA	\$28.65
01/25	01/26	PPLN01	24492162025000024068474	GT MOLECULAR, LLC WWW.GTMOLECUL CO	\$1,770.00

Cardholder Account Summary					
JIMMY GARCIA #### #### #### 7450		Payments & Other Credits \$0.00	Purchases & Other Charges \$986.67	Cash Advances \$0.00	Total Activity \$986.67

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/11	01/13	PPLN01	24692162012100805885816	THE HOME DEPOT 6874 INDIO CA	\$80.75
01/12	01/13	PPLN01	24431062013091450000057	ACE HARDWARE COACHELLA COACHELLA CA	\$67.35
01/12	01/13	PPLN01	24231682013837000041083	SMART AND FINAL 718 COACHELLA CA	\$153.88
01/13	01/16	PPLN01	24692162014100367500892	THE HOME DEPOT 6874 INDIO CA	\$374.30
01/19	01/21	PPLN01	24943012020010182143784	THE HOME DEPOT #6630 LA QUINTA CA	\$66.81
01/21	01/23	PPLN01	24943012022010177433479	THE HOME DEPOT #6630 LA QUINTA CA	\$57.89
01/21	01/23	PPLN01	24137462022200187644545	HOBBY-LOBBY #627 LA QUINTA CA	\$108.74
01/25	01/27	PPLN01	24943012026010178550517	THE HOME DEPOT #6874 INDIO CA	\$76.95

Cardholder Account Summary					
DANIEL A MILLS #### #### #### 8110		Payments & Other Credits \$0.00	Purchases & Other Charges \$1,069.88	Cash Advances \$0.00	Total Activity \$1,069.88

Cardholder Account Detail					
Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/04	01/06	PPLN01	24943012005010174161629	THE HOME DEPOT #6874 INDIO CA	\$115.23
01/13	01/14	PPLN01	24492162013000021497043	LEDLENSER USA HTTPSLEDLENSER OR	\$249.95
01/19	01/20	PPLN01	24492152019717588298341	MRO212571-1642612611 MROSUPPLY.COM CA	\$704.70

Cardholder Account Summary

DAVE COMMONS #### #### #### 7327	Payments & Other Credits \$0.00	Purchases & Other Charges \$2,337.90	Cash Advances \$0.00	Total Activity \$2,337.90
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Cardholder Account Detail

Trans Date	Post Date	Plan Name	Reference Number	Description	Amount
01/06	01/09	PPLN01	24943012007010179407652	HOMEDPOT.COM 800-430-3376 GA	\$1,683.60
01/20	01/23	PPLN01	24223692021030033019966	WASTEWATER TECHNOLOGY TRA 866-773-9988 VT	\$550.00
01/24	01/27	PPLN01	24639232026900014100100	AQUAPHOENIX/KRAKENSUPPLY 717-6321291 PA	\$104.30

Additional Information About Your Account

IT IS NOT NECESSARY TO MAIL YOUR PAYMENT. YOUR ACCOUNT WILL BE AUTOMATICALLY PAID THROUGH A DIRECT DEBIT OF YOUR CHECKING OR SAVINGS ACCOUNT ON 02/10/22 PER YOUR AGREEMENT WITH US. THE DEBIT AMOUNT THIS MONTH IS \$16232.86

Finance Charge Summary / Plan Level Information

Plan Name	Plan Description	FCM ¹	Average Daily Balance	Periodic Rate *	Corresponding APR	Finance Charges	Effective APR Fees **	Effective APR	Ending Balance
Purchases									
PPLN01 001	PURCHASE	E	\$0.00	0.06024%(D)	21.9900%	\$0.00	\$0.00	0.0000%	\$16,232.86
Cash									
CPLN01 001	CASH	A	\$0.00	0.06572%(D)	23.9900%	\$0.00	\$0.00	0.0000%	\$0.00

* Periodic Rate (M)=Monthly (D)=Daily

** includes cash advance and foreign currency fees

Days In Billing Cycle: 31

APR = Annual Percentage Rate

¹ FCM = Finance Charge Method

(V) = Variable Rate If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.



**Valley Sanitary District
Board of Directors Meeting
February 22, 2022**

TO: Board of Directors
FROM: Jeanette Juarez, Business Services Manager
SUBJECT: **Approve Annual Renewal of the Environmental Pollution Liability Coverage**

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

Executive Summary

The purpose of this report is for the Board of Directors to review and approve the Environmental Pollution Liability coverage.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 5.1: Align long-term financial planning with strategic priorities

Fiscal Impact

The financial impact for the annual premium for Environmental Pollution Liability coverage is \$17,758. This expense is included in the fiscal year 2021/22 budget.

Background

The Environmental Pollution product is written through Allied Public Risk’s Joint Powers Risk & Insurance Management Authority (JPRIMA). This year’s quote provides a \$2,000,000 limit of liability. Coverage A is for on-site Pollution Liability and Coverage B provides off-site pollution activities. Piping infrastructure throughout the territory is deemed an onsite activity/insured location. This provides first and third-party coverage, direct damage coverage and third-party liability claim coverage.

Recommendation

Recommend that the Board of Directors approve the annual renewal of the Environmental Pollution Liability coverage.

Attachments

Attachment A: Cover Letter

Attachment B: Environmental Pollution Proposal

February 11, 2022

Valley Sanitary District
45-500 Van Buren
Indio, CA 92201

Dear Jeanette and Beverli:

Enclosed is the renewal quote for your Pollution Liability coverage. The quote provides a \$2,000,000 limit of liability, per the expiring policy. Coverage A is for on-site Pollution Liability and Coverage B provides your off-site pollution activities cover. Piping Infrastructure throughout the territory is deemed an Onsite Activity/Insured Location. This provides first and third-party coverage (direct damage coverage and third-party liability claim coverage).

Coverage is written on a Claims-Made basis with a July 1, 2019 retroactive date.

We are including the proposal, which includes the coverage extensions and highlights. Due to recent class action lawsuits, PFOAs (perfluoroalkyl substances, polyfluoroalkyl substances and aqueous film-forming foam) are excluded from coverage again this year.

The Environmental Pollution product is written through Allied Public Risk's JPRIMA facility (CalMutuals Joint Powers Risk & Insurance Management Authority). It has its own Managing Director as well as a general counsel, regulatory counsel, CPA, and auditor.

Annual premium is quoted at \$17,758, which is the same as last year. To bind coverage, please remit payment of \$17,758 per the attached invoice..

Thank you for allowing me to provide this important coverage for you as I feel it is an important wrap around to your existing General Liability policy coverage.

Sincerely,



Hugh K. Curtis

**ENVIRONMENTAL POLLUTION PROPOSAL
ONSITE & OFFSITE ACTIVITIES
TAILORED FOR WATER-RELATED ENTITIES**



Offered by: CalMutuals JPRIMA
Fully Reinsured by Navigators Specialty Insurance Company
Administrator: Allied Public Risk, LLC
dba Allied Community Insurance Services, LLC
California License: 0L01269
National Producer Number: 17536322
www.alliedpublicrisk.com
www.waterinsuranceauthority.com



**ENVIRONMENTAL POLLUTION PROPOSAL
ONSITE & OFFSITE ACTIVITIES
TAILORED FOR WATER-RELATED ENTITIES**

Offered by: CalMutuals JPRIMA
Fully Reinsured by Navigators Specialty Insurance Company

PROPOSAL TERMS	
MEMBER	Valley Sanitary District
COVERAGE	Environmental Pollution Product Onsite & Offsite Activities Tailored for Water-Related Entities
MASTER ANNIVERSARY DATE	March 1, 2022 – March 1, 2023 12 Month Coverage Period Pro-Rated for Members Enrolling Mid-Term
EFFECTIVE DATE	03/01/2022
ISSUER	CalMutuals Joint Powers Risk & Insurance Management Authority No Joint & Several Liability / No Assessments / No Financial Liability
REINSURER	Navigators Specialty Insurance Company AM Best Financial Rating: Excellent 100% Reinsured
FORM	Claims Made
LIMIT	\$2,000,000
SUBLIMITS	\$50,000 Fungus-Legionella \$250,000 Environmental Crisis Management \$50,000 Green Standards
DEDUCTIBLE	\$10,000
RETROACTIVE DATE	07/01/2019
SCHEDULE OF INSURED SITES	All locations disclosed on application unless otherwise excluded All infrastructure piping; water or sewer pump stations; sewer lift stations or potable water tank locations
CONTRACTUAL LIABILITY	Blanket scheduling of any written agreement or contract associated with an easement and/or right-of-way or lease agreement regarding an insured site
PREMIUM	\$16,144
ADMINISTRATIVE DUES*	\$1,614
TOTAL AMOUNT DUE**	\$17,758*
Administrative Dues comprises the cost to operate JPRIMA. **100% minimum earned and due upon binding. There is no return of premium or dues upon binding.	
SUBJECTIVITIES	See Navigators quote for details

NOTES: A specimen Memorandum of Coverage (MOC) is available for your review, as is the JPRIMA Member Agreement. Enrollment in the JPRIMA requires execution of the JPRIMA Member Agreement as well as membership in the California Association of Mutual Water Companies (CalMutuals).

PROPOSAL HIGHLIGHTS

Coverage Summary:

- ▶ Comprehensive solution for insuring the environmental pollution exposures of water-related entities.
- ▶ Policy form provides a combination of a first party *discovery* coverage trigger for cleanup costs along with a third-party *demand* trigger for claims alleging bodily injury, property damage, cleanup costs, and natural resources damage arising from new pollution incidents on a claims-made form that wraps around general liability and property policies.
- ▶ Pollution incident definition encompasses the discharge, dispersal, release, seepage, or escape of *any* solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, hazardous substances, petroleum hydrocarbons, low level radioactive materials, medical waste, and waste materials. Definition also includes a sublimit for fungus and legionella.
- ▶ Broad policy form triggers comprising sudden & accidental, gradual, and/or time release of pollution incidents.
- ▶ Coverage extensions includes:
 - non-criminal civil fines & penalties;
 - natural resources damage;
 - third-party bodily injury including medical monitoring costs;
 - midnight dumping;
 - unintended lead-based paint & asbestos containing materials disturbance;
 - pollution incidents from cargo during transportation & hauling;
 - contracting pollution liability;
 - emergency cleanup costs;
 - waste disposal sites;
 - suits brought against an insured arising out of CERCLA liability;
 - underground storage tanks and piping apparatus for your products, byproducts, chemicals, treatment processes, and any other *non-petroleum*-based products;
 - blanket additional insured and waiver of subrogation; and
 - cleanup costs definition includes advice by environmental professionals absent applicable environmental laws.
- ▶ 24/7 emergency spill response support hotline encompassing guidance and advice as well as response oversight.
- ▶ 90-day automatic extended reporting period (ERP) & available 36-month supplemental ERP.
- ▶ No policy scheduling of contracting operations, transportation activities, or waste disposal facilities.
- ▶ Expanded definition of insured site to include all piping infrastructure as well as all physical property locations referenced on the application.
- ▶ Non-auditable premium.

Form:

- ▶ Coverage A: Pollution Liability for Your Insured Site(s)
- ▶ Coverage B: Pollution Liability for Your Off-site Activities
- ▶ Defense Costs Inside the Limit (after Supplemental Claim Expense Limit is exhausted)
- ▶ Supplemental Claim Expense Limit: \$250,000

Limits / Sublimits:

- ▶ \$2 Million Per Occurrence Limit
- ▶ \$2 Million Policy Aggregate Limit
- ▶ \$250,000 Crisis Management Event Sublimit
- ▶ \$50,000 Green Standards Sublimit
- ▶ \$50,000 Fungus/Legionella Sublimit

POLICY DETAILS

COVERAGE A: POLLUTION LIABILITY FOR YOUR INSURED SITE(S)

1. *Cleanup Costs from the Discovery of a Pollution Incident*

We will pay on behalf of the insured cleanup costs resulting from a pollution incident located:

- a. at, on or under an insured site; or
- b. beyond the legal boundaries of an insured site if the pollution incident emanated from an insured site, provided you discover the pollution incident during the policy period, and report the pollution incident to us in writing as soon as practicable following discovery, and, in any event, during the policy period; and
- c. that commences on or after the Coverage A Retroactive Date, provided you discover the pollution incident during the policy period, and report the pollution incident to us in writing as soon as practicable following discovery, and, in any event, during the policy period. The knowledge of a sudden pollution incident by a responsible insured constitutes discovery on your part.

2. *Third-Party Claims for Bodily Injury, Property Damage or Cleanup Costs*

We will pay on behalf of the insured those sums that the insured becomes legally obligated to pay as loss resulting from any claim(s) for bodily injury, property damage or cleanup costs caused by a pollution incident located at, on or under an insured site, or located beyond the boundaries of an insured site if the pollution incident migrated from an insured site, provided the pollution incident commences on or after the Coverage A Retroactive Date and provided such claims are first made against the insured and reported to us during the policy period, or, if applicable, during the extended reporting period.

COVERAGE B: POLLUTION LIABILITY FOR YOUR OFF-SITE ACTIVITIES

1. *Third Party Claims for Bodily Injury, Property Damage or Cleanup Costs*

We will pay on behalf of the insured those sums that the insured becomes legally obligated to pay as loss resulting from any claim(s) for bodily injury, property damage or cleanup costs caused by a pollution incident:

- a. resulting from the activities of your business;
- b. emanating from a location other than your property(ies), provided such claims are first made against the insured and reported to us during the policy period, or, if applicable, during the extended reporting period; and
- c. that commences on or after the Coverage B Retroactive Date, provided such claims are first made against the insured and reported to us during the policy period, or, if applicable, during the extended reporting period.

2. *Emergency Cleanup Costs*

We will pay those sums that you first incur as emergency cleanup costs caused by a sudden pollution incident:

- a. resulting from the activities of your business; and
- b. emanating from a location other than your property(ies), provided the sudden pollution incident is discovered by you no later than fifteen (15) calendar days after it begins and is reported to us no later than thirty (30) calendar days following discovery, and in any event reported during the policy period.

CLAIM EXAMPLES

The following claim examples are for illustrative purposes only. You must refer to the actual details of a particular claim and review the Memorandum of Coverage (MOC) for specificity of how coverage may or may not apply. All pollution MOCs will have a retroactive date, which limits coverage for historical releases.

RELEASE OF CHLORINE FROM A FAILURE IN PIPING INFRASTRUCTURE OR FROM PROCESS TANKS ON AN INSURED PROPERTY: Residual chlorine may be toxic to freshwater habitat. As such it can qualify as a pollutant. General liability and property policies frequently exclude cleanup of pollution incidents both onsite and offsite as well as natural resources damage and civil fines and penalties. Any ancillary pollution coverage that may be afforded within a general liability or property policy is generally confined to sudden & accidental and limited time releases. The JPRIMA environmental pollution product automatically defines water piping infrastructure as an insured site. Releases from process tanks on an insured site are also contemplated in the program. Moreover, our coverage applies to gradual pollution incidents, sudden & accidental and time-limited releases and includes noncriminal civil fines & penalties and natural resources damage resulting from such claims.

