



CITY OF INDIO, CALIFORNIA MEASURE X FUND JUNE 30, 2020

FINANCIAL STATEMENTS

Focused
on YOU



CITY OF INDIO, CALIFORNIA
MEASURE X FUND

FINANCIAL STATEMENTS

JUNE 30, 2020

CITY OF INDIO, CALIFORNIA
MEASURE X FUND

JUNE 30, 2020

TABLE OF CONTENTS

| | <u>Page Number</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| FINANCIAL STATEMENTS | |
| Balance Sheet | 3 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | 4 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual | 5 |
| Notes to Financial Statements..... | 6 |
| SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule – By Project | 10 |
| OTHER REPORTS | |
| Independent Auditors' Report on Compliance with Applicable Requirements and on Internal Control over Compliance | 11 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 13 |



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Indio, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure X Fund (the Fund) of the City of Indio, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund'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 financial position of the Fund as of June 30, 2020, and the changes in financial position and budgetary information for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and Members of the City Council
City of Indio, California

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund and are not intended to present fairly the financial position and results of operations of the City in conformity 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The budgetary comparison schedule by project is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule by project is the responsibility of management and was derived from and relates 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 budgetary comparison schedule by project is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

Brea California
January 6, 2021

CITY OF INDIO, CALIFORNIA

MEASURE X FUND
BALANCE SHEET
JUNE 30, 2020

Assets:

| | |
|--------------------------------------|----------------------------|
| Pooled cash and investments (Note 4) | \$ 6,776,341 |
| Due from other governments (Note 6) | <u>2,068,737</u> |
| Total Assets | <u>\$ 8,845,078</u> |

Liabilities and Fund Balance:

Liabilities:

| | |
|-------------------|------------------|
| Accounts payable | \$ <u>29,198</u> |
| Total Liabilities | <u>29,198</u> |

Fund Balance:

| | |
|-------------------------------------------|----------------------------|
| Assigned for Measure X | <u>8,815,880</u> |
| Total Fund Balance | <u>8,815,880</u> |
| Total Liabilities and Fund Balance | <u>\$ 8,845,078</u> |

See accompanying notes to financial statements.

CITY OF INDIO, CALIFORNIA

MEASURE X FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

Revenues:

| | |
|----------------------------|--------------------------|
| Taxes | \$ 11,165,773 |
| Intergovernmental (Note 7) | <u>196,433</u> |
| Total Revenues | <u>11,362,206</u> |

Expenditures:

| | |
|--------------------------------------|-------------------------|
| Current: | |
| Public safety | 9,100 |
| Public works | <u>4,194,053</u> |
| Total Expenditures | <u>4,203,153</u> |
| Excess of Revenues over Expenditures | 7,159,053 |

Other Financing Sources (Uses):

| | |
|--------------------------------------|----------------------------|
| Transfers out (Note 5) | <u>(4,496,115)</u> |
| Net Change in Fund Balance | 2,662,938 |
| Fund Balance, Beginning of the Year | <u>6,152,942</u> |
| Fund Balance, End of the Year | <u>\$ 8,815,880</u> |

See accompanying notes to financial statements.

CITY OF INDIO, CALIFORNIA

MEASURE X FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------------------------------|-------------------------|-------------------|---------------------|---------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 11,308,000 | \$ 11,430,000 | \$ 11,165,773 | \$ (264,227) |
| Intergovernmental | - | - | 196,433 | 196,433 |
| Total Revenues | 11,308,000 | 11,430,000 | 11,362,206 | (67,794) |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 1,028,700 | 1,028,700 | 9,100 | 1,019,600 |
| Community development | 271,988 | 271,988 | - | 271,988 |
| Public works | 5,404,884 | 6,204,551 | 4,194,053 | 2,010,498 |
| Total Expenditures | 6,705,572 | 7,505,239 | 4,203,153 | 3,302,086 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,602,428 | 3,924,761 | 7,159,053 | 3,234,292 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | (9,904,031) | (9,482,530) | (4,496,115) | 4,986,415 |
| Net Change in Fund Balance | (5,301,603) | (5,557,769) | 2,662,938 | 8,220,707 |
| Fund Balance, Beginning of the Year | 6,152,942 | 6,152,942 | 6,152,942 | - |
| Fund Balance, End of the Year | \$ 851,339 | \$ 595,173 | \$ 8,815,880 | \$ 8,220,707 |

See accompanying notes to financial statements.

