

**AGENDA**  
**East Valley Reclamation Authority**  
**March 3, 2020**  
**2:30 p.m.**  
**45-500 Van Buren Street, Indio**

**1. CALL TO ORDER**

- 1.1 Roll Call: Director William Teague (*Valley Sanitary District*)  
Mayor Pro Tem Elaine Holmes (*City of Indio*)  
Director Dennis Coleman (*Valley Sanitary District*)  
Mayor Glenn Miller (*City of Indio*)

- 1.2 Pledge of Allegiance

**2. PUBLIC COMMENT**

*This is the time set aside for public comment on any matter not appearing on the agenda. If you wish to speak, please complete a "request to speak" form and limit your comments to three minutes (forms are located in the board room at Valley Sanitary District).*

**3. CONSENT CALENDAR:**

- 3.1 Minutes of October 28, 2019

- 3.2 Warrants

**4. ADMINISTRATIVE ITEMS:**

- 4.1 Election of Officers **Recommendation:** Approve

- 4.2 Fiscal Year 2018/19 Audited Financial Statements Final **Recommendation:** Receive/File

- 4.3 Fiscal Year 2019/20 Midyear Budget Report Final **Recommendation:** Receive/File

- 4.4 Budget Process for Fiscal Year 2020/21

- 4.5 Recycled Water Project Update

**5. GENERAL MANAGERS' REPORTS**

**6. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS**

**7. ADJOURN**

**NEXT MEETING:** TBD  
**Location:** Valley Sanitary District

Agenda packets are available on the City's website at [www.indio.org](http://www.indio.org) and on the Valley Sanitary District website at [www.valley-sanitary.org](http://www.valley-sanitary.org).

Materials related to an item on this Agenda submitted after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the Indio City Hall Administration Building at 100 Civic Center Mall, Indio, during normal City business hours and during the meeting as well as the offices of Valley Sanitary District located at 45500 Van Buren Street Indio.

DECLARATION OF POSTING

I, Holly Gould, EVRA Clerk of the Board, do hereby declare that the foregoing agenda was posted on the outside entry to the Valley Sanitary District, 45-500 Van Buren Street, Indio on February 27, 2020.

*Holly Gould*

Holly Gould, EVRA Clerk of the Board

PUBLIC NOTICE

The Valley Sanitary District is handicapped accessible. Persons with disabilities can receive the agenda in an alternative format and should call the Board Clerk's office at 760-238-5400. Notification 48 hours prior to a meeting will enable the District to make reasonable arrangements to ensure accessibility to that meeting (28 CFR 35.102.35 104 ADA Title 11).

EAST VALLEY RECLAMATION AUTHORITY

**SPECIAL MEETING  
OCTOBER 28, 2019  
MINUTES**

President William Teague called to order the Special Meeting of the East Valley Reclamation Authority at 3:00 p.m. in the Valley Sanitary District Board Room located at 45-500 Van Buren Street, Indio, California.

**ROLL CALL:**

**DIRECTORS PRESENT:** President William Teague (*Valley Sanitary District*)  
Vice President Oscar Ortiz (*City of Indio*)  
Secretary Dennis Coleman (*Valley Sanitary District*)

**ABSENT:** Treasurer Elain Holmes (*City of Indio*)

**STAFF PRESENT:** Beverli A. Marshall – General Manager, *Valley Sanitary District*  
Trish Rhay – General Manager, *Indio Water Authority*  
Holly Gould – EVRA Clerk of the Board, *Valley Sanitary District*  
Brian Kinder – Manager of Finance & Customer Service, *Indio Water Authority*  
Adekunle Ojo – Principal Management Analyst, *Indio Water Authority*  
Mario Camacho – Senior Water Engineer, *Indio Water Authority*

**PUBLIC COMMENT - NONE.**

**1. CONSENT CALENDAR**

- a. Minutes of March 5, 2019 & June 27, 2019
- b. Warrants

It was moved by Vice President Ortiz, seconded by Secretary Coleman to **ADOPT** the consent Calendar as submitted, by the following vote. Treasurer Holmes abstained.