POLLUTION INCIDENTS FROM AGRICULTURAL CANALS OR BRINE LINES: First and third-party cleanup costs and third-party bodily injury and property damage, including natural resources damage, are likely loss scenarios from a leak or overflow of an agricultural canal or brine line. These types of claims are commonly excluded in a general liability policy unless the loss involves third party property damage resulting from a sudden & accidental release. Cleanup costs and natural resources damage are also routinely excluded under a general liability policy; irrespective if the loss resulted from a sudden & accidental release. Moreover, a property policy will invariably exclude cleanup costs that occur offsite. The JPRIMA environmental pollution product underwriter can schedule agricultural canals and brine lines as an insured site by endorsement. The program coverage also applies to gradual pollution incidents as well as sudden & accidental and time-limited pollution releases. Noncriminal civil fines & penalties, natural resources damages, cleanup costs, bodily injury, and property damage resulting from such claims are contemplated within the JPRIMA environmental pollution product.

CERCLA (SUPERFUND) IMPOSED LIABILITY FOR CLEANUP COSTS OF POTENTIALLY RESPONSIBLE PARTIES (PRP) FROM DISPOSAL OR TREATMENT OF HAZARDOUS SUBSTANCES AT A PREVIOUSLY CERTIFIED AND NOW BANKRUPT WASTE DISPOSAL FACILITY OR FROM ACTIVE WASTE DISPOSAL SITES WHICH DO NOT HAVE SUFFICIENT FINANCIAL CAPABILITIES TO ADDRESS THE CLEANUP COSTS: This loss scenario is excluded under most general liability and property policies. The JPRIMA environmental pollution product, however, is structured to protect the insured against such a loss. CERCLA regulations state that an owner, operator, transporter, or generator of hazardous wastes is responsible for such wastes from cradle-to-grave on a joint and several basis (i.e. any one may be held liable for the entire cleanup of the waste disposal site when the harm caused by multiple parties cannot be separated) and strict basis (i.e. a PRP cannot simply say that it was not negligent or that it was operating according to industry standards. If a PRP sent some amount of the hazardous waste found at the site, then it is liable). Even paying a waste disposal facility to treat or dispose of such waste does not exempt the insured from future cleanup costs, noncriminal civil fines and penalties and natural resources damages.

GRADUAL RELEASE AND SEEPAGE OF POLLUTION INCIDENTS FROM AN INSURED SITE THAT CONTAMINATES AN AQUIFER: General liability and property policies commonly exclude first or third-party cleanup costs for any gradual escape of pollution incidents that occur on an insured site. The JPRIMA environmental pollution product protects insureds against such losses and extends coverage beyond the insured site as long as the pollution incident originated from said location. Noncriminal civil fines & penalties, natural resources damage, cleanup costs, bodily injury, and property damage resulting from such claims are contemplated within the JPRIMA environmental pollution product.

CLEANUP COSTS AND THIRD-PARTY PROPERTY DAMAGE, INCLUDING NATURAL RESOURCES DAMAGE, INCURRED FROM A WASTEWATER RELEASE FROM SEWER MAIN BREAK OR TANK RELEASE ON AN INSURED SITE: Sewer main breaks are contemplated under general liability policies for third party bodily injury and property damage. Most general liability policies, however, exclude cleanup costs, natural resources damage, and noncriminal civil fines & penalties associated with such a release. This scenario gets more complicated if the release goes into a storm water drain or adjacent waterway. Piping infrastructure is automatically defined as an insured site on JPRIMA's environmental pollution product. Releases from process tanks on an insured site are also contemplated in the program. Noncriminal civil fines & penalties, natural resources damage, cleanup costs, third party bodily injury, and third party property damage resulting from such claims are contemplated in the JPRIMA environmental pollution product.

ILLEGAL DUMPING OR ABANDONMENT AT ANY INSURED SITE OF DRUM(S) OR CONTAINER(S) OF SUBSTANCES OR CHEMICALS REGULATED AS HAZARDOUS OR TOXIC UNDER FEDERAL, STATE, OR LOCAL ENVIRONMENTAL LAW, REGULATION, OR STATUTE: Cleanup costs and removal expenses of hazardous materials are commonly excluded under general liability and property policies. Unlike most pollution incident coverage where a release of a pollution incident is required, under this coverage enhancement, the mere presence of a container or drum of abandoned waste dumped on an insured site by a non-insured is covered. The JPRIMA environmental pollution product covers the removal and cleanup costs arising from illegal dumping of hazardous materials at an insured site by a non-insured.

INADVERTENT DISTURBANCE OF LEAD BASED PAINT OR ASBESTOS CONTAINING MATERIAL INCLUDING TRANSITE PIPING AT ANY INSURED SITE: Cleanup costs and third-party liability arising from inadvertent disturbance of lead-based paint or asbestos containing materials, including but not limited to lined piping, gaskets, and insulation, are commonly on an insured site. This exposure is regularly excluded under general liability and property policies. The JPRIMA environmental pollution product helps protect against such inadvertent disturbances on an insured site.

ACCIDENTAL RELEASE OF A SMALL CONTAINER OF LUBE OIL THAT OPENS INTO A WATERWAY: This scenario is frequently excluded by general liability and property policies, as it involves natural resources damage versus third party property damage. Such assessments are levied by trustees from the United States Department of Interior. These trustees comprise representation from the Departments of Agriculture, Conservation, Defense, Energy, and Interior along with a governor-appointed trustee for state resources and a tribal trustee from each tribe impacted by the alleged pollution spill. One such pollution incident involved a seven gallon container of lube oil that was promptly cleaned-up after releasing into a waterway. A year later, an assessment for several million dollars was levied against the entity for the spill's impact on fishing and aquatic resources. California trustees are active in seeking natural resources damage assessments against responsible parties. The JPRIMA environmental pollution product includes protection against defense related costs as well as settlement of noncriminal fines assessed.



**ENVIRONMENTAL POLLUTION PROPOSAL
ONSITE & OFFSITE ACTIVITIES
TAILORED FOR WATER-RELATED ENTITIES**

Offered by: CalMutuals JPRIMA
Fully Reinsured by Navigators Specialty Insurance Company

ABOUT US

JPRIMA:

The California Association of Mutual Water Companies (CalMutuals) Joint Powers Risk and Insurance Management Authority (JPRIMA) was established in 2015 via the passage of AB 656 by the California legislature. This legislation was initiated by CalMutuals and supported by Valley (Central) Ag Water Coalition, California Firefighters' Association, and scores of mutual water companies. It allows mutual water companies to participate alongside water-related special districts, municipalities, and other public entities in a joint powers authority for purposes of insurance and supporting services. Technical resources and augmented advisory assistance are a critical component of this legislation and our JPRIMA. As a public entity, we are committed to providing quality insurance products that blend competitive rates with meaningful, value-added services and impeccable financial security. JPRIMA provides proprietary property & liability, workers' compensation, and environmental pollution products to its members. *There is no joint and several liability, financial liability, or assessments for participating members within JPRIMA.*

Reinsurer:

Our reinsurance partner is Navigators Specialty Insurance Company (Navigators). *They bear 100% of the risk and oversee the underwriting and claims operations.* Navigators is a specialist in environmental underwriting and offers experienced professionals, industry-leading policy forms, augmented pollution appetite, and flexibility to meet the needs of water-related entities. With expertise in environmental law, engineering, insurance, compliance, and regulation, Navigators is uniquely positioned to assist JPRIMA members with protecting their balance sheets against environmental liabilities. Navigator's is rated 'A' (Excellent) by A.M. Best and 'A+' (Strong) by Standard & Poor's.

Administrator:

Allied Public Risk (APR) is a full-service Managing General Underwriter (MGU) providing a broad spectrum of products and services to CalMutuals JPRIMA. *Our tenure with public water systems goes back 25 years, the longest of any specialty public entity program manager in California.* APR manages the property & liability, workers' compensation, and environmental pollution products for CalMutuals JPRIMA. All products are backed by 100% reinsurance from risk bearers that have financial security ratings of "A" and "A*" by AM Best and Standard & Poor's. There are over 3,000 water-related entities enrolled with APR throughout the United States.

CONTACT INFORMATION

George Pappas, CPCU, ARM-P Senior
Vice President, Primary Practice
Allied Public Risk
(512) 409 – 6627
gpappas@alliedpublicrisk.com

Chase Gilmore
JPRIMA Assistant Manager
Allied Public Risk
(480) 268– 3065
cgilmore@alliedpublicrisk.com

CLAIMS REPORTING & EMERGENCY SPILL HOTLINE

Claims Reporting:

Email: newloss@navg.com with a copy to pfuller@alliedpublicrisk.com

Toll free: (855) 444 – 4796

Mail: Navigators · Attn: Claims Department · 83 Wooster Heights Road · Danbury, CT 06810 · USA

Refer to the MOC for claims information details

Emergency Spill Hotline:

(877) NAVG – ENV or (877) 628 – 4368



**Valley Sanitary District
Board of Directors Meeting
February 22, 2022**

TO: Board of Directors

FROM: Jeanette Juarez, Business Services Manager

SUBJECT: **Continuing Disclosure Annual Reports for Fiscal Year 2020/21**
 \$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015, and
 \$8,848,000 Assessment District No. 2004-VSD (Shadow Hills
 Interceptor) Limited Obligation Improvement Bonds, Series 2005

<input type="checkbox"/> Board Approval	<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 for the Board of Directors to review the Continuing Disclosure Annual Reports for:

1. \$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015
2. \$8,848,000 Assessment District No. 2004-VSD (Shadow Hills Interceptor) Limited Obligation Improvement Bonds, Series 2005.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 5.1: Align long-term financial planning with strategic priorities.

Fiscal Impact

None.

Background

Governments or governmental entities (Issuers) issuing bonds have an obligation to meet specific continuing disclosure standards set forth in Continuing Disclosure Agreements (CDA). Under these contractual agreements, the Issuer commits to provide to the marketplace certain financial information and notices of listed events.

Pursuant to the Continuing Disclosure Certificates, the Continuing Disclosure Annual Reports are due no later than February 15 each year.

Recommendation

Recommend that the Board of Directors receive this report for information.

Attachments

- Attachment A: 2020/21 Continuing Disclosure Annual Report for \$7,540,000
Wastewater Revenue Refunding Bonds, Series 2015
- Attachment B: 2020/21 Continuing Disclosure Annual Report for \$8,848,000
Assessment District No. 2004-VSD Improvement Bonds, Series 2005



HARRELL & COMPANY
A D V I S O R S , L L C

VALLEY SANITARY DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT

CONTINUING DISCLOSURE ANNUAL REPORT

VALLEY SANITARY DISTRICT

Section 1 Valley Sanitary District
\$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015

Section 2 Certificate of Filing

VALLEY SANITARY DISTRICT

\$7,540,000

Wastewater Revenue Refunding Bonds, Series 2015

Issue Date: June 18, 2015



FISCAL YEAR 2020-21 ANNUAL REPORT
January 31, 2022

CONTACT INFORMATION

Beverli A. Marshall, General Manager
Valley Sanitary District
45-500 Van Buren Street
Indio, CA 92201
Telephone: (760) 238-5400
bmarshall@valley-sanitary.org

CUSIP NUMBERS

The information contained herein applies to Bonds with the following CUSIP numbers:

<u>Maturity</u>	<u>CUSIP</u>
6/1/2022	920075AG3
6/1/2023	920075AH1
6/1/2024	920075AJ7
6/1/2025	920075AK4
6/1/2026	920075AL2

CONTENT OF ANNUAL REPORT

Pursuant to the Continuing Disclosure Certificate for this issue, the Annual Report is due no later than February 15 each year. This Fiscal Year 2020-21 Annual Report contains:

- (1) The audited Financial Statements of the District for the year ended June 30, 2021;
- (2) Customer Base;
- (3) Largest Customers for Fiscal Year 2020-21;
- (4) Net Revenues and Debt Service Coverage for Fiscal Year 2020-21;
- (5) Description of Additional Indebtedness Incurred by the District during Fiscal Year 2020-21; and
- (6) Event Notice Filing Summary.

FINANCIAL STATEMENTS

The audited Annual Comprehensive Financial Report of the District for the year ended June 30, 2021 (“2021 ACFR”) has been filed separately on the MSRB’s Electronic Municipal Market Access (“EMMA”) website.

CUSTOMER BASE

A ten-year history of customer type by EDU can be found on page 62 of the 2021 ACFR.

LARGEST CUSTOMERS FOR FISCAL YEAR 2020-21

The largest customers for Fiscal Year 2020-21 can be found on page 65 of the 2021 ACFR.

NET REVENUES AND DEBT SERVICE COVERAGE FOR FISCAL YEAR 2020-21

Gross Revenues:	
Service Charges	\$11,872,945
Other Operating Income	50,545
Investment Income	32,137
Property Tax	1,023,949
Connection Fees	<u>831,978</u>
	13,811,554
Maintenance and Operation Costs:	
Salaries and Benefits	5,312,779
Service and Supplies	1,927,278
Chemicals	407,342
Utilities	667,942
Insurance	<u>308,396</u>
	8,623,737
Net Revenues	\$ 5,187,817
Debt Service:	
2015 Bonds	\$ 891,688
CSWRCB Loan	<u>553,360</u>
Total	\$ 1,445,048
Coverage Ratio	359%

**DESCRIPTION OF ADDITIONAL INDEBTEDNESS INCURRED IN
FISCAL YEAR 2020-21**

None.

EVENT NOTICE FILING SUMMARY

No Material Event Notices were required to be filed in 2021.

CERTIFICATION

This Annual Report constitutes the Annual Report required to be furnished under the Continuing Disclosure Certificate with respect to the Bonds for the Fiscal Year ending June 30, 2021.

/s/ Beverli A. Marshall
General Manager



Certificate of Filing

Valley Sanitary District
\$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015

The 2020-21 Fiscal Year Annual Report for the above-referenced issue, together with the District Financial Statements, was filed electronically by Harrell & Company Advisors and posted on the EMMA website on January 31, 2022.

No Material Event Notices were filed in 2021.



VALLEY SANITARY DISTRICT

\$8,848,000 Assessment District No. 2004-VSD (Shadow Hills Interceptor) Limited Obligation Improvement Bonds, Series 2005

Riverside County, California
Dated: August 4, 2005
Base CUSIP+: 920068

2020/2021 ANNUAL CONTINUING DISCLOSURE INFORMATION STATEMENT AS OF FEBRUARY 14, 2022



+ Copyright, American Bankers Association. CUSIP data is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is *not* intended to create a database and does not serve in any way as a substitute for the CUSIP service. The issuer takes no responsibility for the accuracy of such number.