**CITY OF INDIO, CALIFORNIA
MEASURE X FUND**

**NOTES TO FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Note 1: Description of the Reporting Entity

The City of Indio's (the City) Measure X Fund (the Fund) was formed to account for resources received and used from the City's Measure X Transactions and Use Tax. The City performs all administrative and accounting functions. The accounting policies of the Fund are in conformity with generally accepted accounting principles in the United States applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. Complete financial statements of the City can be obtained from the City's Finance Department.

Note 2: Summary of Significant Accounting Policies

a. Fund Accounting

To ensure the proper identification of individual revenue sources and the expenditures made from those revenues, the Fund is organized on the basis of an individual fund which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as follows:

Governmental Fund Type

As with all governmental funds, the Measure X Fund is accounted for on a spending or "current financial resources" measurement focus which means that current assets and current liabilities are generally included on its balance sheet. The reported fund balance is the net current assets, which is considered only to be a measure of "available spendable resources."

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined, and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts which could not be measured or were not available were not accrued as revenue in the current fiscal year. Expenditures under the modified accrual basis of accounting are generally recorded at the time liabilities are incurred.

c. Fund Balance

Governmental fund balance represents the net current assets of the fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. The fund balance is designated as assigned for the purposes allowable under the provisions of the Measure X ballot measure.

**CITY OF INDIO, CALIFORNIA
MEASURE X FUND**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Note 3: Stewardship, Accountability, and Compliance

Before the beginning of the fiscal year, the City Manager submits to the City Council a proposed budget for the year commencing the following July 1. Public hearings are then conducted to obtain taxpayer comments and the budget is subsequently adopted through passage of a resolution.

All appropriated amounts are as originally adopted or as amended by the City Council and lapse at year-end. Encumbrances and continuing appropriations are rebudgeted on July 1 by Council action. Original appropriations may be modified by supplementary budget revisions and transfers among budget categories. The City Council approves all budget changes at the department level. The City Manager is authorized to make budget transfers within departments.

Note 4: Pooled Cash and Investments

The Fund participates in the City's pooled cash and investments (the pool). The June 30, 2020, cash and investment balance of \$3,544,382 represents the Fund's share of the pool. Information relating to the City's cash and investments can be found in the City's financial statements.

Note 5: Interfund Transfers

For the fiscal year ended June 30, 2020, the Measure X Fund transferred \$4,496,115 to the City's Capital Projects Fund and other City Funds for costs associated with capital projects, debt service payments, and other expenditures. A detailed breakdown of the transfers and their associated Departments and projects is as follows:

| Department | Project Type | Amount |
|------------------------|---------------------------------------|---------------------|
| Public Works | Street projects | \$ 1,354,553 |
| Public Works | Park projects | 420,587 |
| Public Works | Public safety buildings | 652,184 |
| Public Works | Public safety vehicles | 300,000 |
| Information Technology | CAD/ERP software | 609,305 |
| Non-Departmental | Judgment Obligation Bond debt service | 1,159,486 |
| Total | | <u>\$ 4,496,115</u> |

Note 6: Due from Other Governments

Due from other governments represents various receivables from other governmental agencies, the details of which are described below.

| Source | Receivable | Amount |
|---------------------------------------------|------------------------------------------------------------|---------------------|
| Coachella Valley Association of Governments | Funding for Jackson St. Interchange | \$ 1,705 |
| Coachella Valley Association of Governments | Funding for Citywide Street Maintenance/Ave. 48 Restriping | 23,454 |
| Sales Tax / Transactions & Use Tax | Measure X Taxes | 2,043,578 |
| Total | | <u>\$ 2,068,737</u> |

**CITY OF INDIO, CALIFORNIA
MEASURE X FUND**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Note 7: Intergovernmental Revenues

