



CITY OF INDIO, CALIFORNIA MEASURE X FUNDS

JUNE 30, 2021

FINANCIAL STATEMENTS

Focused
on YOU



CITY OF INDIO, CALIFORNIA
MEASURE X FUND

FINANCIAL STATEMENTS

JUNE 30, 2021

CITY OF INDIO, CALIFORNIA
MEASURE X FUND

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Measure X Fund (the "Fund"), a special revenue fund of the City of Indio, California, (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2021, and the changes in financial position and budgetary comparison statement for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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.

Responsibilities of Management for the Financial Statements

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Responsibilities

Required Supplementary Information

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

Supplementary 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information



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

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, 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 February 21, 2022 on our consideration of the City's internal control over the Fund's 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 the Fund's 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 the Fund's financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
February 21, 2022

CITY OF INDIO, CALIFORNIA

MEASURE X FUND
BALANCE SHEET
JUNE 30, 2021

Assets:

Pooled cash and investments (Note 4)	\$ 17,309,044
Due from other governments (Note 6)	<u>2,823,305</u>
Total Assets	<u><u>\$ 20,132,349</u></u>

Fund Balance:

Assigned for Measure X	<u>\$ 20,132,349</u>
Total Fund Balance	<u><u>\$ 20,132,349</u></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, 2021

Revenues:

Taxes	<u>\$ 13,969,983</u>
Total Revenues	<u>13,969,983</u>

Expenditures:

Current:	
Public works	<u>146,911</u>
Total Expenditures	<u>146,911</u>
Excess of Revenues over Expenditures	13,823,072

Other Financing Sources (Uses):

Contribution to City (Note 5)	<u>(2,506,603)</u>
Net Change in Fund Balance	11,316,469
Fund Balance, Beginning of the Year	<u>8,815,880</u>
Fund Balance, End of the Year	<u><u>\$ 20,132,349</u></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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 13,969,983	\$ 13,969,983
Total Revenues	-	-	13,969,983	13,969,983
Expenditures:				
Current:				
Public works	-	-	146,911	(146,911)
Total Expenditures	-	-	146,911	(146,911)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	13,823,072	13,823,072
Other Financing Sources (Uses):				
Contribution to City	(3,601,385)	(3,601,385)	(2,506,603)	1,094,782
Net Change in Fund Balance	(3,601,385)	(3,601,385)	11,316,469	14,917,854
Fund Balance, Beginning of the Year	8,815,880	8,815,880	8,815,880	-
Fund Balance, End of the Year	\$ 5,214,495	\$ 5,214,495	\$ 20,132,349	\$ 14,917,854

See Accompanying Notes to Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021**

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.

The City did not adopt a budget for the Measure X Fund for the fiscal year ended June 30, 2021.

Note 4: Pooled Cash and Investments

The Fund participates in the City's pooled cash and investments (the pool). The June 30, 2021, cash and investment balance of \$17,309,044 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: Contribution to City

For the fiscal year ended June 30, 2021, the Measure X Fund transferred \$2,506,603 to the City's Capital Projects Fund and other City Funds for costs associated with capital projects, debt service payments, and other expenditures.

Note 6: Due from Other Governments

Due from other governments represents receivables for Measure X taxes not receipted at June 30, 2021, in the amount of \$2,823,305.

SUPPLEMENTARY INFORMATION

CITY OF INDIO, CALIFORNIA

MEASURE X FUND
 BUDGETARY COMPARISON SCHEDULE
 BY PROJECT
 FOR THE YEAR ENDED JUNE 30, 2021

Project Description:	Final Budget	Actual	Variance Over / (Under)
Judgment Obligation Bond	\$ 1,171,270	\$ 1,163,180	\$ (8,090)
ERICA Radio Replacements	1,000,000	-	(1,000,000)
Monroe Street & Ave 41 Signal	175,115	-	(175,115)
Jackson Street Bridge @ Storm Channel-Seismic Retrofit	50,000	-	(50,000)
Transformative Climate Communities Plan	5,000	-	(5,000)
Public Safety Campus	1,000,000	868,034	(131,966)
Ladder Truck Fire Department	200,000	-	(200,000)
PY Design Access Imprv. S. Jackson Park	-	5,464	5,464
PY Desert Concepts Park Renovation Project	-	139,051	139,051
PY Dr Carreon Park Improvements	-	7,029	7,029
PY Public Safety Building	-	323,845	323,845
PY Citywide Street Maintenance	-	146,911	146,911
Total	\$ 3,601,385	\$ 2,653,514	\$ (947,871)



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

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

Report on Compliance

Opinion on the Measure X Fund

We have audited the compliance of the Measure X Fund (the "Fund"), a special revenue fund of the City of Indio, California (the "City") with the types of requirements described in the City Council's Measure X Ordinance (the "Ordinance") for the year ended June 30, 2021.

In our opinion, the City complied, in all material respects, with the types of compliance that could have a direct and material effect on the requirements referred to above applicable to the Fund for the year ended June 30, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements described in the Ordinance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Fund and the City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Fund's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Ordinance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting



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

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements described in the Ordinance.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the compliance requirements referred to above, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Ordinance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance of the Measure X Fund

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 on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



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

Purpose of this Report

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 described in the Ordinance. Accordingly, this report is not suitable for any other purpose.

Lance, Soll & Lingham, LLP

Brea, California
February 21, 2022



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"), a special revenue fund of the City of Indio, California (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated February 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over the Fund's 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 & Lingham, LLP

Brea, California
February 21, 2022