LIST OF PARTICIPANTS

VALLEY SANITARY DISTRICT

Jeanette Juarez
Business Services Manager
45500 Van Buren Street
Indio, California 92201
(760) 238-5400
www.valley-sanitary.org

DISTRICT ADMINISTRATOR AND DISCLOSURE CONSULTANT*

Willdan Financial Services*
27368 Via Industria, Suite 200
Temecula, California 92590
Phone (951) 587-3500
www.willdan.com

UNDERWRITERS

Kinsell, Newcomb & De Dios, Inc.

Stinson Securities, LLC

BOND COUNSEL AND DISCLOSURE COUNSEL

Best Best & Krieger LLP
Riverside, California

FISCAL AGENT AND DISSEMINATION AGENT

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

* In its role as Disclosure Consultant Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

I. INTRODUCTION

Pursuant to an Official Statement dated July 21, 2005, the Valley Sanitary District (the “Sanitary District”) issued \$8,848,000 Assessment District No. 2004-VSD (Shadow Hills Interceptor) Limited Obligation Improvement Bonds, Series 2005 (the “Bonds”). The Bonds were issued to (i) finance the costs of certain public improvements serving property within Assessment District No. 2004-VSD (Shadow Hills Interceptor) (the “District”) of the Sanitary District, (ii) fund capitalized interest on the Bonds through September 2, 2006, (iii) pay costs related to the issuance of the Bonds, and (iv) make a deposit to a Reserve Fund.

The District is comprised of approximately 2,389 residential lots in ten separate developments throughout the City of Indio. Building permits have been issued in eight of the ten developments. All building permits have been issued in three of the developments, with the percent issued in the remaining five developments ranging from 69% to 100%.

This Annual Continuing Disclosure Information Statement (the “Report”) is being provided pursuant to a covenant made by the Sanitary District for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Agreement, dated as of July 1, 2015 (the “Continuing Disclosure Agreement”). For further information and a more complete description of the Sanitary District, City of Indio, the District, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the Sanitary District and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Sanitary District or any other parties described herein.

THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. IN PROVIDING THIS REPORT, WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY "WILLDAN") DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT UNLESS SPECIFICALLY AGREED TO IN A SEPARATE WRITING WITH THE RECIPIENT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS REPORT, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Issue	As of September 30, 2021
Limited Obligation Improvement Bonds, Series 2005	\$4,300,000.00

B. FUND BALANCES

Fund	As of June 30, 2021	As of September 30, 2021
Reserve Fund	\$618,248.36	\$618,264.00
Reserve Requirement	\$612,060.00	\$612,060.00
Redemption Fund	\$0.85	\$3.35

Source: The Bank of New York Mellon Trust Company, N.A.

There have not been any funds withdrawn from the Reserve Fund to pay interest or principal payments on the Bonds since the date of the last Annual Continuing Disclosure Information Statement.

C. DEBT SERVICE PAYMENTS

There have not been any failures to pay interest or principal payments on the Bonds since the date of the last Annual Continuing Disclosure Information Statement.

III. FINANCIAL INFORMATION

THE SANITARY DISTRICT'S AUDITED FINANCIAL STATEMENTS ARE PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE SANITARY DISTRICT ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE SANITARY DISTRICT IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE SANITARY DISTRICT TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE SANITARY DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

The audited financial statements for the Sanitary District for the fiscal year ended June 30, 2021 are attached to this report as Appendix A.

IV. OPERATING INFORMATION

A. TOTAL DELINQUENCIES

The following tables set forth delinquency information for all Fiscal Years with delinquencies. There are no delinquencies prior to Fiscal Year 2013/2014.

Fiscal Year	Annual Special Tax	Amount Delinquent as of June 30 of the Fiscal Year	Percent Delinquent as of June 30 of the Fiscal Year	Amount Delinquent as of September 28, 2021	Percent Delinquent as of September 28, 2021
2013/2014 ⁽¹⁾	\$645,039.38	\$3,800.04	0.59%	\$136.77	0.02%
2014/2015 ⁽¹⁾	\$648,398.90	\$2,997.19	0.46%	\$274.98	0.04%
2015/2016 ⁽¹⁾	\$638,499.02	\$2,687.63	0.42%	\$0.00	0.00%
2016/2017 ⁽¹⁾	\$638,341.82	\$3,538.81	0.55%	\$138.88	0.02%
2017/2018	\$627,605.16	\$13,023.62	2.08%	\$273.92	0.04%
2018/2019 ⁽²⁾	\$627,252.42	\$2,868.26	0.46%	\$816.84	0.13%
2019/2020 ⁽³⁾	\$625,846.96	\$2,703.23	0.43%	\$807.16	0.13%
2020/2021 ⁽⁴⁾	\$623,527.86	\$1,883.22	0.30%	\$1,883.22	0.30%

⁽¹⁾ Represents delinquencies of parcel 692-570-070 which are currently subject to a payment plan.

⁽²⁾ June 30, 2019 data was not available, October 15, 2019 data used in its place

⁽³⁾ June 30, 2020 data was not available, October 15, 2020 data used in its place

⁽⁴⁾ June 30, 2021 date was not available, September 28, 2021 data used in its place

Source: Fiscal Years 2013/2014 through 2016/2017 – Riverside County Tax Collector, as compiled by Shepherd and Staats, Inc.

Source: Fiscal Years 2017/2018 through current – Riverside County Tax Collector, as compiled by Willdan Financial Services.

B. STATUS OF FORECLOSURE PROCEEDINGS

The Assessment Bond Law provides that in the event any Assessment installment or any interest thereon is not paid when due, the Sanitary District may order the institution of a court action to foreclose the lien of the unpaid assessment. In such an action, the real property subject to the unpaid assessment may be sold at judicial foreclosure sale. This foreclosure sale procedure is not mandatory under the Assessment Bond Law. However, the Sanitary District has covenanted in the Fiscal Agent Agreement that it will order, and cause to be commenced, judicial foreclosure proceedings against properties with delinquent Assessment installments in excess of \$750 by the October 1 following the close of the Fiscal Year in which such installments were due, and will commence judicial foreclosure proceedings against all properties with delinquent Assessment installments by the October 1 following the close of each Fiscal Year in which it receives Assessment Revenues in an amount which is less than ninety-five percent (95%) of the total Assessment Revenues which were to be received in the Fiscal Year and diligently pursue to completion such foreclosure proceedings.

Currently, there are no parcels that meet the criteria to commence foreclosure proceedings. Willdan will continue to monitor delinquent activity.

Assessor's Parcel Number	Delinquent Amount Per Fiscal Year				Total Delinquent Amount
	2017/2018	2018/2019	2019/2020	2020/2021	
N/A	\$0	\$0	\$0	\$0	\$0

C. BUILDING PERMITS

There were 165 building permits issued during Fiscal Year 2020/2021 for the construction of single-family homes within the boundaries of the District. Between July 1, 2021 and November 30, 2021, there were 28 building permits issued. As summarized in the table below, there have been a total of 2,071 building permits issued within the boundaries of the District as of November 30, 2021.

Year	Building Permits Issued	
	As of June 30 th	As of November 30 th
2005	124	637
2006	1,330	1,357
2007	1,381	1,388
2008	1,450	1,454
2009	1,461	1,461
2010	1,466	1,471
2011	1,476	1,483
2012	1,483	1,483
2013	1,505	1,530
2014	1,561	1,578
2015	1,601	1,616
2016	1,679	1,692
2017	1,756	1,756
2018	1,787	1,787
2019	1,787	1,787
2020	1,833	1,906
2021	2,043	2,071

Source: Valley Sanitary District as compiled by Willdan Financial Services.

D. CHANGE IN OWNERSHIP

The following table sets forth the total number of parcels in the District as to which the County Assessor's roll for the current fiscal year represents a change in ownership from a home builder to a homeowner as compared to the prior Fiscal Year as well as the total number of parcels owned by persons/entities other than a home builder.

Ownership	Fiscal Year 2020/2021	Fiscal Year 2021/2022	Difference
Home Builders			
WSI MOJAVE INV	300	176	(124)
DR HORTON LOS ANGELES HOLDING CO INC ⁽¹⁾⁽³⁾	43	173	130
KENNA IV ⁽¹⁾	38	0	(38)
SEVILLE AT PARADISO ⁽²⁾⁽⁵⁾	9	27	18
PARADISO 177 INDIO ⁽²⁾	86	0	(86)
LENNAR HOMES OF CALIF INC ⁽⁴⁾	0	57	57
Subtotal	476	433	(43)
Other Persons			
Homeowners	1,602	1,678	76
Other ⁽⁶⁾	63	30	(33)
Grand Total	2,141	2,141	0

⁽¹⁾ The lots owned by DR Horton Los Angeles Holding Co. Inc for Fiscal Year 2020/2021 were previously owned by Kenna IV.

⁽²⁾ Some lots owned by Seville At Paradise for Fiscal Year 2021/2022 were previously owned by Paradise 177 Indio

⁽³⁾ The 124 additional lots owned by DR Horton Los Angeles for 2021/2022 were previously owned by WSI Mojave Inv

⁽⁴⁾ The 57 lots owned by Lennar Homes for Fiscal Year 2021/2022 were previously owned by Paradise 177 Indio

⁽⁵⁾ The 27 lots owned by Seville at Paradise for Fiscal Year 2021/2022 were previously owned by Paradise 177 Indio

⁽⁶⁾ Other represents investors and owners that own more than one parcel

Source: Riverside County Assessor's Office as compiled by Willdan Financial Services.

E. TOTAL ASSESSED VALUE

The following table summarizes the total assessed value of all parcels within the District.

Fiscal Year	Assessed Land	Assessed Structure	Total Assessed Value
2006/2007	\$136,498,203	\$96,379,193	\$232,877,396
2007/2008	\$197,465,993	\$281,986,605	\$479,452,598
2008/2009	\$221,889,102	\$266,739,130	\$488,628,232
2009/2010	\$119,395,592	\$219,293,713	\$338,689,305
2010/2011	\$96,192,295	\$225,173,060	\$321,365,355
2011/2012	\$86,282,581	\$215,290,545	\$301,573,126
2012/2013	\$78,505,620	\$209,226,145	\$287,731,765
2013/2014	\$81,311,249	\$226,283,067	\$307,594,316
2014/2015	\$91,083,260	\$260,662,329	\$351,745,589
2015/2016	\$110,691,191	\$293,479,924	\$404,171,115
2016/2017	\$118,401,831	\$311,034,602	\$429,436,433
2017/2018	\$124,800,261	\$329,980,700	\$454,780,961
2018/2019	\$134,030,130	\$356,540,099	\$490,570,229
2019/2020	\$140,758,695	\$379,975,312	\$520,734,007
2020/2021	\$138,345,991	\$409,716,651	\$548,062,642
2021/2022	\$144,291,368	\$459,575,366	\$603,866,734

Source: Riverside County Assessor's Office as compiled by Willdan Financial Services.

F. OVERLAPPING DEBT

In July 2014, the City of Indio issued \$8,499,000 in Special Tax Refunding Bonds (Series 2014), under Community Facilities District (CFD) 2006-1. CFD 2006-1 includes all parcels within the District's Tract 32402.

In August 2017, the City of Indio issued \$3,910,000 in Assessment Revenue Refunding Bonds (Series 2017), under Assessment District (AD) No. 2004-3 (Desert Trace). AD 2004-3 includes all parcels within the District's Tract 30643.

A summary of the current liens outstanding, by Tract Map, along with the percentage of the 2021/2022 tax roll levy and the resulting 2021/2022 value-to-lien ratios, is below-listed.

Tract	Active Parcels	Percent of CY Levy	Valley Sanitary AD 2004-1 VSD Remaining Lien	Secured Bonded Debt ⁽¹⁾	City of Indio AD No. 2004-3 ⁽¹⁾	City of Indio CFD No. 2006-1 ⁽¹⁾	Total Liens	Total Assessed Value	Value To Lien
30605	56	2.31%	\$100,429	\$217,756	\$0	\$0	\$318,185	\$15,309,088	48.11
30643	421	18.20%	793,550	1,749,973	2,858,183	0	5,401,707	123,915,363	22.94
31562	300	13.07%	570,023	153,592	0	0	723,614	10,798,135	14.92
31686	147	6.28%	273,702	652,082	0	0	925,784	45,991,542	49.68
31815	328	17.87%	784,259	1,498,761	0	0	2,283,021	105,664,031	46.28
31974	3	3.96%	177,931	23,760	0	0	201,691	1,670,437	8.28
31975	137	6.01%	262,057	695,358	0	0	957,415	49,181,503	51.37
32149	263	11.22%	488,718	1,328,431	0	0	1,817,149	93,815,831	51.63
32304	123	5.24%	228,101	624,210	0	0	852,311	44,474,624	52.18
32402	363	15.85%	691,215	1,585,927	0	6,569,000	8,846,142	113,046,180	12.78
Total	2,141	100.00%	\$4,369,985	\$8,529,850	\$2,858,183	\$6,569,000	\$22,327,018	\$603,866,734	27.05

⁽¹⁾ California Municipal Statistics, Inc., as compiled by Willdan Financial Services.

⁽²⁾ Differences are due to rounding

G. LISTED EVENTS

There have not been any notices of any Listed Events filed pursuant to Section 5 of the Continuing Disclosure Agreement since the date of the last Annual Continuing Disclosure Information Statement.

The Listed Events identified in the above-referenced Section 5 are as follows:

1. Principal and interest payment delinquencies on the Bonds.
2. Occurrence of any default under the Fiscal Agent Agreement dated July 1, 2005 (the "Fiscal Agent Agreement") other than as described in clause (1) above.
3. Amendment to or modification of the Fiscal Agent Agreement or the Continuing Disclosure Agreement modifying the rights of the Owners of the Bonds.
4. Giving of a notice of optional or unscheduled redemption of any of the Bonds.
5. Defeasance of the Bonds or any portion thereof.
6. Any change in any rating on the Bonds.
7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. Any unscheduled draw on the Reserve Fund or any account therein reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers, or their failure to perform.
11. The release, substitution, or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security).

H. CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION (CDIAC) REPORT FILINGS

There are no reports required to be filed with the California Debt and Investment Advisory Commission for the Bonds pursuant to the Fiscal Agent Agreement.

Appendix A



ANNUAL COMPREHENSIVE FINANCIAL REPORT

“Giving Water Another Chance”

PRESENTED BY

The Administration Department

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VALLEY SANITARY DISTRICT
Annual Comprehensive 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.