The Measure X Fund receipted a total of \$196,433 of intergovernmental revenues received from Coachella Valley Association of Governments (CVAG) to partially fund various projects. A breakdown of the projects partially funded by CVAG is as follows:

| Project | Amount |
|------------------------------------------------|-------------------|
| Jackson St. Signal | \$ 1,705 |
| Citywide Street Maintenance/Ave. 48 Restriping | 192,334 |
| Calhoun St. Improvements | 2,394 |
| Total | <u>\$ 196,433</u> |

SUPPLEMENTARY INFORMATION

CITY OF INDIO, CALIFORNIA

MEASURE X FUND
BUDGETARY COMPARISON SCHEDULE
BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2020

| | Final Budget | Actual | Variance Over / (Under) |
|--------------------------------------------------------|----------------------|---------------------|------------------------------------|
| Project Description: | | | |
| Public Safety Buildings (Fire & Police) | \$ 2,100,000 | \$ 652,184 | \$ (1,447,816) |
| Enterprise Resource Planning, Munis ERP/CAD | 609,305 | 609,305 | - |
| Judgment Obligation Bond | 1,168,931 | 1,159,486 | (9,445) |
| ERICA Radio Replacements | 1,000,000 | - | (1,000,000) |
| Police Vehicles | 300,000 | 300,000 | - |
| Downtown Project | 200,000 | - | (200,000) |
| Generators | 277,200 | - | (277,200) |
| Park Improvements (Various) | 1,625,000 | 402,440 | (1,222,560) |
| Dr Carreon Park Improvements | 25,000 | 18,148 | (6,852) |
| South Jackson Park & Soccer Park Improvements | 652,500 | - | (652,500) |
| Citywide Street Improvements | 5,400,000 | 4,102,983 | (1,297,017) |
| Jefferson Street Interchange | 150,000 | 105,208 | (44,792) |
| Jackson Street Interchange | 300,000 | 333,752 | 33,752 |
| Monroe Street Interchange | 300,000 | 312,595 | 12,595 |
| Jackson Street Signal | 292,148 | 252,039 | (40,109) |
| Monroe Street & Ave 41 Signal | 100,000 | 20,073 | (79,927) |
| Jefferson Street & Ave 48 Signal | 320,000 | 46,168 | (273,832) |
| Dillon Road Emergency Repairs | 94,160 | 86,437 | (7,723) |
| Ave 44 Low Water Crossing Emergency Repairs | 26,620 | 24,200 | (2,420) |
| Jackson Street Bridge @ Storm Channel | 636,566 | - | (636,566) |
| North Indio Pavement Improvements | 719,111 | - | (719,111) |
| Avenue 48 Bike Lanes | 178,829 | - | (178,829) |
| PY Madison Street Improvements | 218,130 | 172,913 | (45,217) |
| PY Fire Fighter Cancer Screening | 28,000 | 9,100 | (18,900) |
| PY Hermann Design Group Park Design | 4,590 | 1,124 | (3,466) |
| PY NAI Consultants Design Access Imprv S. Jackson Park | 19,340 | - | (19,340) |
| PY Keyser Martson Feasibilit Study | 71,988 | - | (71,988) |
| PY Citywide Street Maintenance | 89,945 | 89,945 | - |
| PY Calhoun Street Improvements | 80,406 | 1,168 | (79,238) |
| Total | \$ 16,987,769 | \$ 8,699,268 | \$ (8,288,501) |



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Indio, California

Report on Compliance for the Measure X Ballot Measure

We have audited the City of Indio, California, (the City)'s compliance with the compliance requirements described in the provisions of the City's Measure X Ballot Measure for the year ending June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the provisions of the Measure X Ballot Measure.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance with the provisions of the Measure X Ballot Measure. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *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 noncompliance with the types of compliance requirements referred above that could have a direct and material effect on the City have occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the City. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Measure X Fund for the year ending June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal controls over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.



To the Honorable Mayor and Members of the City Council
City of Indio, California

Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the provisions of the City's Measure X Ballot Measure. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
January 6, 2021



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 Honorable Mayor and Members of the City Council
City of 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 Measure X Fund (the Fund) of the City of Indio, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 6, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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



To the Honorable Mayor and Members of the City Council
City of 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Loughard, LLP

Brea, California
January 6, 2021