**AYES:** *Coleman, Ortiz, Teague*

**NOES:** *None*

**ABSENT:** *None*

**ABSTAIN:** *Holmes*

**2. ADMINISTRATIVE ITEMS**

- a. Presentation by Indio Water Authority General Manager on Recycled Water Options

Indio Water Authority (IWA) General Manager, Trish Rhay, presented the EVRA Board with the two new water supply options that were supported by her council; a surface water project and a recycled water project. The recycled water project would be the

project that the EVRA board would be involved with due to the use of wastewater effluent produced by Valley Sanitary District. The effluent would be treated and spread (groundwater infiltration) at Valley Sanitary District. This is the most cost-effective option to recharge the regional water supply. There was a discussion regarding whether spreading could be an option due to the geology of the land. President Teague stated that the clay layer could pose a problem. It was agreed that feasibility study needs to be done. Both General Manager of IWA and VSD stated that they will bring the project back before their Boards to request the funding to move forward with the next step of the process.

b. Adopt Resolution Appointing the Clerk of the Board for 2020

It was moved by Secretary Coleman, seconded by Treasurer Holmes and unanimously carried by roll call vote to adopt Resolution No. 2019-16 to appoint Holly Gould as Clerk of the Board for East Valley Reclamation Authority until December 31, 2020.

**AYES:** Coleman, Holmes, Ortiz, Teague

**NOES:** None

**ABSENT:** None

**ABSTAIN:** None

**“RESOLUTION OF THE EAST VALLEY RECLAMATION AUTHORITY ADOPTING A CLERK OF THE BOARD”**

**3. GENERAL MANAGERS’ REPORT**

None

**4. AUTHORITY BOARD MEMBER COMMENTS AND/OR QUESTIONS**

Secretary Coleman expressed his pleasure with the way the new General Manager of Indio Water Authority and Valley Sanitary District work together. Treasurer Holmes agreed.

Ms. Marshall stated that she greatly appreciates working with Ms. Rhay and feels they work well together.

**ADJOURN**

There being no further business to discuss, the meeting **ADJOURNED** at 3:55 p.m.

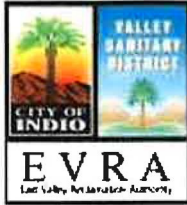
**Holly Gould**  
**EVRA Clerk of the Board**

CHECK DATE	CHECK NUMBER	VENDOR NAME	INVOICE	DESCRIPTION	G/L NUMBER	PROJECT	PERIOD/ YEAR	AMOUNT
11/20/2019	12367	223 CITY OF INDIO	1905VA	7/12 PAYROLL ACCURED 6/30	050-0000-202.10-10		5/2020 Total	107.65 107.65
11/20/2019	12410	2979 VALLEY SANITARY DISTRIC	5868	10/28 EVRA MEETING	050-4711-471.11-10		5/2020 Total	200.00 200.00
02/12/2020	12762	223 CITY OF INDIO	66246	10/28 EVRA MEETING	050-4711-471.11-10		8/2020 Total	215.30 215.30
					3 Checks	** Fund Total		522.95

Warrant Register for East Valley Reclamation Authority

Approved by:   
Brian M. Kinder, Manager of Finance

Date: 2/20/ 2020



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

Board of Directors Meeting  
March 3, 2020

**FROM:** EVRA JPA Staff

**SUBJECT:** Fiscal Year 2018-19 Audited Financial Statements

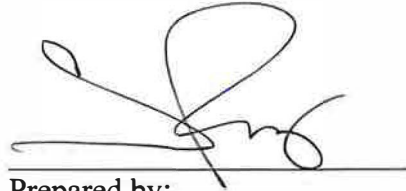
**RECOMMENDED MOTION:** Receive and File

**SUMMARY:** The East Valley Reclamation Authority (EVRA) is required to have an independent auditor conduct a financial audit each fiscal year. For the fiscal year ended June 30, 2019, the firm of Lance, Soll & Lunghard LLP conducted the audit. It is their opinion that the annual financial reports present fairly in all material respects, the financial position of EVRA and the reports are in conformity with accounting principles generally accepted in the United States.