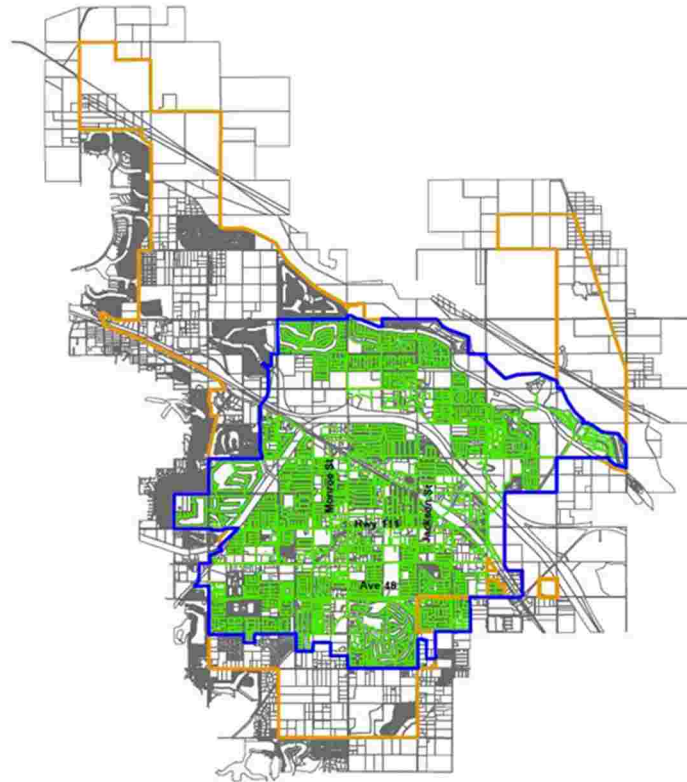
District Governance

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
 -  Indiano 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).¹ 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 2023.²

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).² According to COVID19.CA.GOV as of April 11, 2021, 22.9M doses have been administered statewide in California.³

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).⁴ 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).⁴

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.¹ 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 2020.⁵ 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".⁶ 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".⁷ 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
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.
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.

Proposed Annual Sewer Rate Schedule Starting July 1, 2021 through June 30, 2026						
Annual Sewer Rate Schedule	Current	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Programa Annual de Tarifas de Alcantarillado	Ahora					
Fixed Service Charge (Cargo Por Servicio Fijo)						
	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
Volumetric Rate (Tasa Volumetrica)						
		\$ 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%
Total Budget	\$ 19,547,226	\$ 26,879,620	\$ 7,332,394	37.5%

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

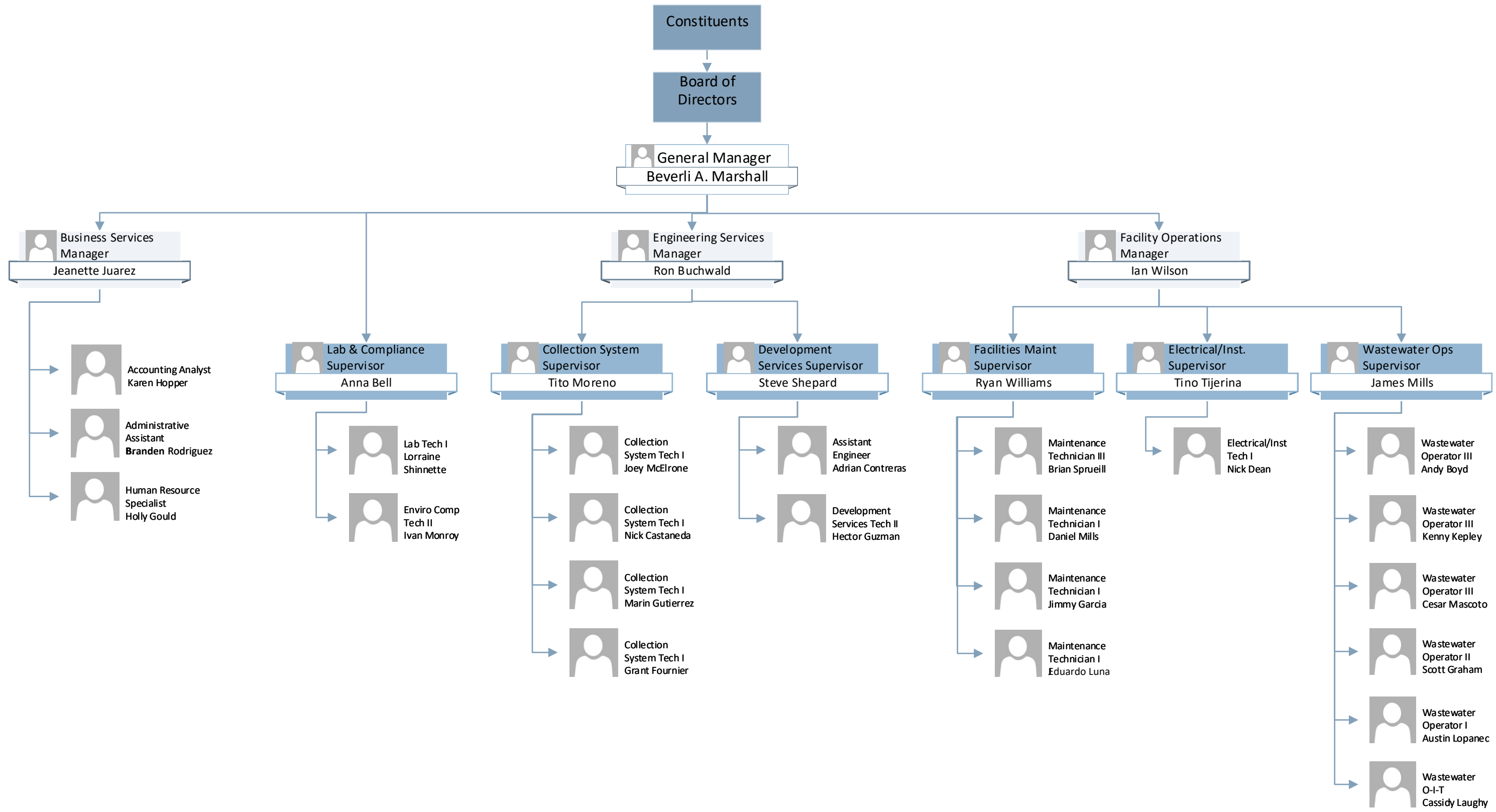
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Sanitary District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the ninth consecutive 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.

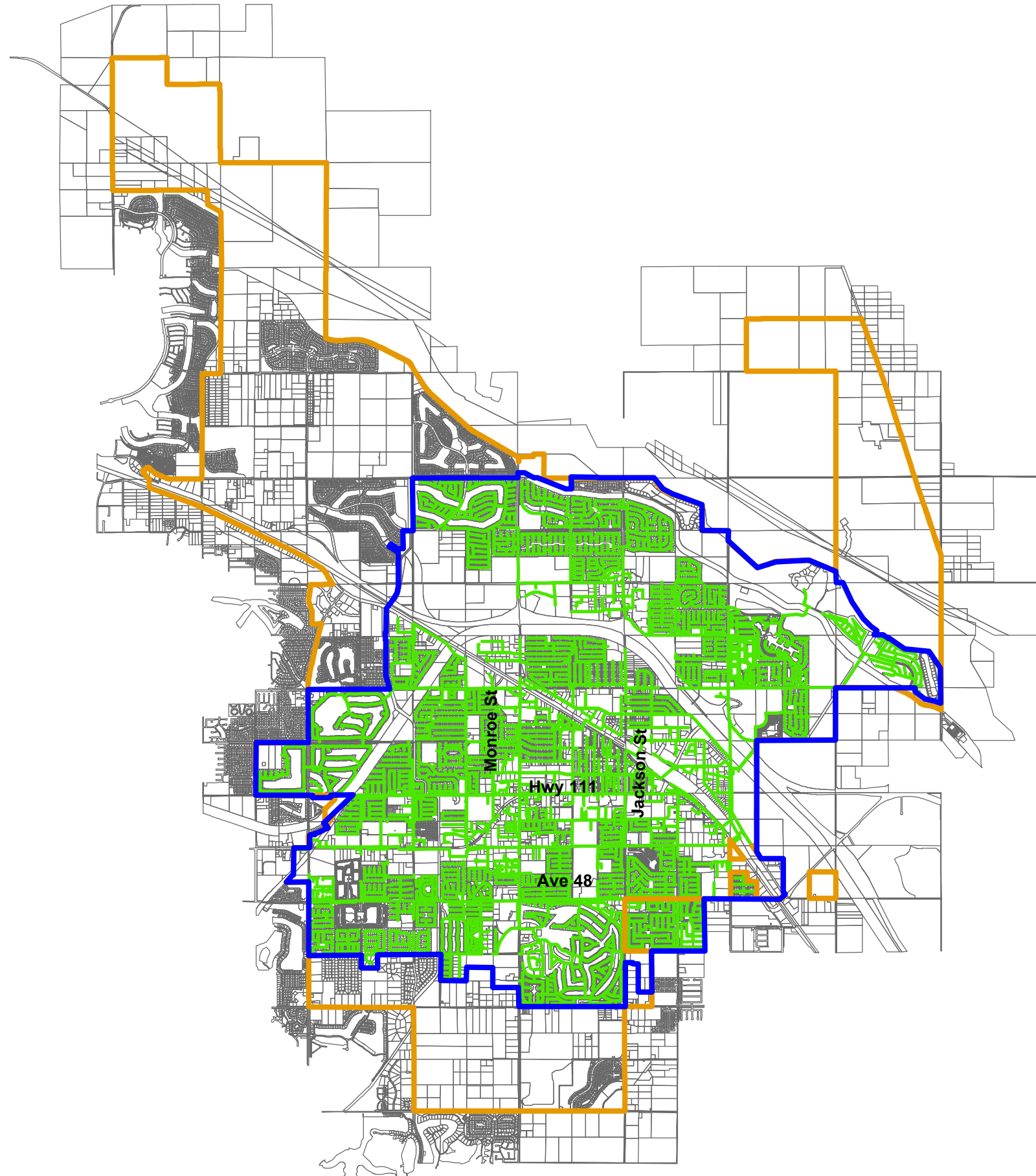


Beverli A. Marshall, ICMA-CM, CSDM
General Manager






VSD



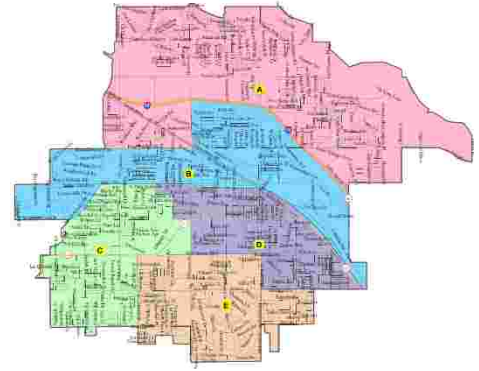
Valley Sanitary District Boundary Map

Legend

-  VSD Boundary
-  Indio Limits
-  Sewer Pipe

Board of Directors

Annual Comprehensive 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

Annual Comprehensive 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)

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.

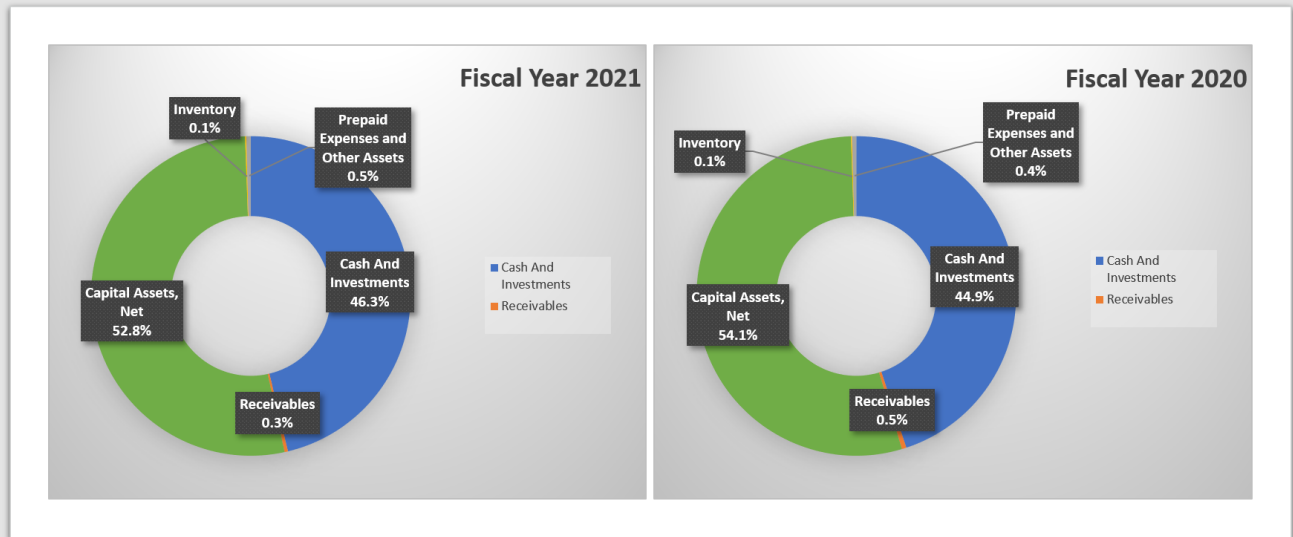
Valley Sanitary District
Management's Discussion and Analysis (Continued)
(Required Supplementary Information) (Unaudited)

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

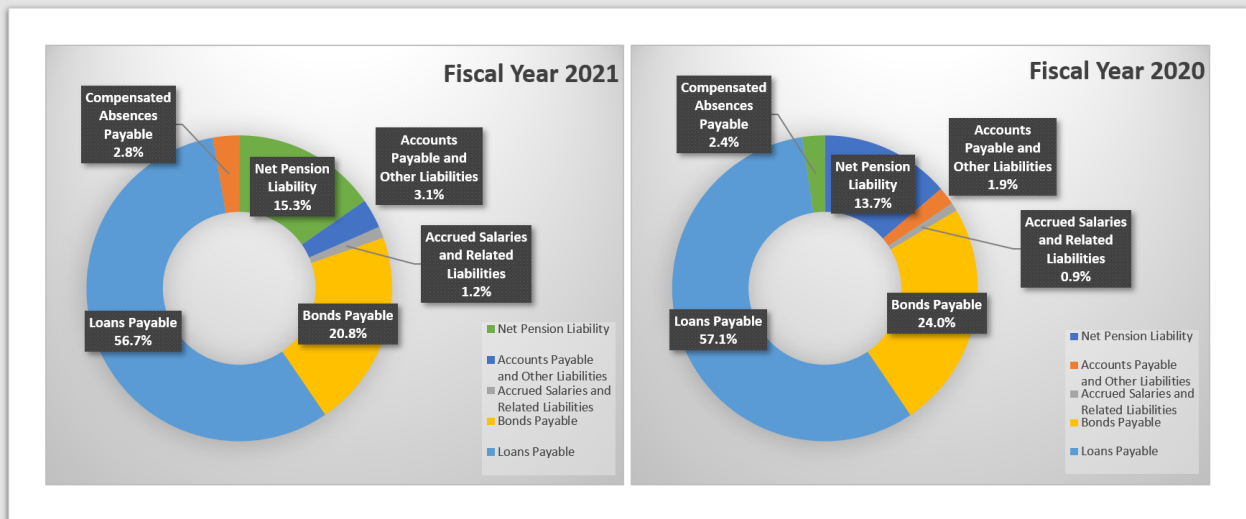
	2021	2020
Current Assets	\$ 57,706,134	\$ 55,201,934
Capital Assets	64,822,313	65,164,815
Noncurrent Assets	186,928	155,000
Total Assets	122,715,375	120,521,749
Deferred Outflows of Resources	1,560,230	1,776,971
Current Liabilities	2,337,483	1,941,827
Noncurrent Liabilities	18,643,576	19,523,970
Total 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

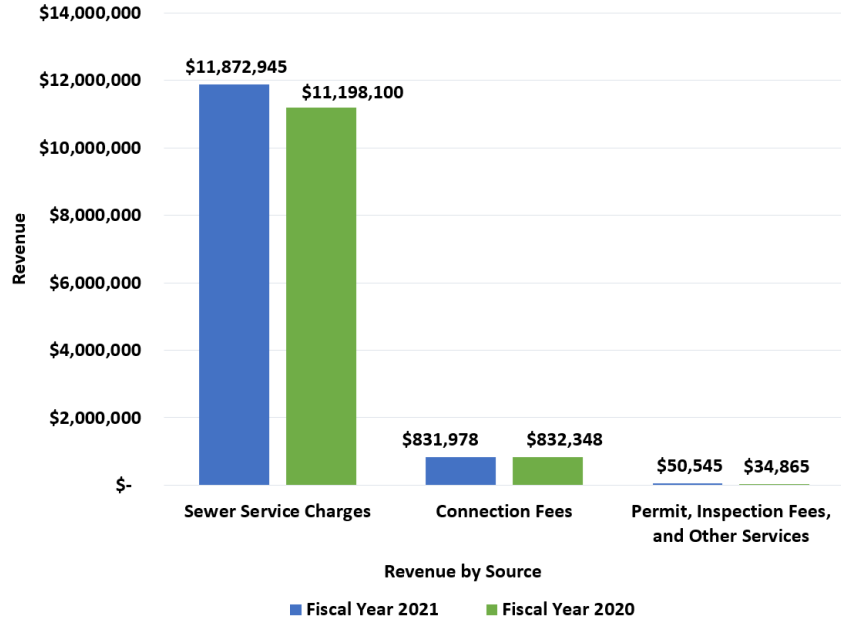
**Table II
Valley Sanitary District**

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

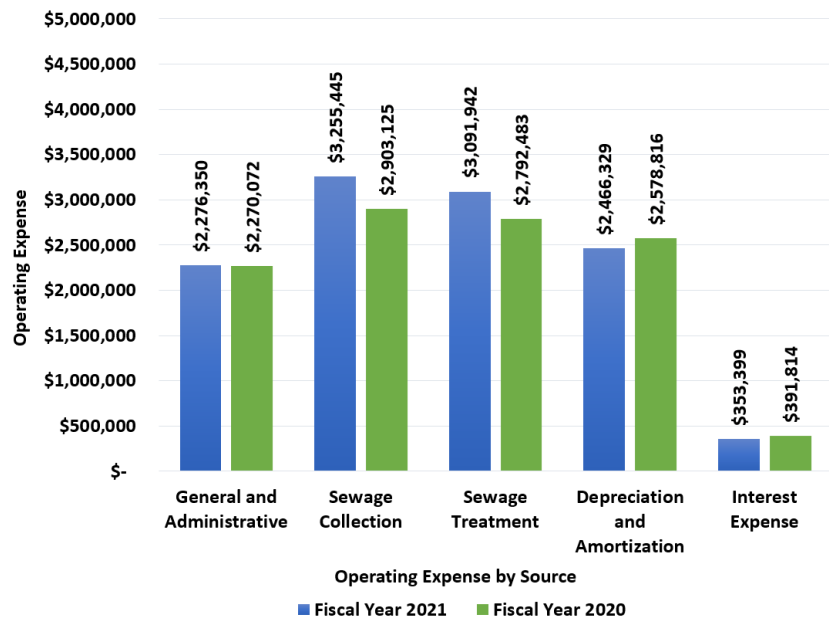
	<u>2021</u>	<u>2020</u>
Revenues:		
Sewer Service Charges	\$ 11,872,945	\$ 11,198,100
Connection Fees	831,978	832,348
Permits & Inspections	37,270	21,225
Other Operating	13,275	13,640
Nonoperating	<u>1,061,964</u>	<u>2,321,526</u>
Total Revenues	<u>\$ 13,817,432</u>	<u>\$ 14,386,839</u>
Expenses:		
Depreciation & 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)**

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

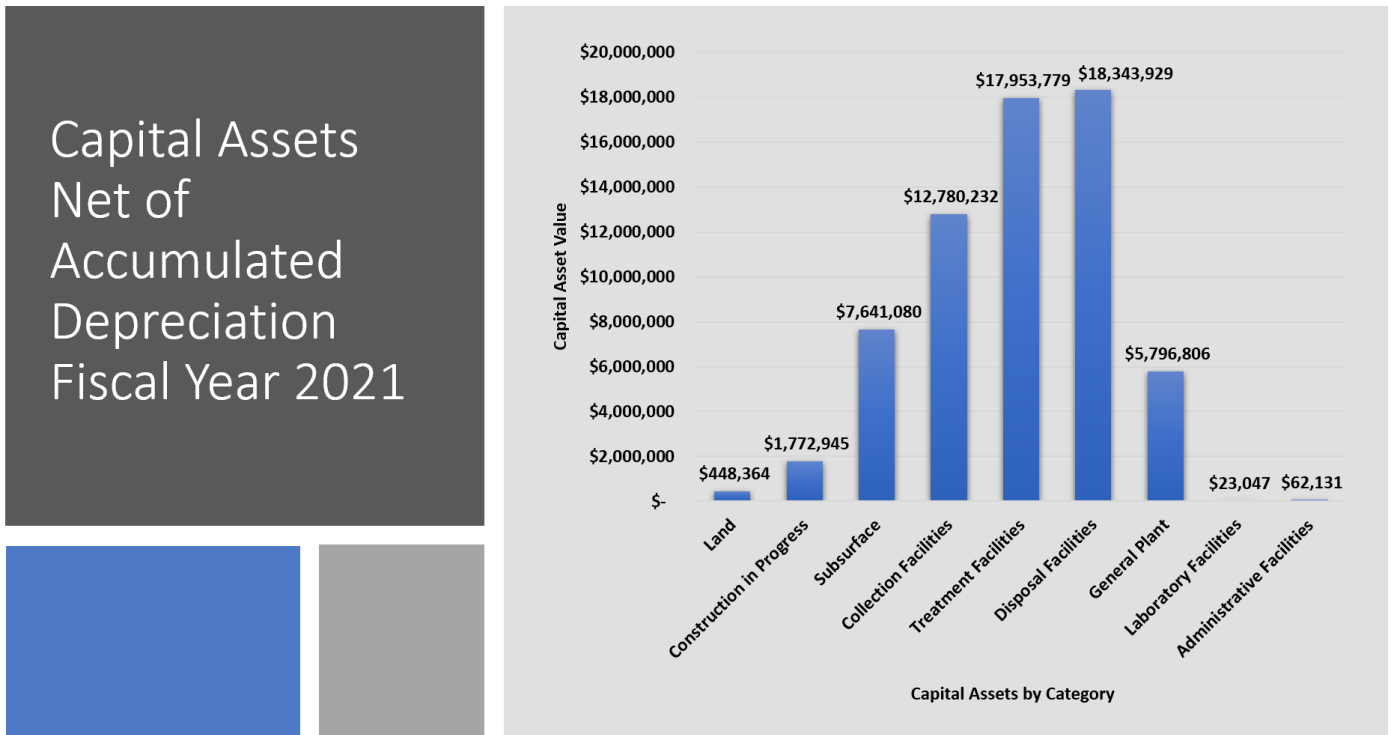
**Table III
Valley Sanitary District
Capital Assets Net of Accumulated Depreciation
As of June 30, 2021**

	<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
Total	<u>\$ 64,822,313</u>	<u>\$ 65,164,815</u>

Valley Sanitary District

Management's Discussion and Analysis (Continued)

(Required Supplementary Information) (Unaudited)



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 866,200.¹ 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”.² 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 2021.³ 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)

spent \$47 million in infrastructure and capital improvements.⁴ 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.
 4. CVEP. (2020). Greater Palm Springs Economic Report. 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
Assets		
Current assets:		
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
Noncurrent assets:		
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
Deferred outflows of resources		
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
Liabilities		
Current liabilities:		
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
Noncurrent liabilities:		
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
Deferred Inflows of Resources		
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
Net Position		
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

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

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
	\$ 56,768,349	1,330,192	58,098,541

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

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

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:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not depreciated				
Land	\$ 448,364	-	-	448,364
Construction in progress	718,457	1,458,512	(404,024)	1,772,945
Total capital assets, not depreciated	1,166,821	1,458,512	(404,024)	2,221,309
Capital assets, being depreciated				
Subsurface	20,431,393	245,921	-	20,677,314
Sewage collection facilities	16,598,864	11,191	-	16,610,055
Wastewater treatment facilities	35,465,160	389,375	-	35,854,535
Sludge disposal facilities	24,711,950	-	(30,086)	24,681,864
General plant facilities	8,671,547	384,692	(167,217)	8,889,022
Laboratory facilities	22,726	8,469	-	31,195
Administrative facilities	128,231	31,091	(7,936)	151,386
Total capital assets, being depreciated	106,029,871	1,070,739	(205,239)	106,895,371
Less accumulated depreciation				
Subsurface	(12,741,311)	(295,953)	-	(13,037,264)
Sewage collection facilities	(3,442,960)	(416,046)	-	(3,859,006)
Wastewater treatment facilities	(17,207,763)	(689,934)	-	(17,897,697)
Sludge disposal facilities	(5,769,283)	(598,716)	30,086	(6,337,913)
General plant facilities	(2,799,496)	(431,474)	167,217	(3,063,753)
Laboratory facilities	(2,756)	(5,392)	-	(8,148)
Administrative facilities	(68,308)	(28,814)	6,536	(90,586)
Total accumulated depreciation	(42,031,877)	(2,466,329)	203,839	(44,294,367)
Total capital assets, being depreciated, net	63,997,994	(1,395,590)	(1,400)	62,601,004
Total capital assets, net	\$ 65,164,815	62,922	(405,424)	64,822,313

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.

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

*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
	\$ 17,406,743	-	(1,130,673)	16,276,070	1,066,029	15,210,041

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 Table¹</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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¹The 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 ¹	Assumed Asset Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
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)%

¹In 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.

²An expected inflation of 2.00% used

³An 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	<u>\$ 100,668,188</u>	<u>1,331,486</u>

**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>

¹ 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>

¹ 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 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution ²	\$ 340,629	279,922	203,392	303,301	323,626
Contribution in relation to the actuarially determined contribution ²	<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 ³	<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>

¹ 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.

² 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.

³ 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 ²	\$ 814,982	716,153	284,596
Contribution in relation to the actuarially determined contribution ²	<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 ³	<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>

¹ 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.

² 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.

³ Reportable earnings to CalPERS, closed

Notes to Schedule:

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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 ¹	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>

¹ 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 ¹	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution ²	\$ 15,225	-	-	-	-
Contribution in relation to the actuarially determined contribution ²	<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>

¹ 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.

² 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)**

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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Financial Trends Information - These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over

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Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

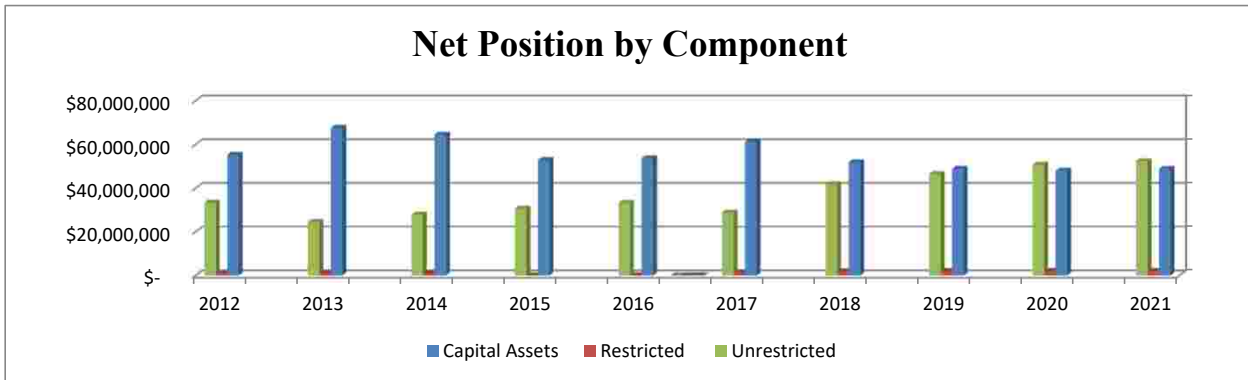
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**Valley Sanitary District
Table of Net Position By Component
Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	2021	2020 <i>As Restated</i>	2019	2018	2017 <i>As Restated</i>
NET POSITION:					
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
TOTAL NET POSITION	<u>\$ 103,042,155</u>	<u>\$ 100,700,967</u>	<u>\$ 97,250,438</u>	<u>\$ 95,510,300</u>	<u>\$ 91,432,754</u>

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>
NET POSITION:					
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
TOTAL NET POSITION	<u>\$ 86,791,013</u>	<u>\$ 83,387,839</u>	<u>\$ 93,171,426</u>	<u>\$ 92,945,089</u>	<u>\$ 89,499,962</u>