Financial Highlights

- Total Net Position for all EVRA funds totaled \$205,589, an increase of \$48,648 from the prior fiscal year.
- Non-Operating revenues totaled \$52,621. This is \$2,621 higher than the prior year.
- Operating expenses totaled \$3,973, a decrease of \$2,836 from the prior fiscal year.


The auditors had no findings for this fiscal year.



Prepared by:

Trish Rhay  
IWA General Manager

	<b>Account Number</b>	<b>Dollars</b>
Costs associated with this action		\$0.00
Current Fiscal Year Budget		\$0.00

<b>Legal Review</b>		N/A
City of Indio Review	Trish Rhay	
Valley Sanitary District	Beverli Marshall	



CITY OF INDIO, CALIFORNIA  
EAST VALLEY RECLAMATION AUTHORITY  
JUNE 30, 2019

FINANCIAL STATEMENTS

Focused  
on YOU



**EAST VALLEY RECLAMATION AUTHORITY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**



EAST VALLEY RECLAMATION AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the East Valley Reclamation Authority, (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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.



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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the East Valley Reclamation Authority, as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 24, 2019

**EAST VALLEY RECLAMATION AUTHORITY**

**STATEMENT OF NET POSITION  
JUNE 30, 2019**

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**Assets:**

Current Assets:

Cash and investments	\$ 205,567
Accounts receivable, net	330
<b>Total Assets</b>	<b>205,897</b>

**Liabilities:**

Current Liabilities:

Accounts payable	308
<b>Total Liabilities</b>	<b>308</b>

**Net Position:**

Unrestricted	205,589
<b>Total Net Position</b>	<b>\$ 205,589</b>

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

**EAST VALLEY RECLAMATION AUTHORITY**

**STATEMENT OF EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Operating Expenses:</b>	
General and administrative	\$ 3,973
<b>Total Operating Expenses</b>	<u>3,973</u>
Operating Loss	<u>(3,973)</u>
<b>Nonoperating Revenues:</b>	
Investment earnings	2,621
Contributions from member agencies	<u>50,000</u>
<b>Total Nonoperating Revenues</b>	<u>52,621</u>
Change in Net Position	48,648
Net Position at the Beginning of the Year	<u>156,941</u>
<b>Net Position at the End of the Year</b>	<u><u>\$ 205,589</u></u>

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

**EAST VALLEY RECLAMATION AUTHORITY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Cash Flows from Operating Activities:**

Cash paid for general and administrative costs	\$ (4,815)
<b>Net Cash Used for Operating Activities</b>	<b><u>(4,815)</u></b>

**Cash Flows from Non-Capital Financing Activities:**

Contributions from member agencies	50,000
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b><u>50,000</u></b>

**Cash Flows from Investing Activities:**

Investment earnings	2,621
<b>Net Cash Used for Investing Activities</b>	<b><u>2,621</u></b>
Net Increase in Cash and Cash Equivalents	47,806

Cash and Cash Equivalents, July 1	157,761
<b>Cash and Cash Equivalents, June 30</b>	<b><u>\$ 205,567</u></b>

**Reconciliation of Operating Loss to Net Cash Used for Operating Activities:**

Operating loss	\$ (3,973)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	
(Increase) in accounts receivable	(289)
(Decrease) in accounts payable	(553)
Total Adjustments	<u>(842)</u>
<b>Net Cash Used for Operating Activities</b>	<b><u>\$ (4,815)</u></b>

**Non-Cash Investing Activities:**

Unrealized gain on investments	\$ 2,621
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The notes to financial statements are an integral part of this statement.

## EAST VALLEY RECLAMATION AUTHORITY

### NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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#### Note 1: Summary of Significant Accounting Policies

##### a. Organization

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

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

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

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

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

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

##### b. Measurement Focus and Basis of Accounting

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

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

EAST VALLEY RECLAMATION AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

**c. Use of Estimates**

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

**d. Capital Assets**

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

The following schedule summarizes capital asset useful lives:

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

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

**e. Net Position**

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

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

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

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

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



**EAST VALLEY RECLAMATION AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019**

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**Note 2: EVRA Project and Financing**

The EVRA was created to develop and implement a planning, programming, funding, construction, and operation strategy for a joint reclaimed/recycled water facility which will provide either recycled water for non-potable use or treated water for groundwater replenishment.

The EVRA is currently in the planning stages of the reclaimed/recycled water facility project and is focusing on joining a recycled water association for increased collaboration and a reclaimed water project and seeking grant funding for future projects. The IWA and the VSD are each responsible for 50% of the EVRA's costs and expenses, except that VSD is responsible for 100% of the costs and expenses associated with the design and construction of facilities for VSD's compliance with any permit terms. There are currently no ongoing projects or budgets for projects.

**Note 3: Cash and Investments**

EVRA's funds are included as part of the City of Indio Water Authority's cash. EVRA currently does not have any investments. The EVRA has \$205,567 invested in the City's pooled cash fund. Future EVRA investments may be deposited within the City of Indio's investment portfolio and will be subject to the City's investment policy. Disclosures regarding the City's investment portfolio are included in the City's Comprehensive Annual Financial Report.

**Note 4: Member Contributions**

Members paid the following amounts during the fiscal year ended June 30, 2019:

<u>Member</u>	<u>Contributions from Member Agencies</u>
City of Indio through the Indio Water Authority	\$ 25,000
Valley Sanitary District	25,000
Totals	<u>\$ 50,000</u>

**Note 5: Commitments and Contingencies**

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



December 24, 2019

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

We have audited the financial statements of the East Valley Reclamation Authority (the "Authority") for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 24, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant Audit Findings**

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

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2018-2019. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

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

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





CPAs and Accountants

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

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 24, 2019.

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

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

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

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

### **New Accounting Standards**

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2018-2019 audit:

*GASB Statement No. 83, Certain Assets Retirement Obligations.*

*GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.*

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2019-2020

*GASB Statement No. 84, Fiduciary Activities.*

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

Fiscal year 2020-2021

*GASB Statement No. 87, Leases.*

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

Fiscal year 2021-2022

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



LEGAL AND ADVISORY

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

**Restriction on Use**

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

Very truly yours,

*Lane, Soll & Loughard, LLP*

Brea, California



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the East Valley Reclamation Authority (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 24, 2019.

#### Internal Control over Financial Reporting

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

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

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

#### Compliance and Other Matters

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





CPA AND ADVISORS

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

**Purpose of this Report**

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

*Lane, Soll & Lughard, LLP*

Brea, California  
December 24, 2019

**EAST VALLEY RECLAMATION AUTHORITY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2019**

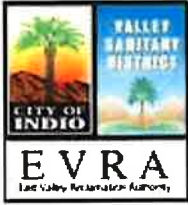
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**SECTION I – CURRENT YEAR FINDINGS**

No matters were reported.

**SECTION II – PRIOR YEAR FINDINGS**

No matters were reported.



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

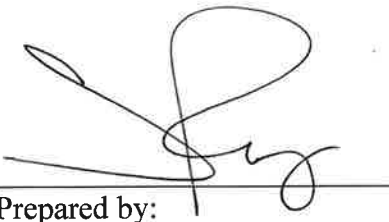
Board of Directors Meeting  
March 3, 2020

**FROM:** EVRA JPA Staff


**SUBJECT:** Fiscal Year 2019-20 Midyear Budget Report

**RECOMMENDED MOTION:** Receive and File

**SUMMARY:** The fiscal year 2019-20 budget for the EVRA was adopted on June 26, 2019. A Midyear Budget Report is presented to the Board for review and approval for period ending December 31, 2019.

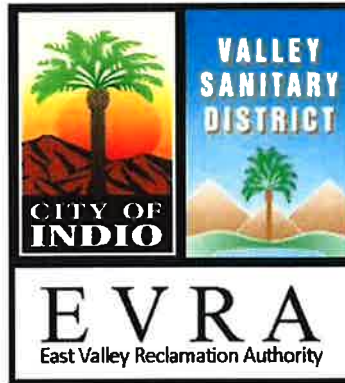
  
 Prepared by:

Trish Rhay  
IWA General Manager

	<b>Account Number</b>	<b>Dollars</b>
Costs associated with this action		\$0.00
Current Fiscal Year Budget		\$0.00
<b>Legal Review</b>		N/A 
City of Indio Review	Trish Rhay	
Valley Sanitary District	Beverli Marshall	



**Beverli Marshall**  
Valley Sanitary District  
General Manager



**Trish Rhay**  
Indio Water Authority  
General Manager

March 3, 2020

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

***SUBJECT: FY 2019-20 Midyear Budget Report***

Board members:

The attached Midyear FY 2019-20. Budget Report summarizes EVRA's financial condition as of December 31, 2019.

EVRA is looking forward to an eventful fiscal year 2019-20. EVRA will aggressively explore grant funding for upcoming projects that will allow for reclaimed/recycled water in the City of Indio, and evaluate goals and opportunities of the EVRA along with key strengths of each agency to allow for increased efficiency and synergy.

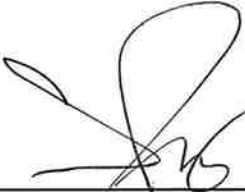
Included attachments:  
ATTACHMENT A – Revenue and Expenditure Summary

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

Respectfully submitted,

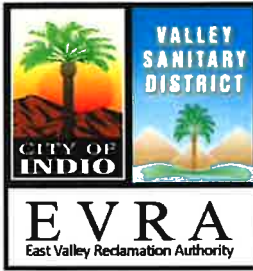
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Beverli Marshall,  
Valley Sanitary District  
General Manager



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Trish Rhay,  
Indio Water Authority  
General Manager



**EAST VALLEY  
RECLAMATION AUTHORITY**

**Fiscal Year 2019-2020  
Budget Report  
Revenue and Expenditure Summary  
from July 1, 2019 to December 31, 2019**

	<b>Budget FY 2019-20</b>	<b>Year to Date as of December 31, 2019</b>
<b>REVENUE</b>		
Indio Water Authority	\$ 25,000	\$ -
Valley Sanitary District	<u>25,000</u>	<u>-</u>
 Total Revenue	 \$ 50,000	 \$ -
<b>REVENUE SUMMARY</b>		
<u>Source of Funds</u>		
Program Revenue	\$ 50,000	\$ -
Prior Year Fund Balance	156,941	205,589
Interest	-	612
Reserve	<u>-</u>	<u>-</u>
Total Revenue	\$ 206,941	\$ 206,201
<b>EXPENSES / USE OF FUNDS</b>		
Board Stipends	\$ 2,400	200
Professional Services/ Legal Services	10,000	-
Feasibility Study	75,000	-
Audit Fees	3,500	-
Travel and Training	10,000	-
Dues and Publications	2,000	-
Office Supplies	<u>600</u>	<u>-</u>
Total Expenditures	\$ 103,500	\$ 200
 Estimated Total Liabilities & Fund Equity	 \$ 103,441	 \$ 206,001
 Estimated Unrestricted Cash Balance	 \$ 103,441	 \$ 206,001
Estimated Restricted Cash Balance	-	-