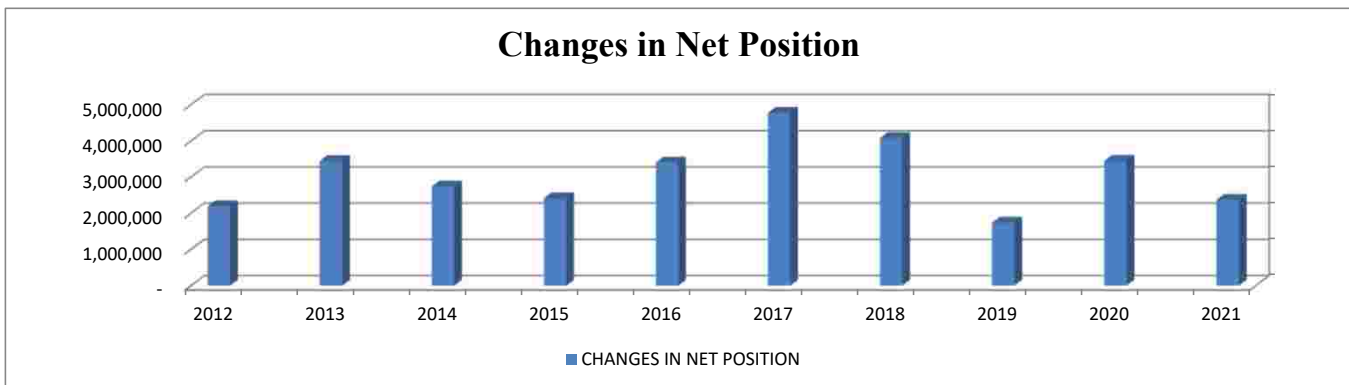


Valley Sanitary District
Statements of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years
Changes in Net Position

	Fiscal Year Ended June 30				
	2021	2020 <i>As Restated</i>	2019	2018	2017 <i>As Restated</i>
OPERATING REVENUES:					
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
TOTAL OPERATING REVENUES	12,755,468	12,065,313	12,185,951	12,305,032	11,671,704
OPERATING EXPENSES:					
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	-	-	-	-	-
Total administrative and plant	8,623,737	7,965,680	7,533,346	6,670,548	5,436,593
Other Operating Expenses					
Depreciation	2,466,329	2,578,816	2,451,371	2,444,764	1,980,043
TOTAL OPERATING EXPENSES	11,090,066	10,544,496	9,984,717	9,115,312	7,416,636
NET OPERATING INCOME	1,665,402	1,520,817	2,201,234	3,189,720	4,255,068
NON-OPERATING REVENUES (EXPENSES)					
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
TOTAL NON-OPERATING REVENUES (EXPENSES)	708,565	1,929,712	(461,096)	887,826	518,140
CHANGES IN NET POSITION	2,373,967	3,450,529	1,740,138	4,077,546	4,773,208
NET POSITION, beginning of the year	100,700,967	97,250,438	95,510,300	91,564,221	86,791,013
Prior period adjustments	(32,779)	-	-	(131,467)	-
NET POSITION, end of the year	\$ 103,042,155	\$ 100,700,967	\$ 97,250,438	\$ 95,510,300	\$ 91,564,221

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

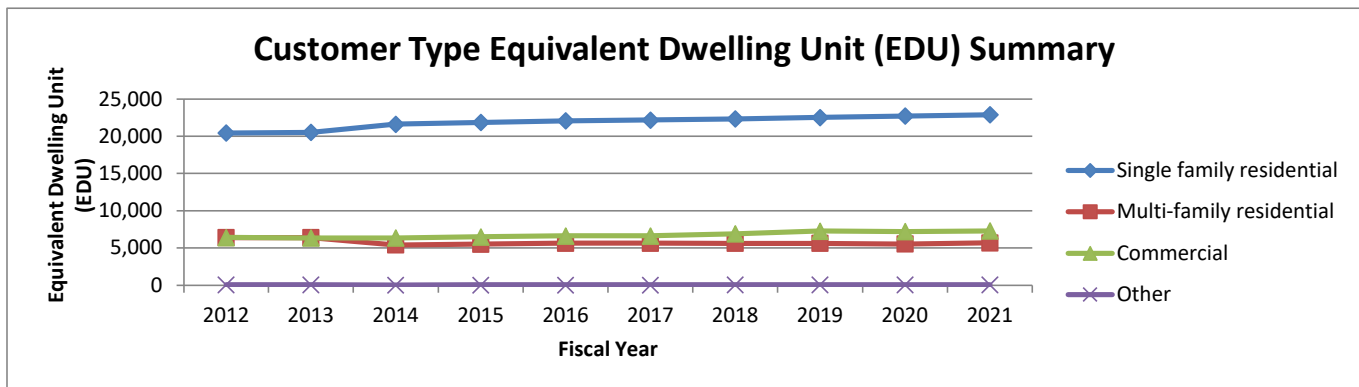
	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
		<u>As Restated</u>	<u>As Restated</u>	<u>As Restated</u>	<u>As Restated</u>
OPERATING REVENUES:					
Sewer service charges	\$ 9,347,928	\$ 9,218,538	\$ 9,187,360	\$ 9,053,022	\$ 8,808,414
Connection fees	1,446,315	897,863	1,998,788	548,527	192,763
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
TOTAL OPERATING REVENUES	10,823,473	10,161,090	11,272,450	9,620,605	9,019,712
OPERATING EXPENSES:					
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
Total administrative and plant	5,706,005	5,826,728	6,485,208	4,910,080	4,871,107
Other Operating Expenses					
Depreciation	2,309,350	2,334,398	2,335,264	1,841,601	1,835,054
TOTAL OPERATING EXPENSES	8,015,355	8,161,126	8,820,472	6,751,681	6,706,161
NET OPERATING INCOME	2,808,118	1,999,964	2,451,978	2,868,924	2,313,551
NON-OPERATING REVENUES (EXPENSES)					
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
TOTAL NON-OPERATING REVENUES (EXPENSES)	595,056	412,804	290,976	576,203	(115,567)
CHANGES IN NET POSITION	3,403,174	2,412,768	2,742,954	3,445,127	2,197,984
NET POSITION, beginning of the year	83,387,839	94,251,725	92,945,089	89,499,962	87,301,978
		(13,276,654)	(1,436,318)		
NET POSITION, end of the year	\$ 86,791,013	\$ 83,387,839	\$ 94,251,725	\$ 92,945,089	\$ 89,499,962



**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
Total	35,949	35,501	35,463	34,923	34,511	34,395	33,942	33,457	33,359	33,334

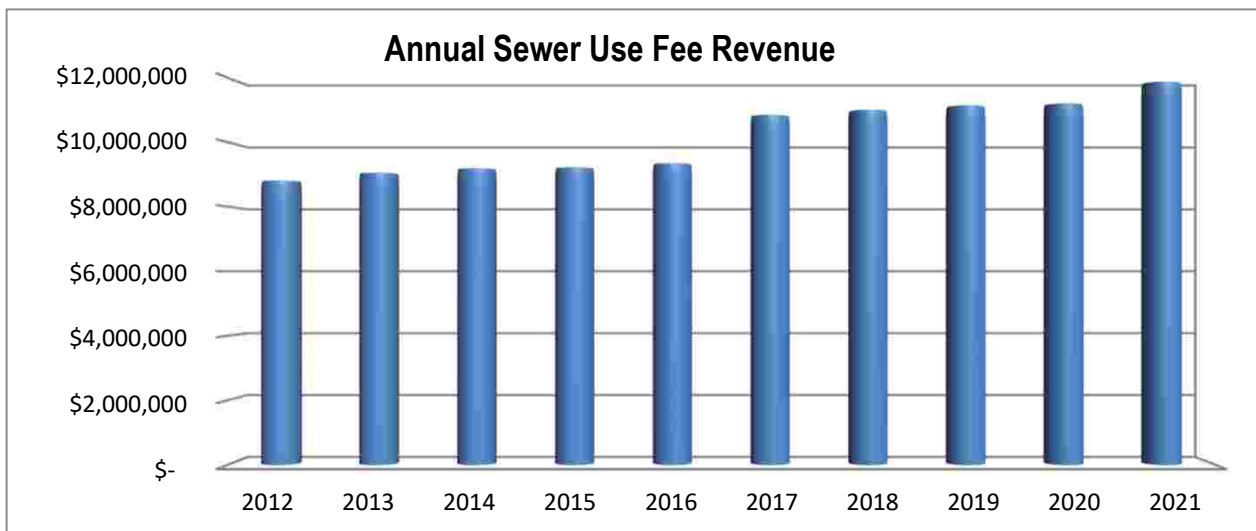
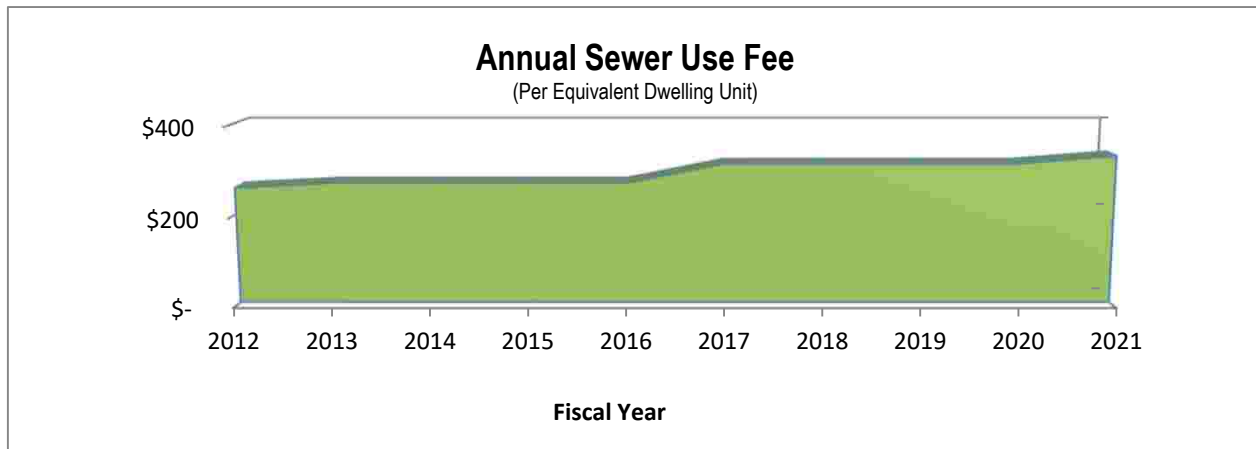
Source: Valley Sanitary District



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

Fiscal Year Ended June 30	Annual fee / EDU		Revenue
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

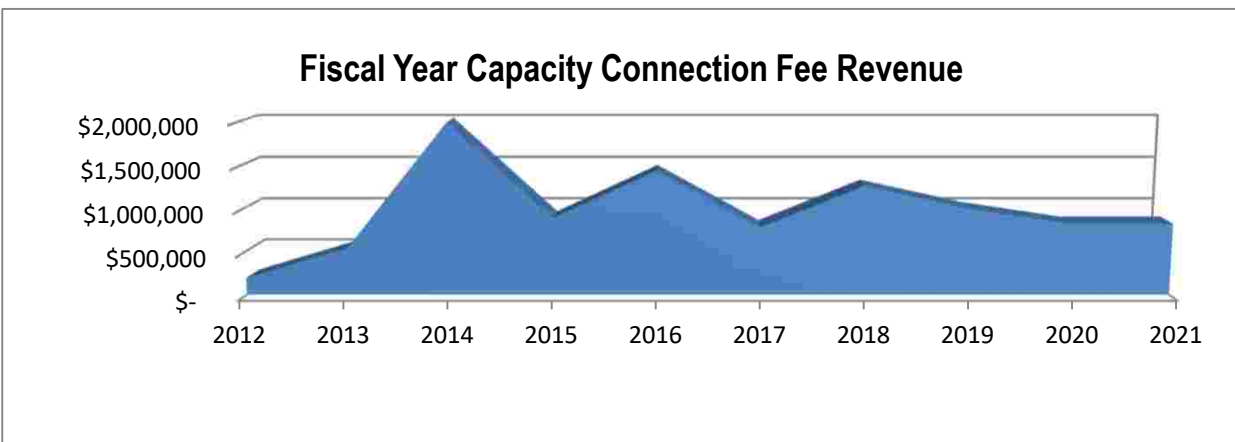
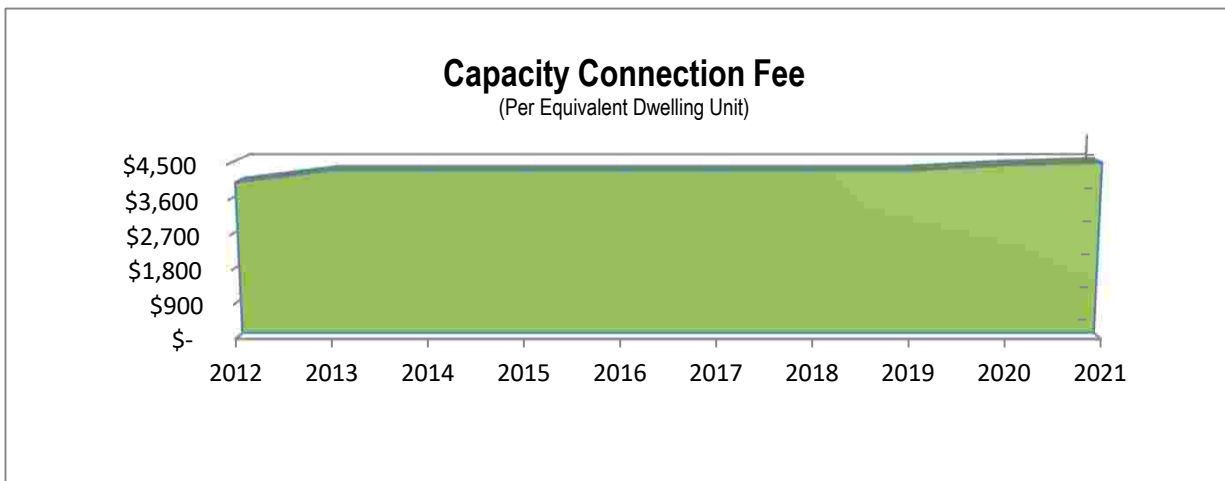
Source: Valley Sanitary District



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

Fiscal Year Ended June 30	Fee / EDU	Revenue
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 2021			Year Ended June 30 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						
Total	\$ 1,082,680			\$ 802,900		
District total customer charges	\$ 11,872,945			\$ 8,808,414		

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

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**

Employer (1) (2)	Fiscal Year Ended June 30 2021			Fiscal Year Ended June 30 2012		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
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%
Total Employment Listed	5,162		12.32%	5,302		23.36%
Total City Employment (2)	41,900			22,700		

"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

Fiscal Year Ended June 30	Total Customers	Number of Permits Issued
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

Source: Valley Sanitary District

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

Fiscal Year Ended June 30	Population (1)	Median Age (2)	Average Household Size (1)	Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (3)
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**

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
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
Total waste treated (million gallons/year)	2,210	2,211	2,169	2,081	2,080

Notes:

(1) Annual rainfall for the Coachella Valley from 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**

	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
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
Total waste treated (million gallons/year)	<u>2,022</u>	<u>2,034</u>	<u>2,254</u>	<u>2,257</u>	<u>2,227</u>

Notes:

(1) Annual rainfall for the Coachella Valley from 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**

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
Sanitary Sewer Service Operations					
Equivalent Dwelling Units (EDUs)	35,949	35,501	35,463	34,923	34,511
Treatment Plant Operations					
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
Collection System Operations					
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

Source: Valley Sanitary District

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

	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
Sanitary Sewer Service Operations					
Equivalent Dwelling Units (EDUs)	34,395	33,942	33,457	33,359	33,334
Treatment Plant Operations					
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
Collection System Operations					
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:

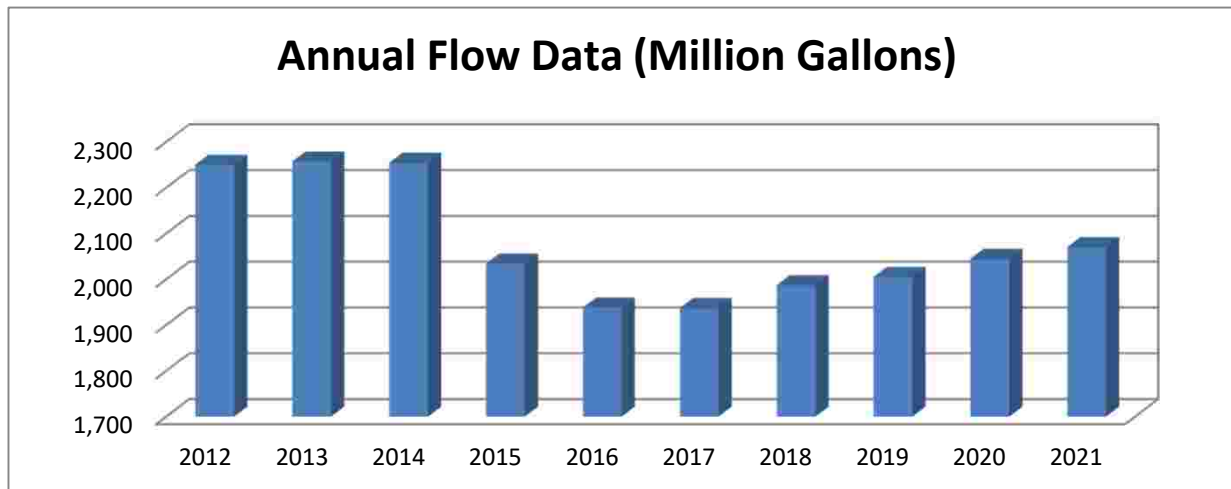
(1) Annual rainfall for the Coachella Valley from www.desertweather.com

Source: Valley Sanitary District

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

Fiscal Year Ended June 30	Annual Flow
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

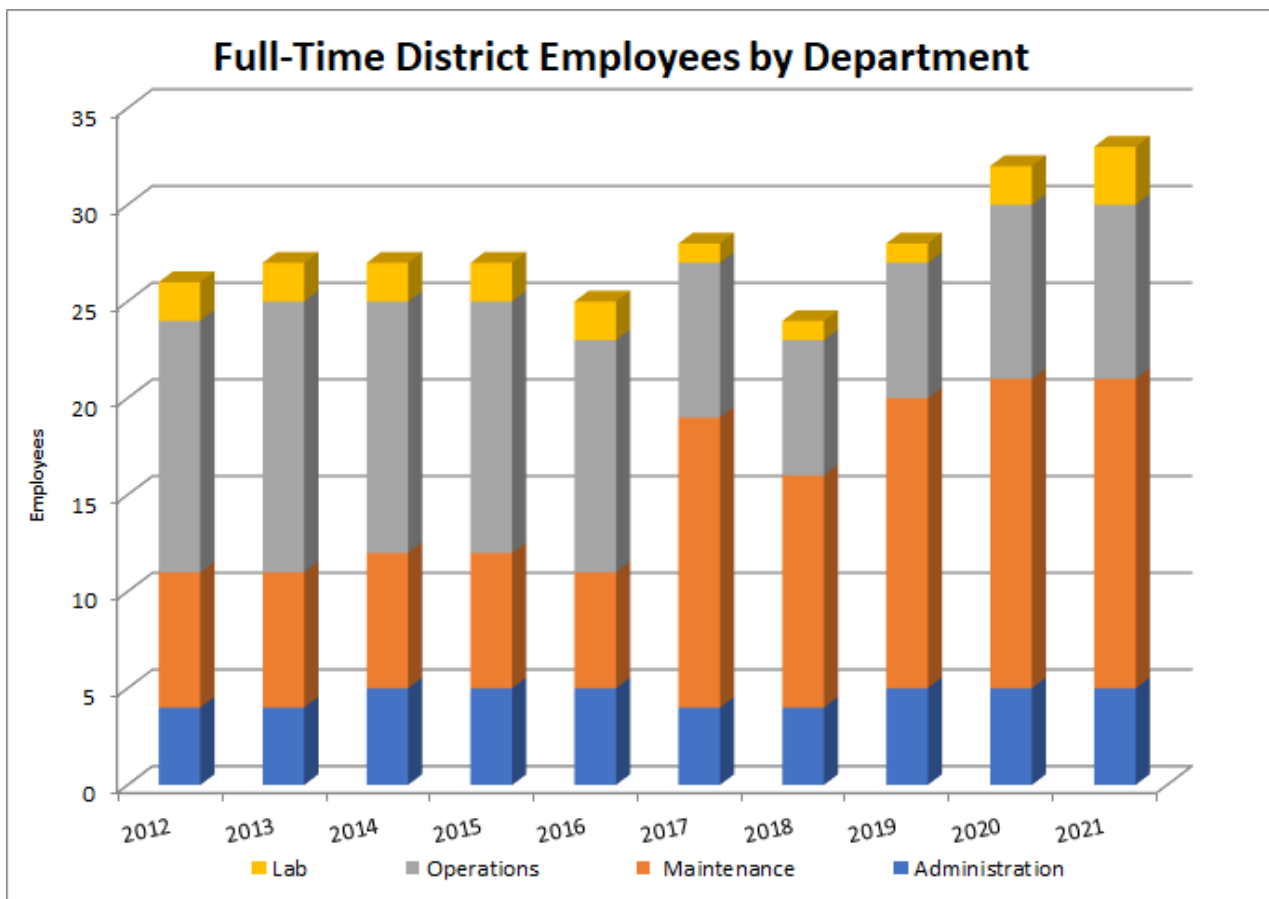
Source: Valley Sanitary District



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

Fiscal Year Ended June 30	Administration	Engineering & Maintenance	Operations	Lab	Total
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



2021

Valley Sanitary District





**Valley Sanitary District
Board of Directors Meeting
February 22, 2022**

TO: Board of Directors

THROUGH: Beverli A. Marshall, General Manager

FROM: Matthew Pittelli, Electrical/Instrumentation Tech I

SUBJECT: **Authorize the Purchase of All Necessary Parts for Rehabilitation of the Sludge Spiral Heat Exchanger**

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input 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 to discuss the purchase of all parts and equipment necessary for the rehabilitation of the Sludge Spiral Heat Exchanger for the digester.

Strategic Plan Compliance

This item complies with the VSD Strategic Goal 3: Excellent Facilities.

Fiscal Impact

The total cost of this project is \$61,110. The total cost includes tax and freight. This project is an allocation of funds currently from the FY 2021/22 budget under Repairs and Maintenance.

Background

To maintain the integrity and quality of the Digester, staff recommends the replacement of the Sludge Spiral Heat Exchanger and all necessary hardware for rehabilitation. This piece of equipment was installed during the plant expansion for the digester in 2013. The funds for rehabilitation of the heat exchanger are pooled from repairs and maintenance budget for FY 2021/22. Alfa Laval is the only manufacturer to provide the parts needed for this project, thus this is a sole source procurement.

Recommendation

Staff recommends that the Board of Directors authorize the purchase of all recommended and necessary material for the rehabilitation of the Sludge Spiral Heat Exchanger from Alfa Laval for a not to exceed the amount of \$61,110. The total cost includes tax and freight.

Attachments

- Attachment A: Alfa Laval Quote No. 2201-ENVMPEE-0254884
- Attachment B: Photos of Sludge Spiral Heat Exchanger

February 2, 2022
Alfa Laval Quote No. 2201-ENVMPEE-0254884



Alfa Laval Inc.
5400 International Trade Drive
Richmond, VA 23231

Tel: +1 804- 222-5300
Fax: +1 804-236-1364
www.alfalaval.com

**Subject: Valley Sanitary District – Indio, CA
Sludge Spiral Heat Exchanger Replacement**

Alfa Laval is pleased to provide this quotation for a duplicate Spiral Heat Exchanger for the referenced Project.

Sludge Spiral Heat Exchanger

Alfa Laval Sludge Spiral Heat Exchanger, drop-in replacement for Serial Number 30112-68492. All nozzles and anchor bolt locations for the new exchanger will match the existing exchanger such that no piping or foundation bolting changes need to be made. New unit will be fabricated to current ASME code and Alfa Laval shop practices.

Price: \$61,110 (for quantity one)

- Material of construction is carbon steel SA-516-70.
- Unit will be designed, Fabricated, Tested and Stamped in accordance with the ASME code Section VIII, Div 1.
- Qty. (2) 4" Carbon Steel 150# Flange, Sch. 40 Sludge Inlet and outlet nozzles.
- Qty. (2) 4" Carbon Steel 150# Flange, Sch. 40 Hot Water Inlet and outlet nozzles.
- 1" Sludge channel spacing with no obstructions (pins) through the sludge channel. Tangential sludge entry to promote even disbursement of sludge across channel.
- Qty. (1) Hinged cover for easy access to sludge channel. The water side is welded closed.
- Qty. (1) 4" Cleanout port for easy access to sludge inlet.
- Qty. (2) 2" NPT Backflush connections on Sludge connections
- 1 – 3/8" 3000# coupling drain per hot water channel spiral winding.
- Qty. (1) 1" 3000# coupling sludge side drain located at the lowest point in cover.
- GA drawing and databook – email submission
- Standard packaging for covered indoor storage up to 12 months.
- Standard paint system. Surface preparation includes sandblasting in accordance to SSPC-SP-6. External carbon steel surfaces, except machined surfaces of flanges, painted with International Interlac 789, 3-4 mils, in Alfa Laval blue.

Not included in our pricing under this scope are the following:

- Piping, Valves, Temperature or Pressure Gauges
- Insulation
- Anchor bolts
- Taxes, Bonds
- Unloading at job-site
- Installation

Shipment: 22-24 Weeks after receipt of approved drawings or order if drawing approval is waived. Approval drawings shall be submitted 5 weeks ARO

Validity: Price is valid for 30 days

Terms: Subject to Alfa Laval Standard Terms and Conditions

Payment: 20% at approved drawings, 80% at delivery, Net 30 days from invoice.

Freight: FOB Jobsite. Freight is included in price.

Thank you for this opportunity to provide our proposal for this project. Please feel free to contact me at the number shown below should you have any questions.

Best Regards,

Michelle Peel
Alfa Laval, Inc.
Process Technologies Division Sales Engineer
Ph: 804-986-3942
E-Mail: michelle.peel@alfalaval.com

TERMS AND CONDITIONS OF SALE

These Terms and Conditions Apply to All Quotations, Orders, and Contracts for Alfa Laval Inc. Products (hereafter "Equipment"). As used in these Terms and Conditions of Sale, the word "Equipment" includes all hardware, parts, components, software and options.

1. ACCEPTANCE: Our sale to you is limited to and expressly made conditional on your assent to the terms and conditions of sale herein and, if applicable, on the attendant quotation, both of which form a part of this order and which supersede and reject all prior agreements, representations, discussions or negotiations, whether written or oral, with respect hereto and any conflicting terms and conditions of yours, or any statement therein, whether or not signed by you. We will furnish only the quantities and Equipment specifically listed on the face hereof or the pages attached hereto. We assume no responsibility for terms or conditions of, or for furnishing other equipment or material shown in, any plans and/or specifications for a project to which the Equipment quoted or ordered herein pertain or refer.

2. PRICES: Unless otherwise specified in writing, all quoted prices are firm for thirty (30) days from the date of offer. Stenographic, clerical and mathematical errors are subject to correction.

3. DELIVERY: Dates for the furnishing of services and/or delivery or shipment of Equipment are approximate only and are subject to change. Quoted lead times are figured from the date of receipt of complete technical data and approved drawings as such may be necessary. We shall not be liable, directly or indirectly, for any delay in or failure to deliver caused by carriers or delays from labor difficulties, shortages, strikes or stoppages of any sort, failure or delay in obtaining materials from ordinary sources, fires, floods, storms, accidents, or other acts of God or *force majeure*, by any statute, regulation, administrative order or decree or order or judgment of a court of law or other causes beyond our reasonable control. Unless otherwise specifically agreed in writing by us, in no event shall we be liable for any damages or penalties whatsoever, or however designated, resulting from our failure to perform or delay in performing due to any of the causes specified in this paragraph 3.

4. SHIPMENT, RISK OF LOSS, TAXES: Prices are in U.S. Dollars, F.O.B. Alfa Laval shipping point, unless otherwise noted. Duty, brokerage fees, insurance, packing and handling as applicable are not included unless otherwise noted. Our prices do not include federal, state, municipal or other government excise, sales, use, occupational, processing, transportation or like taxes now in force or enacted in the future. You shall pay any taxes we may be required to collect or pay now or at any time in the future (including interest and penalties imposed by any governmental authority), or any taxes you may be required to pay, that are imposed upon the sale, delivery or support of Equipment purchased or licensed as a part of this order, or you shall provide us with a tax exemption certificate acceptable to the appropriate taxing authorities.

5. CREDIT AND PAYMENT: Unless otherwise noted on the face hereof payment for Equipment shall be (30) days net. *Pro rata* payments shall become due with partial shipments. Any discount period which may be granted by us begins on the invoice date and all payments are due 30 days after the invoice date. All payments shall be made without deduction, deferment, set-off, lien or counterclaim of any nature. All amounts due not paid within 30 days after the date such amounts are due and payable shall bear interest at the lesser of 1.5 percent per month or the maximum rate of interest allowed by law. We reserve the right at any time to suspend credit or to change credit terms provided herein, when, in our sole opinion, your financial condition so warrants. Failure to pay invoices when such invoices are due and payable, at our election, shall make all subsequent invoices immediately due and payable irrespective of terms, and we may withhold all subsequent deliveries until the full account is settled. We shall not, in such event, be liable for delay of performance or nonperformance of contract in whole or in part subsequent to such event.

6. CANCELLATIONS AND CHANGES: Orders which have been accepted by us are not subject to cancellation or changes in specification except upon prior written agreement by us and upon terms that will indemnify us against all losses resulting from or arising out of such cancellation or change in specifications. In the absence of such indemnification, we shall be entitled to recover all damages and costs of whatever nature permitted by the Uniform Commercial Code.

7. DEFERRED SHIPMENT: If shipment is deferred at your request, payment of the contract price shall become due when you are notified that the Equipment is ready for shipment. If you fail to make payment or furnish shipping instructions we may either extend the time for so doing or cancel the contract. In case of deferred shipment at your request, storage and other reasonable expenses attributable to such delay shall be payable by you.

8. EQUIPMENT WARRANTY AND REMEDY:

(a) For new Equipment only, we warrant to you that the Equipment that is the subject of this sale is free from defects in design (provided that we have design responsibility), material and workmanship. The duration of this warranty is twelve (12) months from delivery to you (the "Warranty Period"). If you discover within the Warranty Period a defect in design, material or workmanship, you must promptly notify us in writing. Within a reasonable time after such notification, we will correct any such defect with either new or used replacement parts, at our option. Such repair, including both parts and labor, is at our expense.

(b) For repairs, parts and service provided by us, we warrant to you that the repairs parts and service we provide to you will be free from defects in material and workmanship. The duration of this warranty is ninety (90) days from as applicable (i) the date the machine which required the repairs, parts or service is returned to you by us, (ii) the date of your receipt of the part, or (iii) the date of repair, if performed at your facility. If during this ninety day period you discover a defect in the repairs, parts or service you must promptly notify us in writing.

(c) All warranty service is subject to our prior examination and approval and will be performed by us at your facility or at service centers designated by us. All transportation to and from the designated service center will be at our expense. If we are unable to repair the Equipment to conform to the warranty after a reasonable number of attempts, we will provide, at our option, one of the following: (i) a replacement for such Equipment, or (ii) full refund of the purchase price. These remedies are your exclusive remedies for breach of warranty. Unless otherwise agreed in writing by us, our warranty extends only to you and is not assignable to or assumable by any subsequent purchaser, in whole or in part, and any such attempted transfer shall render all warranties provided hereunder null and void and of no further force or effect.

(d) We will use all reasonable efforts to obtain for you any manufacturer's guarantees or warranties for any sub-assemblies included in the Equipment. To the extent such warranties are assignable, we hereby assign to you all warranties that are granted to us by our suppliers of any sub-assemblies contained in the Equipment.

(e) The warranties set forth above are inapplicable to and exclude (i) any product, components or parts not manufactured by us or covered by the warranty of another manufacturer, (ii) damage caused by accident or the negligence of you or any third party, normal wear and tear, erosion, corrosion or by disasters such as fire, flood, wind and lightning, (iii) damage caused by your failure to follow all installation and operation instructions or manuals or to provide normal maintenance, (iv) damage caused by unauthorized or improper installation of attachments, repairs or modifications, (v) damage caused by a product or component part which we did not design, manufacture, supply or repair, or (vi) any other abuse or misuse by you or any third party.

9. LIMITATION OF LIABILITY: In no event shall we be liable, and you hereby waive any claims against us and release us from liability to you, for any indirect, special, punitive, incidental, or consequential damages whatsoever based upon breach of warranty, breach of contract, negligence, strict tort, or any other legal theory. Excluded damages include, but are not limited to, loss of profits, loss of savings or revenue, loss of use of the Equipment or any associated equipment, cost of capital, cost of any substitute Equipment, facilities or services, downtime, the claims of third parties including customers, and injury to property. This limitation does not apply to claims for personal injury. Some states do not allow limits on warranties, or on remedies for breach in certain transactions. In such states, certain of the limitations in this paragraph and in subparagraph 8(c) may not apply.

10. OWNERSHIP: All drawings, designs and specifications supplied by us have been prepared or assembled by us and are solely our property. Such drawings, designs and specifications have been furnished in order to provide full documentation and on the condition that they shall not be reproduced or copied in any manner whatsoever, in whole or in part, except for your internal use as necessary, and upon the further condition that, as our sole property, they shall not be used, in whole or in part, for furnishing information to others or for any purpose not specifically authorized in a writing signed by one of our corporate officers. These ownership provisions shall not be superseded by any printed form used in connection with or arising out of a sale induced by a proposal or otherwise.

11. PATENT INFRINGEMENT (a) We warrant that the Equipment in the condition sold to you is free of the rightful claim of infringement of any apparatus claims of any third-party U.S. patent issued as of the date of our acknowledgment and acceptance of your order, and we will defend, indemnify and hold you harmless from such claims; provided, however, we make no express or implied warranties of non-infringement and undertake no indemnification in respect of third-party rights where the alleged patent infringement is based upon or related to (i) any method, process or product claims in third-party U.S. patents; (ii) any combination of the Equipment with other equipment not supplied by us; or (iii) any modifications of the Equipment made by you and not approved by us.

(b) You shall notify us within 30 days of your receipt of notice of an alleged third-party patent infringement claim that would entitle you to patent infringement indemnification pursuant to paragraph 11(a), and we shall thereupon assume defense of the claim at our expense. We shall have the sole right to settle or otherwise compromise such a third-party claim, including but not limited to the right to either (i) modify the Equipment to avoid infringement if you are agreeable to the modification, (ii) repurchase the Equipment from you at a price equal to the then-current fair market value of the Equipment, or (iii) secure rights by assignment or license to permit continued use of the Equipment.

(c) If a third party charges us with patent infringement relating to Equipment sold by us to you, we shall have the right to either (i) modify the Equipment to avoid infringement if you are agreeable to the modification, (ii) repurchase the Equipment from you at a price equal to the then-current fair market value of the Equipment, or (iii) secure rights by assignment or license to permit continued use of the Equipment. If a third party charges us with patent infringement on the bases set forth in paragraph 11(a)(i), (ii) or (iii), you shall hold us harmless for all expenses and awards of damage assessed against us, and we shall also have the right to modify or repurchase the Equipment or to secure rights for continued use by way of assignment or license as set forth in this paragraph.

(d) Our total, cumulative liability under paragraphs 11(a), (b) and/or (c) is limited to 100% of the price paid to us by you for the Equipment.

12. SAFETY AND HEALTH STANDARDS: The Equipment described herein (or on the specifications provided herewith) complies with applicable safety and health standards issued pursuant to the Occupational Safety and Health Act of 1970 (the Act) and in effect on this date as such standards are interpreted and understood by us. These standards may be amended and/or their meaning may be clarified prior to shipment or performance, and if such change or clarification requires changes in the Equipment described herein, we shall make the necessary changes available to you. You shall pay for any and all such changes at our prices therefor in effect at time of shipment or performance, as the case may be. Because actual compliance by employers with the Act is beyond our control, we cannot and do not represent that the use of the Equipment described herein, nor the location, installation or maintenance thereof, will comply with the Act or regulations and standards issued pursuant thereto. We make no representation of compliance with safety and health standards contained in any statute, regulations or ordinance of any state or political subdivision thereof applicable to the Equipment described herein unless you have notified us of the existence and contents of such standards and we have agreed in writing to the incorporation of such standards in the specifications relating to such Equipment. Nothing in this provision shall

operate to modify or affect in any manner whatsoever our disclaimer of any liability for consequential damages contained elsewhere in these terms and conditions of sale.

13. INSPECTION: Upon prior written notice, you may make reasonable inspections of Equipment at our facility. We reserve the right to determine the reasonableness of the request and to select an appropriate time and location for such inspection. You agree to execute appropriate confidentiality provisions upon our request prior to visiting our facility. All costs of inspection shall be solely determined by us and shall be payable by you. No inspection or expediting by you at the facilities of our suppliers is authorized.

14. SOFTWARE PROVISIONS: If software is provided hereunder, you are granted a nonexclusive, royalty free license only for your use of the software provided with our Equipment. Under this license you may: (i) use our software in machine readable object code only and only with the Equipment provided; (ii) copy our software into any machine readable object code form for back up purposes in support of your use of our software on the Equipment provided; and (iii) create one additional copy of the software for archival purposes only. This license may not be assigned, sublicensed or otherwise transferred by you without our prior written consent. You hereby recognize and acknowledge that the software provided to you hereunder comprises valuable trade secret and/or copyright property of Alfa Laval [or its licensor] and you covenant that you will take adequate precautions against access to the software by, or disclosure of the software to, anyone not authorized hereunder to use or have access to the software.

15. TIME LIMIT FOR BRINGING SUIT: Any action you file against us, whether for breach of contract, including but not limited to breach of warranty, or for negligence or strict tort, must be commenced within 90 days following the expiration of the Warranty Period.

16. MODIFICATION OF TERMS: The terms and conditions of sale set forth herein are an integral part of our proposal and/or confirmation of order. These terms shall not be deemed altered or modified by printed or other "standard" terms in a purchase order, acceptance or similar document. Our confirmation or acknowledgment of any order is with the express understanding that all printed or other "standard" language on any such documents submitted by you will be entirely disregarded to the extent that it varies from the terms and conditions of this proposal/order which may be modified only by typed or handwritten language in the body of your order, acceptance or similar document, together with a written acknowledgment and acceptance of such modification by us.

17. LIMITATION ON WARRANTIES: THE WARRANTIES SET FORTH HEREIN ARE IN LIEU OF ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING AN IMPLIED WARRANTY OF MERCHANTABILITY, AN IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND AN IMPLIED WARRANTY OF NONINFRINGEMENT. WE HEREBY EXPRESSLY EXCLUDE FROM THIS CONTRACT THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND THE IMPLIED WARRANTY OF NONINFRINGEMENT. OUR WARRANTIES AND LIABILITIES HEREUNDER ARE LIMITED AS STATED HEREIN.

18. APPLICABLE LAW: Any controversy or claim arising out of the contract or the breach thereof shall be finally decided with binding effect on both parties by the courts of Virginia and in accordance with the laws of the Commonwealth of Virginia, without giving effect to the provisions thereof relating to conflict of laws.

THE EQUIPMENT AND PARTS DESCRIBED IN THESE TERMS AND CONDITIONS OF SALE MAY CAUSE INJURY IF NOT OPERATED PROPERLY AND FOR THIS REASON ALL OPERATORS SHOULD BECOME THOROUGHLY FAMILIAR WITH THE OPERATING INSTRUCTIONS BEFORE OPERATING THE EQUIPMENT.





REGULAR MEETING
February 15, 2022
MINUTES

President Glenn Miller called to order the Regular Meeting of the East Valley Reclamation Authority at 1:01 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*
Reymundo Trejo – General Manager, *Indio Water Authority*
Holly Gould – EVRA Clerk of the Board, *Valley Sanitary District*
Ron Buchwald – Engineering Services Manager, *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 October 19, 2021 **Recommendation:** Approve

It was moved by Treasurer Teague, seconded by Vice President Coleman, and unanimously carried to adopt the Consent Calendar as submitted.

4. ADMINISTRATIVE ITEMS

4.1 Election of Officers for Calendar Year 2022

Selection of East Valley Reclamation Authority Officers Nominations Results:

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

4.2 Receive and File Fiscal Year 2020/21 Audited Financial Statements

Brian Kinder, IWA Manager of Finance & Customer Service, gave a PowerPoint presentation

and reported on the Audited Financial Statements for Fiscal Year 2020/21. He stated that the total net position for all EVRA totaled \$318,435, increasing \$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, an increase of \$3,626 from the prior year. The capital expense for the Recycled Water Treatment Injection Project came in at \$126,166. The auditors had no findings for this fiscal year. Their opinion is that the annual financial reports are presented fairly in all material respects. The financial position of EVRA and the reports conform with accounting principles generally accepted in the United States.

Vice President Miller motioned to receive and file the Fiscal Year 2020/21 Audited Financial Statements. Treasurer Teague seconded the motion. Motion carried by roll call vote:

AYES: Coleman, Holmes, Miller, Teague

NOS: None

4.3 Receive and File Fiscal Year 2021/22 Midyear Budget Report

Brian Kinder, IWA Manager of Finance & Customer Service, gave a PowerPoint presentation and reported on the Fiscal Year 2021/22 Midyear Budget Report. He summarized EVRA's financial condition as of December 31, 2021. Staff recommended 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 a golf course near the existing VSD facilities.

Treasurer Teague made a motion to receive and file the Fiscal Year 2021/22 Midyear Budget Report. Secretary Holmes seconded the motion. Motion carried by roll call vote:

AYES: Coleman, Holmes, Miller, Teague

NOS: None

4.4 Budget Process for Fiscal Year 2022/23

After discussion, it was decided that Indio Water Authority will continue as the fiscal agent for the East Valley Reclamation Authority Joint Powers Authority, and Valley Sanitary District will continue to be responsible for the administrative functions. Treasurer Teague mentioned that as the project advances and more of the public gets involved, we may need to move the meeting venue to the City of Indio Council Chambers to allow more room.

4.5 Recycled Water Project Update

Reymundo Trejo, General Manager for Indio Water Authority, reported that at the last meeting, it was recommended to create a Technical Advisory Committee (TAC). TAC will help build stakeholder support and for other local agencies to share their experience. Members from Indio Water Authority (IWA), Valley Sanitary District (VSD), Coachella Valley Water District (CVWD), and Mission Springs Water District (MSWD) had their kick-off meeting at the beginning of

February 2022. Staff provided the committee with background on the project and where the project is at with respect to the studies that have been conducted. Mr. Trejo stated it was a great meeting. CVWD was able to provide good insight on putting together recycled water projects. To date, the project has done studies on spreading and injection. As part of the CEQA and grant funding processes, the project will explore two more alternatives. One of the alternatives is to see what benefits are already occurring through the percolation of VSD's discharge into the stormwater channel. The other is to look at any future grown with potential irrigation use. By next week, staff will have a draft RFP ready for review. By the end of this year, the hope is to have a cost estimate for the instrumentation that will be required to measure if percolation is occurring in the stormwater channel. Beverli Marshall, General Manager for Valley Sanitary District, informed the board of a planning grant that is available for a multi-use project that she thinks this project would qualify for. She also discussed the point where this project may become a VSD project due to VSD's NPDES permit; however, the regional partnership would still remain and would work together.

5. GENERAL MANAGERS' REPORT

Mr. Trejo stated that he has had great conversations with Ms. Marshall. She has welcomed him on as General Manager of IWA. He also said that he feels blessed to be part of this team.

President Coleman asked Ms. Marshall to share the funding source that VSD will likely be used to fund their Recycled Water Project. Ms. Marshall stated that VSD will hopefully be using Bank of America to fund the \$61 million project. She said that Bank of America had earmarked \$1 trillion for projects with an energy component. Moving forward, this would be something to keep in mind for the EVRA project.

6. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS

Secretary Homes commented that this was a great meeting, and she always appreciates the conversations had by this board. President Coleman congratulated the City and IWA on their new General Manager, Reymundo Trejo. He also congratulated Brian Kinder on his new hire, Javier Estrada. He stated that IWA has a vibrant team.

7. ADJOURN

There being no further business to discuss, the meeting **ADJOURNED** at 2:04 p.m.

Holly Gould
EVRA Clerk of the Board
Approved: