

CITY OF INDIAN WELLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

Prepared by the Finance Department

Kevin McCarthy, Finance Director
Susan Leong, Senior Accountant
Norma Rojo, Accounting Technician III/Payroll
Amy Dallosta, Accounting Technician II
Daisy Amezcua, Accounting Technician I

44-950 Eldorado Drive, Indian Wells, California 92210-7497
Telephone: 760-346-2489 – Fax: 760-346-0407

www.cityofindianwells.org

**CITY OF INDIAN WELLS, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2016**

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December 14, 2016

The Comprehensive Annual Financial Report for the City of Indian Wells

Honorable Mayor and City Council

We are pleased to present the City of Indian Wells Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This transmittal letter provides a non-technical summary of the City's finances, services, achievements, and economic prospects.



A narrative introduction and analysis of the financial statements is found in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A complements this letter of transmittal and should be read in conjunction with it. The notes, along with the other financial and operational data included in the CAFR, provide a complete understanding of the City's financial position as of June 30, 2016 and the respective changes in financial position.

The CAFR is prepared in accordance with accounting principles generally accepted in the United States of America. The accuracy of the data, the completeness and fairness of the presentation and the adequacy of its disclosures, rests with the City's management. This includes the design, implementation and maintenance of internal controls over the preparation and fair presentation of financial statements are free from material misstatement and for assurance the assets of the City are protected from loss, theft or misuse. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute assurance the financial statements are free from any material misstatements. We believe the information presented is complete and reliable in all material respects.

Government Code 26909 (a) requires the City, as a local agency of the County, contract with a certified public accountant to perform an annual audit of the accounts and records of the City and the audit conform to Generally Accepted Auditing Standards. Further, Government Code 26909 (b) states an audit report shall be filed with the State

Controller and with the County Auditor in which the district is located within 12 months of the end of the fiscal year. This report is published to fulfill these requirements for the fiscal year ending June 30, 2016.

Vavrinek, Trine, Day & Co, LLP, Certified Public Accountants issued an unmodified opinion on the City of Indian Wells financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation.

Profile of the Government

The City of Indian Wells, incorporated in 1967, is located 120 miles east of Los Angeles in the eastern portion of Riverside County known as the Coachella Valley. Its pristine natural setting, upscale residential country clubs, first-class resorts, championship golf courses, and abundance of leisure and cultural activities distinguish the Indian Wells community. The City boasts 5,412 full-time residents spread over 15.04 square miles. An additional 4,000 to 5,000 part-time residents call Indian Wells home during the winter season.

Indian Wells operates under the City Council/City Manager form of Government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and four other members, all elected on a non-partisan basis. Council members serve four-year terms and are elected at large. The City Council appoints the City Manager and City Attorney.

The City Manager heads the executive branch of the government, implements policies as directed and established by the City Council, and manages the administrative and operational functions utilizing City staff. The City provides a full range of services, including police and fire protection, construction and maintenance of streets and infrastructure, planning and community development, building and safety, recreational activities, arts and culture, and parks.

The biennial budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt the biennial budget resolution by July 1. These budgets are presented on a basis consistent with generally accepted accounting principles.

Outstanding Community Benefits



The City of Indian Wells offers an outstanding quality of life, numerous cultural and social activities, a cohesive and innovative city government, luxurious hotel properties, and championship golf at the Indian Wells Golf Resort.

Moreover, the City supports many major sporting and cultural events throughout the year. These include the BNP Paribas Open, the largest ATP World Tour and

WTA combined two-week event in the world, held at the Indian Wells Tennis Garden, Desert Town Hall, Indian Wells Arts Festival, and the Desert Lexus Jazz Festival. The Living Desert Zoo, one of the Coachella Valley's leading attractions, is situated in Indian Wells and neighboring Palm Desert.

Indian Wells enjoys one of the lowest crime rates and quickest public safety response rates in the Coachella Valley thanks to diligent law enforcement and fire/paramedic services. The Joslyn Center offers a wide variety of activities appealing to many interests and energy levels.

Indian Wells boasts a very successful resident benefit program. With an Indian Wells Resident Benefit Card, residents enjoy select discounts at the Indian Wells Golf Resort, Indian Wells Tennis Garden, and all four Indian Wells hotel properties. Other special events include a resident-only Wild Lights evening at The Living Desert, art exhibitions and lectures, complimentary tickets to the BNP Paribas Open and Desert Town Hall, resident social gatherings, community patriotic events, and much more.

Factors Affecting Financial Condition

The City continues to see overall economic stability and expansion. Most major revenues are advancing along with the overall economy. The housing market is healthy and along with it the City's property tax revenue. Building activity is returning, and tourism and travel are strong.

Over the next five-year period, General Fund expenditures are expected to increase at a faster rate than General Fund revenues, leading to an annual decrease in the amount of excess revenues over expenditures. Long-term cash flows anticipate conservative revenue growth of approximately 2.7% per year. The growth is largely inflationary in nature, although small growth should continue from expanding hotel room rates and tennis tournament attendance.

The operating cost projections represent current service levels. The analysis does not assume any changes in staffing levels, police services, current maintenance and landscaping levels, and other City services. Over the next five-year period, Staff expects to see operating cost increases of approximately 3.0% per year. Cost increases reference historical trends and are largely inflationary in nature.

Strategic Goals and Priorities

The purpose of strategic planning is to anticipate the future, envision what the organization must become to operate effectively in the future, and make plans for moving the organization from what it is to what it needs to become to be successful.

The Strategic Plan identifies strategic issues, establishes broad goals, and states general priorities. The Indian Wells strategic planning effort coordinates organizational priorities on a citywide basis. During their strategic planning process, Council identified a list of issues facing the City and worked to prioritize the list to focus the City's efforts in the upcoming budget cycle.

1. Implement Strategies to Improve the City's Long Term Fiscal Position
2. Encourage and Expand Economic Development Opportunities
3. Beautify the Highway 111 Corridor
4. Five Year Strategic Plan for the Indian Wells Golf Resort
5. City Park Facility
6. Landscape and Lighting Maintenance District Connection to Mid-Valley Pipeline

Recent Accomplishments

Residential Communities

- Contracted Winn Residential as the new management company for the residential communities developments

Capital Improvements

- Completed Highway 111 Parkway Landscape Improvements along Highway 111 west of Mountain View Villas Phase 2 site
- Completed the landscape conversion portion of the Water Conservation Project and received a rebate of \$47,000 from Coachella Valley Water District
- Completed the Village area utility underground project – District No. 2

Conservation

- Implemented drought tolerant guidelines for residential landscaping
- Converted Indian Wells Lane water fountains to non-potable water
- Conducted Conservation workshop and approved temporarily suspension of the City's approval process of front yard landscaping during the State emergency drought



Financial

- Received Government Finance Officers Association CAFR Award
- Received Government Finance Officers Association Budget Award
- Received California Municipal Treasurer Association Investment Policy Certification
- Created new budget format
- Awarded five-year contract to Vavrinek, Trine, Day and Co. for audit services

Indian Wells Tennis Garden

- Indian Wells Tennis Garden Stadium 1 renovation
- Presenting Sponsor of the Desert Lexus Jazz Festival

Personnel

- Negotiated and approved two-year Memorandum of Understanding with the Indian Wells City Employees Association for fiscal year 2015/2016 and 2016/2017

Other Accomplishments

- Upgraded business license software and added a citizen transparency solution for easier public access on the City's website
- Completed Carl Bray Monument
- Expedited Permitting Process for Small Residential Rooftop Solar Systems
- Amended Resident Benefit Card policy by adding full-time resident category
- Streamlined Resident Benefit Card Renewal by modifying software program
- Installed digital smartboard in Executive Conference Room to assist with meeting and training events

- Contracted Riverside County Fire Department to perform fire inspections and plan checks
- Implemented municipal code modifications relating to rain gutters, scuppers and down spouts on residential buildings
- Approved Public Input Process on CV Link Project
- Approved demolition and future reconstruction of 45-300 Club Drive Building
- Held 1st IW Modernism Tour.
- Redesigned city's www.cityofindianwells.org website
- Established a Tourism/Marketing Strategic Plan
- Increased growth of city newsletter advertising
- Held successful Community Activities events for residents
- Approved Grants in Aid Funding for Fiscal Year 2015-2016
- Implemented the Disadvantage Business Enterprise Agreement (DBE) which activates the City's eligibility for State and Federal transportation grants
- Updated Council Lobby with new furniture and paint
- Installed street sign safety cables at the intersection of Cook Street/Highway 111 and Village Center Drive/Highway 111
- Approved Economic Development Plan
- Prohibited cannabis dispensaries, manufacturers, cultivation, and delivery
- Added an Emergency Services Coordinator
- Repaired concrete walkway and landscaping at the fire station entrance

Document Structure

In addition to the fund-by-fund financial information presented in the City's financial statements, the Government-wide Financial Statements are presented. The Government-wide Financial Statements include a Statement of Net Position provides the total net equity of the City including infrastructure, and the Statement of Activities shows the cost of providing government services.

These statements are further analyzed in a narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions affecting the financial condition of the City.

The Comprehensive Annual Financial Report (CAFR) includes the financial activity for all funds of the City. The City provides a wide range of services including planning, building, public works, engineering, maintenance, and general administrative activities. Contracted services include police and fire protection, and landscape maintenance.

The following governmental agencies provide services to the citizens of the City of Indian Wells are excluded from this report because the City does not have financial

accountability over these agencies: State of California and its departments, County of Riverside and its departments, Cove Communities Services Commission, Coachella Valley Association of Governments, Riverside County Transportation Commission, Riverside County Waste Management District, Desert Sands Unified School District, County Superintendent of Schools, Coachella Valley Unified School District, Desert Community College District, Coachella Valley Mosquito and Vector Control District, Coachella Valley Water District, SunLine Transit Agency, Greater Palm Springs Convention and Visitors Bureau, and the Desert Resorts Regional Airport Authority.

Established Financial Controls

The framework of internal controls is designed to provide reasonable, but not absolute assurance these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Independent Audit

An annual independent audit of the City's financial statements was conducted. The accounting firm of Vavrinek, Trine, Day & Co, LLP, was appointed by the City Council and reported to the Finance Committee to perform the annual audit. The auditors' report on the basic financial statements, as well as the combining and individual fund statements and schedules is included in the financial section of this report.

Annual Internal Control Review

The City is responsible for ensuring an adequate internal control structure is in place. The internal control structure is subject to constant evaluation by the management of the City and annual review by independent auditors. Reviews determine the adequacy of the internal control structure, as well as to determine if the City complied with applicable laws and regulations. The results of the City's annual audit for the fiscal year ended June 30, 2016 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Accounting Controls

In the public sector, a city government maintains a variety of "funds" which provide the basis for separately recording the financial data related to a specific activity. A fund is an accounting entity with a complete set of self-balancing accounting records. Each fund is established due to some restriction on the use of the resources received by fund. In the private sector, a corporation may have many subsidiaries which make up the parent corporation. Likewise, in the public sector, all of the funds make up the complete financial resources of the City. This report includes the transactions of all

entities over which the City Council has authority (as defined by the Governmental Accounting Standards Board).

The City's accounting system operates on a modified accrual basis of accounting for all governmental and agency type funds. Under the modified accrual basis of accounting, revenues are recorded when received in cash or accrued when they are both measurable and collectible within the accounting period or soon enough after the end of the period to pay liabilities of the period. Expenditures other than interest or long-term debt, are recorded when liabilities are incurred. At year-end, the City prepared the required entries necessary to report the City's financial position and activities on an accrual basis of accounting, which recognizes revenues when earned, and expenses when incurred.

In addition to maintaining funds to record accounting transactions, internal controls exist within the accounting system to ensure the safety of assets from misappropriation, unauthorized use or disposition, and to maintain the accuracy of financial record keeping. These internal controls must be established consistent with sound management practices based upon the cost/benefit of the controls imposed. The cost of a control should not be excessive to its derived benefit as viewed by City management. The internal controls in existence at the City of Indian Wells are sufficient to ensure, in all material respects, both the safety of the City's assets and the accuracy of the financial record keeping system.

Certificate of Award for Outstanding Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Indian Wells for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The City of Indian Wells has won this award for 25 consecutive years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The Comprehensive Annual Financial Report of the City of Indian Wells for the fiscal year ended June 30, 2016 is hereby presented. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities are included.

Acknowledgments

The preparation of this report was made possible by the dedicated work of the Finance Department staff. I appreciate the efforts of the City Council for providing the resources and preserving the City's framework of internal controls. Finally, I wish to express my appreciation for the efforts of Vavrinek, Trine, Day & Co, LLP, Certified Public Accountants for their professionalism in conducting the annual audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Wade G. McKinney".

City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Indian Wells
California**

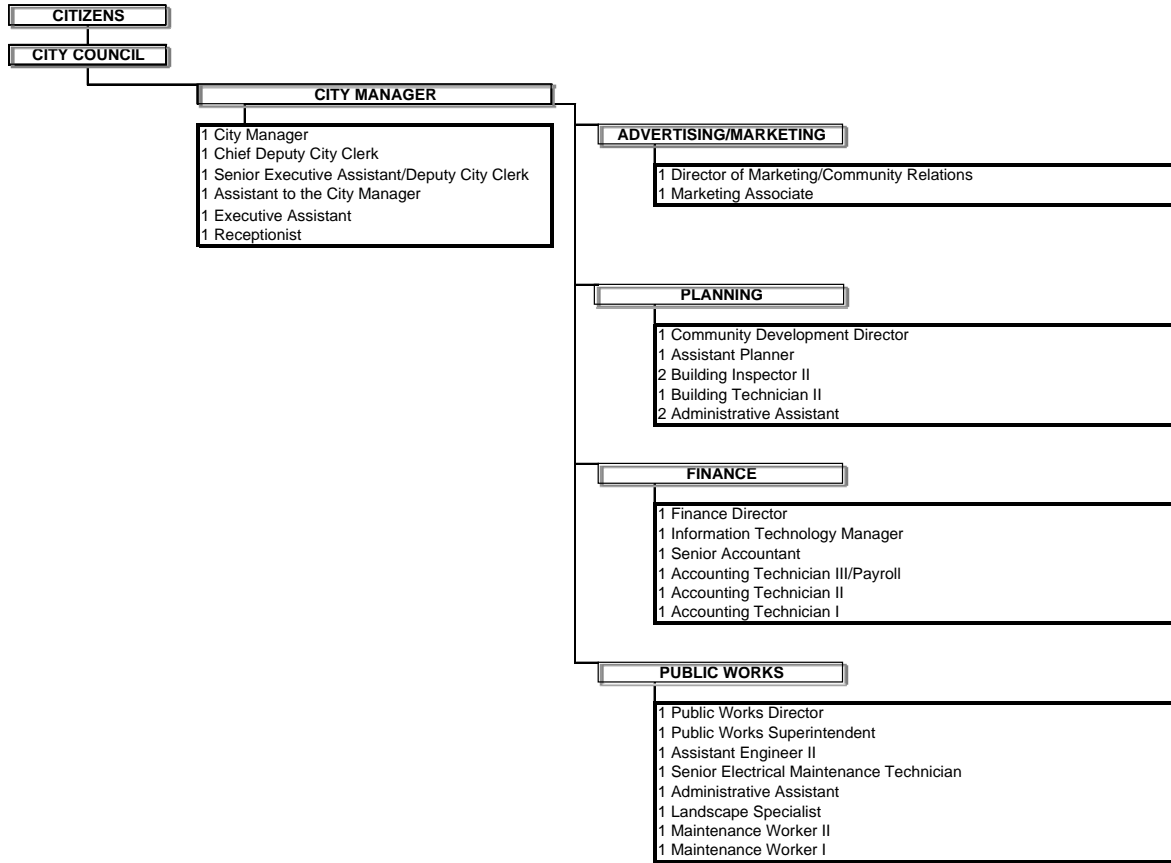
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

**CITY OF INDIAN WELLS
ORGANIZATION CHART**

JUNE 30, 2016



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2016

Council – Manager Form of Government

City Council

Dana Reed
Mayor

Richard Balocco
Mayor Pro Tem

Douglas Hanson
Council Member

Ted J. Mertens
Council Member

Ty Peabody
Council Member

City Administration

Wade G. McKinney
City Manager

Kevin McCarthy, Finance Director
Nancy Sarpa-Samuels, Marketing/Public Relations Director
Ken Seumalo, Public Works Director



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of City Council
City of Indian Wells, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Indian Wells, California, (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

As described in Note 2 to the financial statements, the City reported the Golf Resort and Club Drive Property operations as enterprise funds, effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20, schedule of proportionate share of net pension liability on page 77, schedule of plan contributions on page 78, other post-employment benefit plan schedule of funding progress on page 79, budgetary comparison information on pages 80 through 82 and related notes on page 83, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were 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 combining and individual non-major fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Riverside, California
December 14, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the City of Indian Wells, we offer readers of the City of Indian Wells' financial statements this overview and analysis of the City's financial activities for the fiscal year ended June 30, 2016. Management's Discussion and Analysis provides readers with a basic overview of the financial results and financial position of the City of Indian Wells. We encourage readers to consider the information presented here in conjunction with additional information we furnished in the letter of transmittal found on pages i-ix, and the accompanying basic financial statements found on pages 21-36 of the report.

FINANCIAL HIGHLIGHTS

- During fiscal year 2015/16, the City created two Proprietary Funds for the Indian Wells Golf Resort and the Club Drive Property. Financial reporting of the Indian Wells Golf Resort was previously reported as a Special Revenue Fund and the Club Drive Property was part of the City's General Fund.
- The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$312.4 million at the close of the most recent fiscal year. The net position breaks down as follows: \$233.1 million represents investment in capital assets, \$55.3 million represents unrestricted net position, and \$24 million is subject to legal restrictions on their use.
- Capital assets from Governmental Activities net of depreciation decreased \$3.8 million from \$179.4 million to \$175.6 million. The City acquired \$0.3 million in new capital assets during the fiscal year and disposed of \$0.4 million. Depreciation expense was \$3.9 million.
- Capital assets from Business-type Activities net of depreciation decreased \$4.7 million from \$62.2 million to \$57.5 million. The Indian Wells Golf Resort acquired \$0.6 million in new capital assets during the fiscal year and disposed of \$0.1 million. Depreciation expense was \$5.2 million.
- The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2016, in the amount of \$4.8 million.
- Governmental fund balances ended the year totaling \$74.7 million. Of this amount, \$17.9 million constitutes non-spendable fund balances, \$23.9 million are restricted, which are the result of external limitations on spending, \$0.4 million are committed, and \$23.2 are assigned. The remaining \$9.4 million represents unassigned fund balances.
- At the end of the most recent fiscal year, the fund balance in the City's General Fund was \$28.6 million. The fund balance breaks down as follows: non-spendable assets comprise \$17.9 million in notes and loans and \$10.7 million is unassigned. Included in the General Fund unassigned balance is \$2.2 million which has been designated for emergency reserves.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the comprehensive annual financial report contains the following information: *Independent Auditors' Report*, *Management's Discussion and Analysis*, the *Basic Financial Statements*, and the *Supplementary Information* section, an optional section that presents combining and budgetary schedules for individual non-major funds. The *Basic Financial Statements* are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements* and, 3) *Notes to the Financial Statements*. Management's Discussion and Analysis is an introduction to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements - The Government-wide Financial Statements present a broad overview of the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The *Statement of Net Position* includes all City assets (including non-spendable assets like streets, roads and land rights) and liabilities (including long-term liabilities). Current year revenues and expenses are accounted for in the *Statement of Activities*. The two Government-wide Financial Statements report the City's net position.

The ***Statement of Net Position*** presents information on the City's assets, liabilities, and deferred outflows (inflows) with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the government's net position changed during the most recent fiscal year. Any changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported in this statement for some items will only result in cash flows in future fiscal periods. Examples include revenues pertaining to uncollected taxes, and expenses pertaining to earned but unused vacation and sick leave.

Both Government-wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation.

The Government-wide Financial Statements include not only the City of Indian Wells itself (known as the primary government), but also a legally separate maintenance district for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The City of Indian Wells Fire Access Maintenance District No. 1, although also legally separate, functions, for all practical purposes, as a department of the City, and therefore included as an integral part of the primary government. The Government-wide Financial Statements are found in the table of contents under the Financial Section of this report.

Fund Financial Statements - A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The *Fund Financial Statements* provides information about the City's most significant funds (major funds) but not the City as a whole. Some funds are required by State and Federal law or by bond covenants. Other funds are utilized simply to control and manage resources intended for particular purposes. The City of Indian Wells, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than the Government-wide Financial Statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenses, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenses, and changes in fund balances for the major funds of the government. The City maintains individual governmental funds, which are distinguished between major and non-major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Data collected from the non-major governmental funds is combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City chose to report eighteen (18) Landscape and Lighting District funds as the Consolidated LLMD rather than reporting each of the funds separately. The City combines five (5) Gas Tax funds as the Consolidated Gas Tax Fund for this reporting purpose as well.

The City adopts a biennial budget. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds - *Proprietary funds* are used to report the same functions presented as *business-type activities* in the Government-wide Financial Statements. *Internal service funds* are used to accumulate and allocate costs internally among various functions. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail.

Fiduciary funds - The City utilizes *Fiduciary funds* to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. The City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements - The financial statements include the *Notes to the Financial Statements* which provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Financial Statements is critical to a reader's full understanding of the Government-Wide and Fund Financial Statements.

Required Supplementary Information - In addition to the required elements of the Basic Financial Statements, we included a *Supplementary Information* section which includes budgetary information for the General Fund and major special revenue funds and other required schedules for pension and other post-employment benefits which provide additional details about the City's non-major Governmental Funds, Internal Service Funds, and Fiduciary Funds.

Combining and individual fund statements and schedules - Provide information for non-major governmental funds and fiduciary funds and are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the Statement of Net Position (Table 1) and the Statement of Net Activities (Table 2) of the City's governmental activities. As noted earlier, looking at the changes in net position over time may serve as a useful indicator of a government's financial position.

Analysis of the Statement of Net Position

The following table lists a condensed Statement of Net Position as of June 30, 2016 and 2015.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and restricted assets	\$ 82.8	\$ 84.3	\$ 3.7	\$ -	\$ 86.5	\$ 84.3
Capital assets	175.6	241.6	57.5	-	233.1	241.6
Total Assets	258.4	325.9	61.2	-	319.6	325.9
Deferred Outflows of Resources	2.9	0.5	-	-	2.9	0.5
Current Liabilities	2.6	3.7	2.0	-	4.6	3.7
Proportionate share of collective net pension liability	4.7	3.6	-	-	4.7	3.6
Non-current Liabilities	0.5	0.4	-	-	0.5	0.4
Total Liabilities	7.8	7.7	2.0	-	9.8	7.7
Deferred Inflows of Resources	0.4	1.2	-	-	0.4	1.2
Net Position:						
Invested in capital assets	175.6	241.6	57.5	-	233.1	241.6
Restricted						
Community development	2.3	2.2	-	-	2.3	2.2
Housing	13.4	13.6	-	-	13.4	13.6
Emergency services upgrade	3.5	3.7	-	-	3.5	3.7
Public safety	2.6	2.0	-	-	2.6	2.0
Public works	2.2	2.1	-	-	2.2	2.1
Unrestricted	53.5	52.3	1.8	-	55.3	52.3
Total Net Position	\$ 253.1	\$ 317.5	\$ 59.3	\$ -	\$ 312.4	\$ 317.5

During fiscal year 2015/16, the City created two Proprietary Funds for the Indian Wells Golf Resort and the Club Drive Property. Financial reporting of the Indian Wells Golf Resort was previously reported as a Special Revenue Fund and the Club Drive Property was part of the City's General Fund.

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$312.4 million at the close of the most recent fiscal year. Of the total net position, the City's investment in capital assets is \$233.1 million and \$55.3 million represents unrestricted net position available for meeting the City's ongoing obligations to citizens and creditors.

The City restricted \$24 million based on required use. These restricted resources can be used only for those purposes specified by their providers, such as grantors, bondholders, or higher levels of government. It is important to note these resources are constrained by external parties.

Analysis of the Statement of Activities

General Government is comprised of six departments (City Council, City Manager, Advertising & Marketing, City Attorney, Personnel, and Finance) providing general governance, executive management, legal services, records management, risk management, finance, accounting, and information technology services.

Public Safety is comprised of two departments (Police and Fire) providing law enforcement, code enforcement, fire suppression, prevention services, paramedic, medical transport services, and disaster preparedness.

Community Development is comprised of four departments (Planning, Building, Housing Authority, and Residential Communities operations) providing planning, zoning services, economic development services, and building plan check.

Public Works is comprised of three departments (Engineering, Traffic Signals, and Maintenance Services) providing engineering, construction and maintenance of public streets, highways, buildings, and related infrastructure.

Golf Resort reflects the operations at the City's Indian Wells Golf Resort. The Golf Resort accounts for the operation, management, capital replacements, and maintenance of the Indian Wells Golf Resort.

Club Drive is a professional/office building owned by the City and leased to long-term tenants. This Fund is used to account for the operations of the Club Drive rental property.

Table 2 below lists a condensed Statement of Activities for the fiscal years ending June 30, 2016 and 2015.

Table 2
Statement of Activities
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	\$ 1.0	\$ 14.3	\$ 13.0	\$ -	\$ 14.0	\$ 14.3
Operating contributions and grants	7.5	7.4	-	-	7.5	7.4
Capital contributions and grants	0.1	1.8	-	-	0.1	1.8
General Revenues:						
Taxes						
Property taxes	3.0	2.9	-	-	3.0	2.9
Transient occupancy taxes	7.0	6.8	-	-	7.0	6.8
Sales taxes	1.2	1.1	-	-	1.2	1.1
Franchise taxes	0.9	0.9	-	-	0.9	0.9
Business licenses taxes	0.2	0.1	-	-	0.2	0.1
Admission taxes	2.8	2.8	-	-	2.8	2.8
Investment income	2.4	2.2	-	-	2.4	2.2
Other	0.9	1.1	1.9	-	2.8	1.1
Total Revenues	27.0	41.4	14.9	-	41.9	41.4
Expenses:						
General government	7.1	9.3	-	-	7.1	9.3
Public safety	7.9	8.0	-	-	7.9	8.0
Community development	4.5	4.1	-	-	4.5	4.1
Public works	6.5	11.1	-	-	6.5	11.1
Golf resort		13.6	21.0	-	21.0	13.6
Club Drive Building			0.1	-	0.1	-
Total Expenses	26.0	46.1	21.1	-	47.1	46.1
Transfers	(0.8)	-	0.8		-	-
Change in Net Position	\$ 0.2	\$ (4.7)	\$ (5.4)	\$ -	\$ (5.2)	\$ (4.7)
Net Position at Beginning of Year	317.6	326.8	-	-	317.6	326.8
Restatement of Net Position	(64.7)	(4.5)	64.7	-	-	(4.5)
Net Position, as Restated	252.9	322.3	64.7	-	317.6	322.3
Net Position at End of Year	253.1	317.6	59.3	-	312.4	317.6

Revenues:

Governmental Activities

The City collected \$27.0 million during fiscal year 2016/15 compared to \$41.4 million the previous year. The decrease in governmental revenues was due to the creation of two Proprietary Funds for the Indian Wells Golf Resort and Club Drive Property. This business activity was reported as Governmental Activities during the previous fiscal year.

Tourism revenues continued to grow during the fiscal year due to continued expansion of the Indian Wells Tennis Gardens and the BNP Paribas tennis tournament.

- The City collected \$15.1 million in general taxes during fiscal year 2015/16 representing an increase of \$0.5 million compared to the prior year. Revenue growth in this category is primarily due to property tax collections and tourism receipts.
- Investment income grew to \$2.4 million representing an increase of \$0.2 million compared to the prior year.
- The City received \$7.5 million in operating contributions and grants consistent with the prior year's collections.

Business Type Activities

- As a result of this year's activities, the Indian Wells Golf Resort collected \$12.9 million in operating revenues. Revenues from operations include golf fees, food & beverage receipts, and event sales.
- Rental income from the Club Drive property was \$0.1 million. Tenant occupancy remained at 100% during the fiscal year.
- Non-operating revenues reached \$1.9 million during the fiscal year primarily due to the receipt of insurance proceeds from a storm damage claim.

Expenses:

Governmental Activities

- In the current year, expenses for all governmental activities totaled \$26.0 million. The decrease in governmental expenses was due to the creation of two Proprietary Funds for the Indian Wells Golf Resort and the office/professional rental property located on Club Drive.

Business Type Activities

- Indian Wells Golf Resort costs reached \$21.0 million as follows:
 - Operations \$15.8 million
 - General and Administration \$38 thousand
 - Depreciation \$5.2 million

- Club Drive operating costs reached \$0.1 million as follows:
 - Operations \$22 thousand
 - General and Administration \$8 thousand
 - Depreciation \$34 thousand

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The focus of the City's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current fiscal year, the City of Indian Wells' governmental funds reported combined ending fund balances of \$74.7 million as follows:

Table 3
Fund Balances by Category 2015/16

	General Fund	All Other Funds	Total Funds
Nonspendable:			
Prepaid costs	\$ 5,740	\$ -	\$ 5,740
Notes and loans	17,889,192	-	17,889,192
Restricted for:			
Community development	-	15,647,539	15,647,539
Public safety	-	6,065,849	6,065,849
Public works	-	2,201,769	2,201,769
Committed for:			
Capital projects	-	354,335	354,335
Assigned To:			
Capital projects	-	23,199,044	23,199,044
Unassigned:	10,727,499	(1,387,826)	9,339,673
Total Fund Balances	\$ 28,622,431	\$ 46,080,710	\$ 74,703,141

Governmental fund balances ended the year totaling \$74.7 million. Of this amount, \$17.9 million constitutes non-spendable reserves; an additional \$23.9 million are restricted fund balances, which are the result of external limitations on spending.

Approximately \$0.4 million of the governmental fund balances are committed fund balances. Assigned fund balances total \$23.2 million, which are internally imposed limitations placed upon the funds by the Governing Board responsible for adopting the fund budget. The remainder of the fund balance is \$9.3 million representing unassigned fund balances.

Business-type activities The City's intent is to charge fees to customers to cover all or most of the cost of certain services it provides. The Indian Wells Golf Resort and the City's Club Drive Property activities are reported in this category.

**Table 4
Business-Type Activities
Fiscal Year Ending 6/30/2016**

	Golf Resort Operations	Club Drive Property	Total
Operating Revenues:			
Charges for services	\$ 12,918,130	\$ 108,476	\$ 13,026,606
Total Revenues	12,918,130	108,476	13,026,606
Operating Expenditures:			
Operations	15,748,073	22,375	15,770,448
General and Administration	38,130	8,308	46,438
Depreciation	5,220,190	34,459	5,254,649
Total Expenditures	21,006,393	65,142	21,071,535
Operating Income (loss)	(8,088,263)	43,334	(8,044,929)
Non-operating Revenues (Expenses)			
Investment Income (loss)	-	3,095	3,095
Insurance Proceeds	1,850,156	-	1,850,156
Total Non-operating Revenues (Expenses)	1,850,156	3,095	1,853,251
Income (Loss) before transfers	(6,238,107)	46,429	(6,191,678)
Transfers in	831,713	-	831,713
Changes in Net Position	(5,406,394)	46,429	(5,359,965)
Net Position, Beginning of the Year, as restated	63,013,900	1,642,751	64,656,651
Net Position at End of Year	\$ 57,607,506	\$ 1,689,180	\$ 59,296,686

As a result of this year's activities, the Indian Wells Golf Resort collected \$12.9 million in operating revenues. Revenues from operations include golf fees, food & beverage receipts, and event sales. Rental income from the Club Drive Property totaled \$0.1 million. Tenant occupancy remained at 100% during the fiscal year. Non-operating revenues reached \$1.9 million during the fiscal year primarily due to the receipt of insurance proceeds from a storm damage claim.

Expenses at the Indian Wells Golf Resort totaled \$21.0 million. Operating costs totaled \$15.8 million, general and administrative costs totaled \$38 thousand, and depreciation totaled \$5.2 million. Operating expenditures at the Club Drive Property were \$65 thousand.

The General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the fund balance in the General Fund was \$28.6 million of which \$17.9 million is non-spendable notes and loans and \$10.7 million of unassigned fund balance.

Table 5
General Fund Financial Summary

	2016	2015	\$ Change	% Change
Revenues:				
Taxes	\$ 14,828,170	\$ 14,278,250	\$ 549,920	3.9%
Licenses and permits	464,948	476,892	(11,944)	-2.5%
Intergovernmental	456,491	585,085	(128,594)	-22.0%
Charges for services	503,429	526,340	(22,911)	-4.4%
Interest income	122,933	94,150	28,783	30.6%
Fines and forfeitures	51,183	42,166	9,017	21.4%
Rental income	-	98,678	(98,678)	-100.0%
Other income	601,204	646,686	(45,482)	-7.0%
Total Revenues	17,028,358	16,748,247	280,111	1.7%
Expenditures:				
General government	7,549,356	7,708,485	(159,129)	-2.1%
Public safety	3,613,043	3,499,156	113,887	3.3%
Community development	1,545,664	1,001,104	544,560	54.4%
Public works	1,964,963	1,833,952	131,011	7.1%
Capital Reserve Contributions	-	800,000	(800,000)	-100.0%
Total Expenditures	14,673,026	14,842,697	(169,671)	-1.1%
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ 2,355,332	\$ 1,905,550	\$ 449,782	23.6%
Other Financing Sources (Uses)				
Transfer in	7,808	-	7,808	100%
Transfer out	(1,350,000)	(57,397)	(1,292,603)	2252%
Total Expenditures	(1,342,192)	(57,397)	(1,284,795)	2352%
Net Change in Fund Balance	1,013,140	1,848,153	(835,013)	2376%

General Fund revenues increased 1.7% during fiscal year 2015/16 compared to the prior year. Total taxes climbed 3.9% with property taxes, transient occupancy taxes and admissions taxes experiencing the lion's share of the growth. Rental income from the Club Drive Property was removed from the General Fund during fiscal year 2015/16 and is now recorded in its own proprietary fund.

General Fund expenditures decreased \$0.2 million (approximately -1.1%) during fiscal year 2015/16. During fiscal year 2015/16, capital reserve contributions were moved to "Transfers Out" which accounted for the decrease.

See Governmental Fund Financial Statements tab page 24-30.

City Activities

Table 6 presents the cost of each of the City's five largest programs: general government, community development, public safety, public works and golf resort—as well as each program's *net* cost (total cost less revenues generated by the activities).

The net cost shows the financial burden placed on the City's taxpayers by each of these functions.

Table 6
Net Cost of City Activities
(in Millions)

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Government Activities				
General government	\$ 7.1	\$ 9.3	\$ (6.7)	\$ (7.7)
Public safety	7.9	8.0	(3.2)	(3.5)
Community development	4.5	4.1	(3.5)	(3.0)
Public works	6.5	11.1	(4.0)	(8.0)
Total Governmental Activities	<u>26.0</u>	<u>32.5</u>	<u>(17.4)</u>	<u>(22.2)</u>
Business-Type Activities				
Golf resort	21.0	13.6	(8.1)	(0.4)
Other	0.1	-	-	-
Total Business-Type Activities	<u>21.1</u>	<u>13.6</u>	<u>(8.1)</u>	<u>(0.4)</u>
Total Primary Government	<u>\$ 47.1</u>	<u>\$ 46.1</u>	<u>\$ (25.5)</u>	<u>\$ (22.6)</u>

The net cost of services indicates the overall cost of government is greater than the revenues generated to support it from fees and user charges. This is an indication the taxes and general revenues charged by the City are necessary to support its operations.

See the Statement of Activities on page 22-23 for further detail.

Capital Assets

The City continued tracking additions and deletions of capital assets. These additions and deletions took the form of completed Capital Improvement Projects. The primary purpose of including infrastructure assets in the financial statements is to report the total amount of improvements and the amount these assets are depreciated.

The Statement of Net Position includes such infrastructure assets as City-maintained streets, medians, curb and gutter, traffic signals, sidewalks, bridges, artwork, sound walls, bike paths, storm drains, and retention basins. Infrastructure assets, except for land, are depreciated to reflect a net infrastructure amount. The City's investment in capital assets, net of accumulated depreciation, amounted to \$233.1 million at June 30, 2016.

Government Activities

Table 7
Summary of Changes in Capital Assets
Governmental Activities
(in millions)

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 48.7	\$ -	\$ -	\$ 48.7
Construction in progress	0.1	0.1	(0.1)	0.1
Total capital assets not being depreciated	48.8	0.1	(0.1)	48.8
Capital assets, being depreciated:				
Intangible	2.5	-	-	2.5
Buildings and improvements	63.9	-	(0.2)	63.7
Equipment	1.7	-	-	1.7
Infrastructure	110.4	0.3	(0.2)	110.5
Total capital assets being depreciated	178.5	0.3	(0.4)	178.4
Less accumulated depreciation for:				
Intangible	(0.7)	(0.3)	-	(1.0)
Buildings and improvements	(20.2)	(1.6)	-	(21.8)
Equipment	(1.5)	-	-	(1.5)
Infrastructure	(25.5)	(2.0)	0.2	(27.3)
Total accumulated depreciation	(47.9)	(3.9)	0.2	(51.6)
Total capital assets being depreciated, net	130.6	(3.6)	(0.2)	126.8
Total capital assets, net	\$ 179.4	\$ (3.5)	\$ (0.3)	\$ 175.6

The City completed \$0.4 million in new capital assets during the fiscal year. The City spent approximately \$0.2 million to complete a median landscape project and \$0.1 million in various small construction projects and purchase of a city vehicle. Total depreciation is \$3.9 million and deletions were another \$0.2 million. The net investment in capital assets decreased \$3.8 million from \$179.4 million to \$175.6 million.

Business-Type Activities

Table 8
Summary of Changes in Capital Assets
Business-Type Activities
(in millions)

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 14.5	\$ -	\$ -	\$ 14.5
Total capital assets not being depreciated	14.5	-	-	14.5
Capital assets, being depreciated:				
Buildings and improvements	82.5	0.6	(0.1)	83.0
Equipment	5.0	-		5.0
Infrastructure	0.4	-		0.4
Total capital assets being depreciated	87.9	0.6	(0.1)	88.4
Less accumulated depreciation for:				
Buildings and improvements	(35.6)	(4.8)	-	(40.4)
Equipment	(4.5)	(0.4)	-	(4.9)
Infrastructure	(0.1)	-	-	(0.1)
Total accumulated depreciation	(40.2)	(5.2)	-	(45.4)
Total capital assets being depreciated, net	47.7	(4.6)	(0.1)	43.0
Total capital assets, net	\$ 62.2	\$ (4.6)	\$ (0.1)	\$ 57.5

The Indian Wells Golf Resort completed \$0.6 million in new capital assets during the fiscal year which included a replacement pump station, Pavilion lighting, cart path repairs, and replacement lake equipment. Total depreciation is \$5.2 million and deletions were another \$0.1 million. The net investment in capital assets decreased \$4.7 million from \$62.2 million to \$57.5 million. Details of the City's capital assets can be found in Note 8 Capital Assets on pages 54-55 of the Notes to Basic Financial Statements.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2016 is presented in the required supplementary information to the basic financial statements. Revenues continued to outpace budgeted expectations. Actual expenditures were stable in all categories compared to budgeted expectations.

Long-term Debt

At year-end, the City's governmental activities had \$5.2 million of long-term debt.

**Table 9
Summary of Changes in Long-Term Liabilities**

Description	2016	2015	\$ Change	% Change
Net Pension Liability	\$ 4,769,476	\$ 3,597,324	\$ 1,172,152	32.6%
Compensated absences	460,188	420,305	39,883	9.5%
Total Long Term Liabilities	\$ 5,229,664	\$ 4,017,629	\$ 1,212,035	30.2%

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2016, in the amount of \$4.8 million.

The City's net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Miscellaneous Plan as of June 30, 2014 and 2015, was as follows:

Proportion - June 30, 2014	0.1456%
Proportion - June 30, 2015	<u>0.1738%</u>
Change - Increase/(Decrease)	0.0282%

The City had \$0.4 million in compensated absences liability as of June 30, 2016. The City reserves the outstanding compensated absences liability in the Employee Leave Accrual Fund. The long-term strategy of the Employee Leave Accrual Fund is to set aside cash reserves in case of changes in staff. Several different types of paid leave accrue to full-time employees. These include vacation, holiday, administrative leave, sick leave, and compensatory time accruals. The amount of leave employees is eligible to accrue is governed by Memorandum of Understandings (MOUs), personnel contracts, and the Personnel Rules and Regulations.

Economic Factors and Next Year's Budgets and Rates

The City continues to see overall economic stability and expansion. Revenues are advancing along with the overall economy. The housing market is healthy and along with it the City's property tax revenue. Tourism is expanding as new concert events, like Desert Trip, arrive. New construction at the Indian Wells Tennis Gardens continues to increase sales translating into increased admission tax collections.

Over the next five-year period, General Fund expenditures are expected to increase at a faster rate than General Fund revenues, leading to an annual decrease of excess revenues over expenditures. Long-term cash flows anticipate conservative revenue growth of approximately

2.7% per year. The growth is largely inflationary in nature, although small growth should continue from expanding hotel occupancy and tennis tournament attendance.

The operating cost projections represent current service levels. The analysis does not assume any changes in staffing levels, police services, current maintenance and landscaping levels, and other City services. Over the next five-year period, Staff expects to see operating cost increases of approximately 3.0% per year. Cost increases reference historical trends and are largely inflationary in nature.

The 2016/17 Budget is the result of significant teamwork and represents steady and consistent spending. The Budget is fair, smart, and achievable with an objective to provide an effective plan to maintain the City Council goals and the City's core services.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin McCarthy, Finance Director, at the City of Indian Wells, 44-950 Eldorado Drive, Indian Wells, California 92210-7497 or e-mail Kevin McCarthy at:

kmccarthy@indianwells.com

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 49,883,702	\$ 2,703,737	\$ 52,587,439
Receivables:			
Accounts	1,386,626	143,429	1,530,055
Notes and loans	330,909	-	330,909
Accrued interest	62,839	2,414	65,253
Prepaid costs	5,740	175,093	180,833
Inventories	-	726,644	726,644
Due from Successor Agency	28,244,718	-	28,244,718
Net OPEB asset	2,836,790	-	2,836,790
Capital assets not being depreciated	48,787,229	14,456,425	63,243,654
Capital assets, net of depreciation	126,852,157	43,042,176	169,894,333
Total Assets	258,390,710	61,249,918	319,640,628
Deferred Outflows of Resources			
Deferred amounts related to pensions	2,941,935	23,519	2,965,454
Liabilities			
Accounts payable	1,666,873	992,989	2,659,862
Accrued liabilities	268,187	2,615	270,802
Deposits payable	380,551	-	380,551
Due to other governments	335,415	-	335,415
Unearned revenue	-	940,034	940,034
Noncurrent liabilities:			
Due within one year	102,493	-	102,493
Due in more than one year	357,695	-	357,695
Proportionate share of net pension liability	4,731,649	37,827	4,769,476
Total Liabilities	7,842,863	1,973,465	9,816,328
Deferred Inflows of Resources			
Deferred amounts related to pensions	411,051	3,286	414,337
Net Position			
Net investment in capital assets	175,639,386	57,498,601	233,137,987
Restricted for:			
Community development projects	2,294,829	-	2,294,829
Housing	13,352,710	-	13,352,710
Public safety	6,065,849	-	6,065,849
Public works	2,201,769	-	2,201,769
Unrestricted	53,524,188	1,798,085	55,322,273
Total Net Position	\$ 253,078,731	\$ 59,296,686	\$ 312,375,417

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Government Activities				
General government	\$ 7,151,865	\$ 48,263	\$ 456,491	\$ -
Public safety	7,853,892	4,522	4,637,918	-
Community development	4,502,450	968,377	-	-
Public works	6,521,568	27,412	2,364,247	104,869
Total Governmental Activities	26,029,775	1,048,574	7,458,656	104,869
Business-type activities				
Golf Resort Operations	21,006,393	12,918,130	-	-
Club Drive Property	65,142	108,476	-	-
Total Business-type Activities	21,071,535	13,026,606	-	-
Total Primary Government	\$ 47,101,310	\$ 14,075,180	\$ 7,458,656	\$ 104,869

General Revenues

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Admission taxes

Investment Income

Other

Total General Revenues

Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at Beginning of Year, as Restated

Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (6,647,111)	\$ -	\$ (6,647,111)
(3,211,452)	-	(3,211,452)
(3,534,073)	-	(3,534,073)
(4,025,040)	-	(4,025,040)
(17,417,676)	-	(17,417,676)
-	(8,088,263)	(8,088,263)
-	43,334	43,334
-	(8,044,929)	(8,044,929)
\$ (17,417,676)	\$ (8,044,929)	\$ (25,462,605)
3,039,371	-	3,039,371
7,000,096	-	7,000,096
1,217,570	-	1,217,570
922,074	-	922,074
159,981	-	159,981
2,809,000	-	2,809,000
2,392,300	3,095	2,395,395
908,638	1,850,156	2,758,794
18,449,030	1,853,251	20,302,281
(831,713)	831,713	-
199,641	(5,359,965)	(5,160,324)
317,535,741	-	317,535,741
(64,656,651)	64,656,651	-
252,879,090	64,656,651	317,535,741
\$ 253,078,731	\$ 59,296,686	\$ 312,375,417

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
Assets			
Cash and investments	\$ 10,029,515	\$ 2,858,797	\$ 3,361,738
Receivables:			
Accounts	1,094,980	-	114,334
Notes	150,000	-	-
Accrued interest	13,621	3,807	4,476
Prepaid costs	5,740	-	-
Due from other funds	1,396,072	-	-
Due from Successor Agency	17,739,192	10,505,526	-
Total Assets	<u>\$ 30,429,120</u>	<u>\$ 13,368,130</u>	<u>\$ 3,480,548</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,259,209	\$ 4,406	\$ 3,679
Accrued liabilities	249,567	11,014	7,606
Deposits payable	297,913	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total Liabilities	<u>1,806,689</u>	<u>15,420</u>	<u>11,285</u>
Fund Balances			
Nonspendable			
Prepaid costs	5,740	-	-
Notes and loans	17,889,192	-	-
Restricted for			
Community development	-	13,352,710	-
Public safety	-	-	3,469,263
Public works	-	-	-
Committed to			
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	10,727,499	-	-
Total Fund Balance	<u>28,622,431</u>	<u>13,352,710</u>	<u>3,469,263</u>
Total Liabilities and Fund Balances	<u>\$ 30,429,120</u>	<u>\$ 13,368,130</u>	<u>\$ 3,480,548</u>

See accompanying notes to basic financial statements.

Capital Projects Funds

Park Facilities In Lieu	Capital Improvements	Infrastructure Capital Replacement	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,406,652	\$ 8,602,180	\$ 19,067,857	\$ 47,326,739
-	11,648	-	162,260	1,383,222
-	180,909	-	-	330,909
-	4,536	11,455	24,944	62,839
-	-	-	-	5,740
-	-	-	-	1,396,072
-	-	-	-	28,244,718
\$ -	\$ 3,603,745	\$ 8,613,635	\$ 19,255,061	\$ 78,750,239
\$ -	111,862	\$ -	\$ 287,717	\$ 1,666,873
-	-	-	-	268,187
-	-	-	82,638	380,551
-	335,415	-	-	335,415
1,356,887	-	-	39,185	1,396,072
1,356,887	447,277	-	409,540	4,047,098
-	-	-	-	5,740
-	-	-	-	17,889,192
-	-	-	2,294,829	15,647,539
-	-	-	2,596,586	6,065,849
-	-	-	2,201,769	2,201,769
-	-	-	354,335	354,335
-	3,156,468	8,613,635	11,428,941	23,199,044
(1,356,887)	-	-	(30,939)	9,339,673
(1,356,887)	3,156,468	8,613,635	18,845,521	74,703,141
\$ -	\$ 3,603,745	\$ 8,613,635	\$ 19,255,061	\$ 78,750,239

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CITY OF INDIAN WELLS, CALIFORNIA

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Fund Balances of Governmental Funds		\$	74,703,141
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets net of related accumulated depreciation have not been included as financial resources in governmental fund activity			175,639,386
Compensated absences are not considered due and payable and therefore have not been included in the governmental funds			(460,188)
Deferred outflows related to pensions			
Contributions made after measurement date	\$	2,566,489	
Adjustment due to differences in proportions		<u>375,446</u>	2,941,935
Deferred inflows related to pensions			
Changes in assumptions		(273,794)	
Net difference between projected and actual earnings in pension plan investments		<u>(137,257)</u>	(411,051)
Proportionate share of net pension liability has not been included in governmental fund activity			(4,731,649)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities of the statement of net position			<u>5,397,157</u>
Net Position of Governmental Activities		\$	<u><u>253,078,731</u></u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
Revenues			
Taxes	\$ 14,828,170	\$ -	\$ 2,692,279
Licenses and permits	464,948	-	-
Intergovernmental	456,491	-	-
Charges for services	503,429	-	-
Investment income	122,933	46,050	55,128
Fines and forfeitures	51,183	-	-
Rental income	-	-	-
Assessments	-	-	604,778
Developer fees	-	-	-
Other income	601,204	-	11,715
Total Revenues	<u>17,028,358</u>	<u>46,050</u>	<u>3,363,900</u>
Expenditures			
Current:			
General government	7,549,356	332,674	-
Public safety	3,613,043	-	3,201,861
Community development	1,545,664	-	-
Public works	1,964,963	-	-
Capital outlay	-	-	17,500
Total Expenditures	<u>14,673,026</u>	<u>332,674</u>	<u>3,219,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,355,332</u>	<u>(286,624)</u>	<u>144,539</u>
Other Financing Sources (Uses)			
Transfers in	7,808	-	-
Transfers out	(1,350,000)	-	-
Total Other Financing Sources (Uses)	<u>(1,342,192)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,013,140	(286,624)	144,539
Fund Balances, Beginning of Year, as Restated	<u>27,609,291</u>	<u>13,639,334</u>	<u>3,324,724</u>
Fund Balances, End of Year	<u>\$ 28,622,431</u>	<u>\$ 13,352,710</u>	<u>\$ 3,469,263</u>

See accompanying notes to basic financial statements.

Capital Projects				
Park Facilities In Lieu	Capital Improvements	Infrastructure Capital Replacement	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 319,922	\$ 17,840,371
-	-	-	1,602	466,550
-	-	-	503,250	959,741
-	-	-	-	503,429
-	56,671	141,583	305,543	727,908
-	-	-	27,412	78,595
-	-	-	1,629,432	1,629,432
-	-	-	3,177,673	3,782,451
32,688	-	-	96,366	129,054
-	172,313	-	123,406	908,638
32,688	228,984	141,583	6,184,606	27,026,169
-	126,267	-	-	8,008,297
-	-	-	1,336,135	8,151,039
-	-	-	1,538,585	3,084,249
-	-	-	2,458,752	4,423,715
-	388,393	-	154,019	559,912
-	514,660	-	5,487,491	24,227,212
32,688	(285,676)	141,583	697,115	2,798,957
-	72,181	1,350,000	-	1,429,989
-	-	-	(911,702)	(2,261,702)
-	72,181	1,350,000	(911,702)	(831,713)
32,688	(213,495)	1,491,583	(214,587)	1,967,244
(1,389,575)	3,369,963	7,122,052	19,060,108	72,735,897
\$ (1,356,887)	\$ 3,156,468	\$ 8,613,635	\$ 18,845,521	\$ 74,703,141

CITY OF INDIAN WELLS, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Total Governmental Funds		\$	1,967,244
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital projects (outlays) as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period			
Capital expenditures (net of disposals)	\$	(102,981)	
Depreciation expense		<u>(3,703,304)</u>	(3,806,285)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds			
			(39,883)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts			
			2,107,594
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities			
			<u>(29,029)</u>
Change in net position of governmental activities		\$	<u>199,641</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	Business-Type Activities			Governmental Activities
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Assets				
Current Assets				
Cash and investments	\$ 2,402,722	\$ 301,015	\$ 2,703,737	\$ 2,556,963
Receivables:				
Accounts	143,428	1	143,429	-
Accrued interest	2,013	401	2,414	3,404
Prepaid costs	175,093	-	175,093	-
Inventories	726,644	-	726,644	-
Total Current Assets	<u>3,449,900</u>	<u>301,417</u>	<u>3,751,317</u>	<u>2,560,367</u>
Noncurrent Assets				
Net OPEB Asset	-	-	-	2,836,790
Capital assets, not being depreciated	13,910,956	545,469	14,456,425	-
Capital assets, net of depreciation	42,195,352	846,824	43,042,176	-
Total Noncurrent Assets	<u>56,106,308</u>	<u>1,392,293</u>	<u>57,498,601</u>	<u>2,836,790</u>
Total Assets	<u>59,556,208</u>	<u>1,693,710</u>	<u>61,249,918</u>	<u>5,397,157</u>
Deferred Outflows of Resources				
Deferred amounts related to pension	<u>18,406</u>	<u>5,113</u>	<u>23,519</u>	<u>-</u>
Liabilities				
Current Liabilities				
Accounts payable	992,764	225	992,989	-
Accrued liabilities	2,134	481	2,615	-
Unearned revenue	940,034	-	940,034	-
Total Current Liabilities	<u>1,934,932</u>	<u>706</u>	<u>1,935,638</u>	<u>-</u>
Noncurrent Liabilities				
Proportionate share of net pension liability	<u>29,604</u>	<u>8,223</u>	<u>37,827</u>	<u>-</u>
Total Liabilities	<u>1,964,536</u>	<u>8,929</u>	<u>1,973,465</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred amounts related to pension	<u>2,572</u>	<u>714</u>	<u>3,286</u>	<u>-</u>
Net Position				
Net investment in capital assets	56,106,308	1,392,293	57,498,601	-
Unrestricted	1,501,198	296,887	1,798,085	5,397,157
Total Net Position	<u>\$ 57,607,506</u>	<u>\$ 1,689,180</u>	<u>\$ 59,296,686</u>	<u>\$ 5,397,157</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund	Total	Internal Service Funds
		Club Drive Property Fund		
Operating Revenues				
Charges for Services	\$ 12,918,130	\$ 108,476	\$ 13,026,606	\$ -
Interdepartmental Charges	-	-	-	2,292,066
Total Operating Revenues	<u>12,918,130</u>	<u>108,476</u>	<u>13,026,606</u>	<u>2,292,066</u>
Operating Expenses				
Operations	15,748,073	22,375	15,770,448	-
General and Administration	38,130	8,308	46,438	2,356,055
Depreciation	5,220,190	34,459	5,254,649	-
Total Operating Expenses	<u>21,006,393</u>	<u>65,142</u>	<u>21,071,535</u>	<u>2,356,055</u>
Operating Income (Loss)	<u>(8,088,263)</u>	<u>43,334</u>	<u>(8,044,929)</u>	<u>(63,989)</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	-	3,095	3,095	34,960
Insurance proceeds	<u>1,850,156</u>	-	<u>1,850,156</u>	-
Total Nonoperating Revenues (Expenses)	<u>1,850,156</u>	<u>3,095</u>	<u>1,853,251</u>	<u>34,960</u>
Income (Loss) before transfers	<u>(6,238,107)</u>	<u>46,429</u>	<u>(6,191,678)</u>	<u>(29,029)</u>
Transfers in	<u>831,713</u>	-	<u>831,713</u>	-
Changes in Net Position	(5,406,394)	46,429	(5,359,965)	(29,029)
Net Position, Beginning of the Year, as Restated	<u>63,013,900</u>	<u>1,642,751</u>	<u>64,656,651</u>	<u>5,426,186</u>
Net Position at End of Year	<u>\$ 57,607,506</u>	<u>\$ 1,689,180</u>	<u>\$ 59,296,686</u>	<u>\$ 5,397,157</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	Business-Type Activities			Governmental Activities
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 12,837,392	\$ 108,475	\$ 12,945,867	\$ -
Cash received from interfund service provided	-	-	-	2,292,066
Cash payments to suppliers for goods and services	(14,389,560)	(22,150)	(14,411,710)	(2,301,982)
Cash payments to employees for services	(49,180)	(11,490)	(60,670)	-
Net cash provided by (used for) operating activities	(1,601,348)	74,835	(1,526,513)	(9,916)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(591,183)	-	(591,183)	-
Cash received from other funds	831,713	-	831,713	-
Proceeds from insurance	1,850,156	-	1,850,156	-
Net cash provided by capital and related financing activities	2,090,686	-	2,090,686	-
Cash flows from investing activities:				
Interest received on investments	374	2,694	3,068	35,659
Net increase in cash and cash equivalents	489,712	77,529	567,241	25,743
Cash and cash equivalents at beginning of year	1,913,010	223,486	2,136,496	2,531,220
Cash and cash equivalents at end of year	\$ 2,402,722	\$ 301,015	\$ 2,703,737	\$ 2,556,963

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS, (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016**

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (8,088,263)	\$ 43,334	\$ (8,044,929)	\$ (63,989)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	5,220,190	34,459	5,254,649	-
(Increase) decrease in accounts receivable	(80,738)	(1)	(80,739)	-
(Decrease) in prepaids	54,966	-	54,966	-
(Decrease) in inventory	1,679	-	1,679	-
(Increase) decrease in OPEB asset	-	-	-	54,073
Payments related to deferred outflows for contributions subsequent to measurement date	(15,378)	(4,272)	(19,650)	-
Increase in accounts payable	361,834	706	362,540	-
Increase in accrued liabilities	2,134	2,021	4,155	-
Increase in unearned revenues	940,034	-	940,034	-
Increase in net pension liability	7,276	-	7,276	-
Payments related to deferred inflows related to pension subsequent to measurement date	(5,082)	(1,412)	(6,494)	-
Net cash provided by (used for) operating activities	<u>\$ (1,601,348)</u>	<u>\$ 74,835</u>	<u>\$ (1,526,513)</u>	<u>\$ (9,916)</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets	
Cash and investments	\$ 8,467,443
Receivables:	
Accrued interest	11,275
Prepaid costs	89,267
Restricted assets:	
Cash and investments with fiscal agents	796,948
Total Assets	9,364,933
Deferred Outflows of Resources	
Deferred loss on refunding	604,548
Liabilities	
Accrued interest	1,426,178
Due to City	17,739,192
Long-term liabilities:	
Due in one year	5,680,000
Due in more than one year	110,409,734
Total Liabilities	135,255,104
Net Position (deficit)	
Held in trust for other purposes	\$ (125,285,623)

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions	
Taxes	\$ 10,855,975
Interest and change in fair value of investments	65,289
Total Additions	10,921,264
Deductions	
Administrative expenses	329,785
Interest and fiscal charges	4,605,919
Total Deductions	4,935,704
Changes in Net Position	5,985,560
Net Position (deficit) - Beginning of the Year	(131,271,183)
Net Position (deficit) - End of the Year	\$ (125,285,623)

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Indian Wells have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

a. The Financial Reporting Entity:

The City of Indian Wells (City) was incorporated during July 1967, under the General Laws of the State of California. The City became a charter City in 2003. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, the City (the primary government) has included within its reporting entity, for financial reporting purposes, all component units which meet the requirement described in these statements. GASB Statement No. 14 and No. 61 defines financial accountability as follows: The primary government is accountable if the primary government appoints a voting majority of that organization and is able to impose its will or there is a potential for the organization to provide specific financial burdens to or impose specific financial burdens on the primary government. A primary government may also be financially accountable for government organizations that are fiscally dependent on the primary government. An organization is fiscally dependent if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City. In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Included with the financial reporting entity of the City of Indian Wells are the City of Indian Wells Fire Access Maintenance District No. 1 and the Indian Wells Housing Authority because each component unit meets the above mentioned criteria. A brief description of each component unit follows:

The City of Indian Wells Fire Access Maintenance District No. 1 (FAMD No. 1) was established during April 1973 to provide for the maintenance of access roads for fire and safety vehicles within the special district referred to as FAMD No. 1. Separate financial statements are not prepared for FAMD No. 1.

The Housing Authority (Housing Authority) of the City of Indian Wells was established in February 2012, to assume the housing activities from the former Redevelopment Agency. The activity of the Housing Authority is reported in the Special Revenue Funds. Separate financial statements are not prepared for the Housing Authority.

Since the City Council serves as the governing board for these component units and there is a financial benefit or burden relationship between the primary government and the component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

b. Measurement Focus and Basis of Accounting:

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements:

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). All fiduciary activities are reported only in the fund financial statements.

Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Internally dedicated resources, taxes, and other items that are not properly included among program revenues are reported as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

b. Measurement Focus and Basis of Accounting, (Continued):

Fund Financial Statements, (Continued):

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds.

Governmental Funds:

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current resources) is considered to be a measure of "available spendable resources" Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current resources.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current resources, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

b. Measurement Focus and Basis of Accounting, (Continued):

Governmental Funds, (Continued):

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds:

The City's enterprise funds and internal service funds are proprietary funds. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation of capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds:

The private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements.

c. Fund Classifications:

The City reports the following major governmental funds:

General Fund – This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Housing Authority – This fund is used to account for the housing activity of the former Redevelopment Agency for the benefit of providing low and moderate income housing in Indian Wells. Revenue sources include loan repayments and rent revenue. Revenues are restricted by government code for funding of housing units to benefit low and moderate income households.

Emergency Services Upgrade – This fund is used to accumulate the resources accruing from a special fire tax levied, and restricted to provide enhancement levels of fire protection, suppression and emergency paramedic services.

Park Facilities In Lieu – This fund is used to account for the accumulation of resources from Quimby Act Park Fee exactions, which are restricted for the acquisition and construction of parks, recreation and open space capital projects.

Capital Improvement – This fund is used to account for the transfer of monies from the General Fund for the acquisition and construction of general governmental capital projects.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

c. Fund Classifications, (Continued):

Infrastructure Capital Replacement – This fund establishes a funding replacement for the City’s infrastructure assets. These assets include bridges, paved streets, curbs, gutters, landscape infrastructure, storm drains, underground utility systems, and other types of infrastructure assets. Interest income earned by the fund and other City contributions will be used to support the fund’s long-term capital replacement needs to maintain the asset.

The City reports the following major enterprise fund:

Golf Resort Operations – This fund is used to account for the operations of the Indian Wells Golf Resort. Customer purchases received by the course will be used to support the day to day activities of the golf course.

Other enterprise activities include the Club Drive Property fund which accounts for the operations of a professional/office building owned by the City and leased to long term tenants.

The City's fund structure also includes the following fund types:

Proprietary Fund - Internal Service Fund – These funds are used to account for activities and services performed for other departments within the City on a cost reimbursement basis.

Fiduciary Fund - Private Purpose Trust Fund – This fund is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

d. Cash and Investments:

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost. These investments are not transferable and they have terms that are not affected by changes in market interest rates. Investment income includes interest earnings and the net increase (decrease) in fair value of investments.

As of July 1, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to all fair value measurements. The City categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City pools cash and investments of all funds, except for amounts held by fiscal agents and management companies for the Indian Wells Golf Resort, Indian Wells Villas and Mountain View Villas. Each fund’s share in this pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

e. Cash and Cash Equivalents:

The City considers all cash and investments as being highly liquid as cash is pooled for investment purposes with other funds of the City.

f. Capital Assets:

Capital assets, which include property, plant, equipment, infrastructure (i.e., roads, bridges, sidewalks, and similar items), and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of the initial capitalization of infrastructure assets, the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the acquisition value of the item at the date of its donation.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Building and improvements	10 - 50 years
Equipment	3 - 15 years
Infrastructure	40 - 60 years

The inclusion of an intangible asset is based on the provision of GASB Statement No. 51. Intangible assets are amortized over their contractual useful lives using the straight-line method in the government-wide financial statements. Amortization is charged as an expense against operations and accumulated amortization is reported on the respective balance sheet.

g. Unearned Revenues

In September 2015, the Indian Wells Golf Resort incurred property damage due to a large storm event. The City filed a property claim with the California Joint Powers Insurance Authority (CJPIA). The CJPIA advanced the City \$2,790,190 based upon existing repair agreements executed by the City. As of June 30, 2016, the City spent \$1,850,156 on repairs. The additional \$940,034 remaining under the contract is classified as unearned revenue as of June 30, 2016. Repair work is expected to be completed in the year ending June 30, 2017.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

h. Deferred Outflows/Inflows of Resources

The City reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position or fund balance by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position or fund balance by the government that is applicable to a future period.

The City reports deferred outflows and inflows of resources related to pensions on the government-wide statement of net position and the proprietary funds statement of net position, under the full accrual basis of accounting. Refer to Note 11 for items identified as deferred inflows and outflows related to pensions as of June 30, 2016.

i. Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two equal installments due November 1 and February 1, respectively, and are delinquent if not paid by December 10 and April 10, respectively. The County of Riverside bills and collects the property taxes and remits them to the City in installments during the year. All material amounts associated with the reporting period are collected soon enough to be considered to be "available" to finance the expenditures of the reporting period.

The County of Riverside is permitted by State law (Proposition 13) to levy taxes at 1 percent of full market value (at time of purchase) and can increase the assessed values no more than 2 percent. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

j. Inventory:

Inventory in the Golf Resort Operations Enterprise Fund is carried at cost using the consumption method on a first-in, first-out basis.

k. Prepaid Costs:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method to record prepaid costs.

l. Compensated Absences:

Governmental fund types recognize the vested vacation and compensatory time as an expenditure in the current year to the extent it is paid during the year. Accrued vacation and compensatory time relating to governmental funds is included as a liability in the long-term liabilities as those amounts are payable from future resources.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

m. Fund Balances:

In the fund financial statements, governmental funds report the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest authority, city council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is by resolution.

Assigned include amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and/or Finance Director are authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution No. 2011-30.

Unassigned classification is to be used when there are negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed or assigned in funds outside of the General Fund. Within the General Fund, the unassigned classification represents the residual amounts that have not been restricted, committed, or assigned to specific purposes.

It is the policy of the City to maintain an unassigned fund balance in the general fund at fiscal year end of not less than 25 percent of the operating budget. It is the intent of the City Council to limit use of fund balances in the General Fund to address unanticipated one-time needs.

The City maintains a contingency reserve of \$2,250,000 included in the general fund unassigned fund balance. The purpose of this reserve is to meet unexpected circumstances, such as a General Fund revenue shortfall.

n. Net Position and Fund Balance Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

o. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

p. Pension:

In government-wide financial statements, the retirement plan (pension) is required to be recognized and disclosed using the accrual basis of accounting (see Note 11 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the City's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

q. New Accounting Pronouncements:

Adopted in the Current Year

GASB Statement No. 72 – In February 2015, GASB issued statement No. 72, *Fair Value Measurement and Application*. The primary objective of this statement is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. The City implemented this pronouncement, effective July 1, 2015.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

q. New Accounting Pronouncements, (Continued):

Adopted in the Current Year, (Continued)

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The City has determined that the requirements of this statement effective in the current year do not have a material impact on the financial statements. Management has not determined the effect for the provisions that are effective for periods beginning after June 15, 2016 or the 2016-2017 fiscal year.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from four categories under GASB Statement No. 55. The City has implemented the requirements of this statement effective July 1, 2015. This statement did not have a material impact on the financial statements.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The statement addresses accounting and financial reporting for certain external investments pools and pool participants. The City has determined that the requirements of this statement effective in the current year do not have a material impact on the financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues*. The Statement amends GASB Statement No. 67, No. 68, and No. 73. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. The Statement is effective for the periods beginning after June 15, 2016, or the 2016-2017 fiscal year, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements of paragraph 7 are effective for that employer on or after June 15, 2017 or the 2017-2018 fiscal year. The City has early implemented this pronouncement, with the exception of the requirements of paragraph 7, effective July 1, 2015. Management has not determined the effect for the provisions of paragraph 7 that are effective for periods beginning after June 15, 2017 or the 2017-2018 fiscal year.

Effective in Future Years

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of the Statement is to address the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. The Statement is effective for periods beginning after June 15, 2016 or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of the Statement is to replace the requirements of GASB Statement No. 45. In addition, the Statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Statement is effective for the periods beginning June 15, 2017, or the 2017-2018 fiscal year. The City has not determined the effect of the statement.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

q. New Accounting Pronouncements, (Continued):

Effective in Future Years, (Continued)

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The Statement requires state and local governments to disclose information about tax abatement agreements. The Statement is effective for the periods beginning after December 15, 2015 or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The Statement amends the scope and applicability of GASB Statement No. 68 to exclude certain types of cost-sharing multiple employer plans. The Statement is effective for the periods beginning after December 15, 2015, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Components*. This Statement amends GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for the periods beginning after June 15, 2016, or the 2016-2017 fiscal year. The City has not determined the effect of the statement.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for the periods beginning after December 15, 2016, or the 2017-2018 fiscal year. The City has not determined the effect of the statement.

NOTE 2 – RESTATEMENTS

The City’s Golf Resort Operations Fund was previously reported as a Special Revenue Fund. Effective July 1, 2015, the City now reports this fund as a major enterprise fund. Additionally, the City’s Club Drive Property activity was previously reported as part of the General fund. Effective July 1, 2015, the City now reports this activity in the Club Drive Property non-major enterprise fund. Upon restatement, the City reported the following adjustments to beginning fund balance and net position:

	Governmental Activities	Business-type Activities	General Fund	Golf Resort Operations	Club Drive Property
Beginning of the year, as previously reported Net Position/Fund Balance	\$ 317,535,741	\$ -	\$ 27,832,777	\$ 2,305,537	\$ -
Effect of reclassing the Golf Operations Fund from a Governmental Fund to an Enterprise Fund	(63,013,900)	63,013,900	-	60,708,363	-
Effect of reclassing the Club Drive Property Fund from the General Fund to an Enterprise Fund	(1,642,751)	1,642,751	(223,486)	-	1,642,751
Beginning of year, as restated Net Position/Fund Balance	<u>\$ 252,879,090</u>	<u>\$ 64,656,651</u>	<u>\$ 27,609,291</u>	<u>\$ 63,013,900</u>	<u>\$ 1,642,751</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – CASH AND INVESTMENTS

Cash and investments at June 30, 2016, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Activities	Total
Cash and investments	\$ 49,883,702	\$ 2,703,737	\$ 8,467,443	\$ 61,054,882
Restricted assets:				
Cash and investments with fiscal agent	-	-	796,948	796,948
	<u>\$ 49,883,702</u>	<u>\$ 2,703,737</u>	<u>\$ 9,264,391</u>	<u>\$ 61,851,830</u>

Cash and investments at June 30, 2016, consisted of the following:

Demand accounts	\$ 989,885
Petty cash	1,400
Investments	60,860,545
Total Cash and Investments	<u>\$ 61,851,830</u>

Investments Authorized by the California Government Code and the City's Investment Policy:

The table below identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy. The table also identifies certain provisions of the California Government Code or the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds and Notes	10 years*	70%	N/A
Federal Agency Securities	10 years*	70%	\$ 15,000,000
Local Agency Bonds	10 years*	20%	5,000,000
State of California Obligations	10 years*	20%	5,000,000
Municipal Mutual Funds	N/A	20%	10% per Single issue
Certificates of Deposit and Negotiable			
Certificates of Deposits	5 years	30%	5,000,000
Repurchase Agreements	30 days	10%	2,000,000
Medium-Term Corporate Notes	5 years	20%	2,000,000
Local Agency Investment Fund (LAIF)	N/A	60%	20,000,000 per entity

* Per the City's investment policy, the portfolio shall equal to the amount of two years current general fund operating reserves maturing at no more than 5 years from the date of purchase. Once this requirement is met, a maximum of 30% of the total portfolio may be invested in maturities greater than five years, but not exceeding 10 years.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – CASH AND INVESTMENTS, (CONTINUED)

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements and the general provisions of the California Government Code, rather than the City’s investment policy. Investments authorized for funds held by fiscal agent include, U.S. Treasury Obligations, U.S. Government Sponsored Entities Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Money Market Mutual Funds, Investment Contracts, and Repurchase Agreements. There are no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to one year.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months Or Less	13-36 Months	37-60 Months	
Federal Agency Securities	\$ -	\$ 8,015,650	\$ 21,056,909	\$ 29,072,559
Non-Negotiable Certificates of Deposit	500,000	-	-	500,000
Negotiable Certificates of Deposit	570,288	2,266,523	2,040,293	4,877,104
Local Agency Investment Fund	19,570,484	-	-	19,570,484
Medium Term Corporate Notes	1,985,500	3,028,380	1,029,570	6,043,450
Held by Fiscal Agent				
Money Market Mutual Funds	796,948	-	-	796,948
Total	\$ 23,423,220	\$ 13,310,553	\$ 24,126,772	\$ 60,860,545

Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical asset assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using market approach using quoted market prices.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – CASH AND INVESTMENTS, (CONTINUED)

Investments' fair value measurements are as follows as of June 30, 2016

	Fair Value	Level 1	Level 2	Level 3
Federal Agency Securities	\$ 29,072,559		\$ 29,072,559	
Medium Term Corporate Notes	6,043,450		6,043,450	
Negotiable Certificates of Deposit	4,877,104		4,877,104	
Total Leveled Investments	<u>39,993,113</u>		<u>\$ 39,993,113</u>	
Non-Negotiable Certificates of Deposit	500,000			
Local Agency Investment Fund Held by Fiscal Agent	19,570,484			
Money Market Mutual Funds	796,948			
Total Investment Portfolio	<u>\$ 60,860,545</u>			

Investments in LAIF are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value. Money market mutual funds are valued at net asset value \$1 dollar per share (amortized cost) and as such are uncategorized in the fair value hierarchy.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the Standards and Poor's credit rating as of year-end for each investment type:

Investment Type	Total as of June 30, 2016	Minimum Legal Rating*	Not Rated	AAA	AA	A
Federal Agency Securities	\$ 29,072,559	AAA	\$ -	\$ 29,072,559	\$ -	\$ -
Non-Negotiable Certificates of Deposit	500,000					
Negotiable Certificates of Deposit	4,877,104	n/a	5,377,104	-	-	-
Local Agency Investment Fund	19,570,484	n/a	19,570,484	-	-	-
Medium Term Corporate Notes	6,043,450	A	-	-	6,043,450	-
Held by Fiscal Agent						
Money Market Mutual Funds	796,948	A	-	-	-	796,948
Total	<u>\$ 60,860,545</u>	<u>\$ -</u>	<u>\$ 24,947,588</u>	<u>\$ 29,072,559</u>	<u>\$ 6,043,450</u>	<u>\$ 796,948</u>

*n/a - not applicable

Concentration of Credit Risk:

Investments in any one issuer that represent 5 percent or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 10,024,710	16%
Federal National Mortgage Association	Federal Agency Securities	9,031,590	15%
Federal Farm Credit Bank	Federal Agency Securities	7,009,030	12%
Federal Farm Loan Bank	Federal Agency Securities	3,007,230	5%

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – CASH AND INVESTMENTS, (CONTINUED)

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2016, are composed of the following:

	Other Receivable	Taxes Receivable	Total
Governmental Activities:			
General	\$ 111,350	\$ 983,630	\$ 1,094,980
Emergency Services Operations	97,966	16,368	114,334
Capital Improvements	11,648	-	11,648
Nonmajor Governmental Funds	162,260	-	162,260
Total Governmental Activities	<u>\$ 383,224</u>	<u>\$ 999,998</u>	<u>\$ 1,383,222</u>
Business-type Activities:			
Golf Resort Operations	\$ 143,428	\$ -	\$ 143,428
Club Drive Property	1	-	1
Total Business-type Activities	<u>\$ 143,429</u>	<u>\$ -</u>	<u>\$ 143,429</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – NOTES RECEIVABLE

	Outstanding at June 30, 2016
City Manager Relocation Loan	\$ 150,000
Indian Wells Village Utility Undergrounding	163,409
WM Medical Management Improvement Allowance	17,500
Total	<u>\$ 330,909</u>

The note for the City Manager was issued as an incentive to relocate to a primary residence within 40 driving miles of the City of Indian Wells City Hall. The note accrues interest at a variable interest rate equal to one and three-quarters percent over the Local Agency Interest Fund rate; provided, however, in no event shall the interest rate exceed the rate of five percent per annum. All principal and all accrued but unpaid interest shall be due and payable on the earliest to occur of (i) the sale or transfer of all or any portion of the City Manager’s interest in any real property owned by the City Manager and located within 40 driving miles of the City of Indian Wells City Hall; or (ii) the end of the twelve-month period immediately following the expiration or termination of the City Manager’s employment agreement dated June 6, 2013. The note was paid off in whole on August 2, 2016 without premium or penalty based on the terms of the note.

The notes issued relating to the Indian Wells Village Utility Undergrounding relates to the costs the City of Indian Wells covered for the tenants of the Indian Wells Village to run electricity from the streets up to the individual properties. The tenants are responsible for repaying the City. The notes are due and payable in full on the earlier of (i) the date of any transfer not authorized by the Lender; (ii) the date of any default; or (iii) twenty years from the effective date of the Loan Agreement. Outstanding Principal Balance shall bear simple interest at the rate of one percent per annum, and if default occurs, interest on the principal balance shall accrue at the lesser of ten percent compounded annually or the maximum amount permitted by law from the date of default to the date of repayment in full of the disbursed principal amount of the loan and any interest due thereon. The notes are secured by a Deed of Trust against the Property.

The note to WM Medical Management, Inc. is for an improvement allowance for work required by WM Medical to open for business in the building owned by the City of Indian Wells. The allowance shall be amortized in the base rent at a rate of four percent over the initial lease term of five years. This amount shall be equal to five hundred fifty-two dollars and fifty cents per month. This amount shall be paid each month in addition to the base rent upon commencement date.

NOTE 6 – DUE TO AND DUE FROM OTHER FUNDS

Current interfund receivables and payable balances at June 30, 2016, are as follows:

Due to Other Funds	Due From Other Funds	Amount
Park Facilities in Lieu	General Fund	\$ 1,356,887
Non-major Governmental Funds	General Fund	39,185
		<u>\$ 1,396,072</u>

The General Fund Receivable from the Park Facilities in Lieu Fund of \$1,356,887 represents monies advanced to the Park Facilities in Lieu Fund for certain construction at the Golf Resort. As Park-in-Lieu fees are collected, the advance will be paid down.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – INTERFUND TRANSFERS

Transfers in and out for the year ended June 30, 2016, are as follows:

<u>Transfer Out of Fund</u>	<u>Transfer In to Fund</u>	<u>Amount</u>
Non-major Governmental Funds	General Fund	\$ 7,808
Non-major Governmental Funds	Capital Improvement Fund	72,181
General Fund	Infrastructure Capital Replacement Fund	1,350,000
Non-major Governmental Funds	Golf Resort Operations Fund	831,713
		<u>\$ 2,261,702</u>

The Non-major Governmental Funds transferred \$7,808 to the General Fund to close out the Cooperative Marketing Fund.

The Non-major Governmental Funds transferred \$72,181 to the Capital Improvement Fund to reimburse for the Miles Bridge Project.

The General Fund transferred \$1,350,000 to the Infrastructure Capital Replacement Fund for future capital replacement needs.

The Non-major Governmental Funds transferred \$831,713 to the Golf Resort Operations Fund for current year capital improvements.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance at July 1, 2015, as restated	Additions	Deletions	Balance at June 30, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 48,706,246	\$ -	\$ -	\$ 48,706,246
Construction in progress	90,796	59,552	(69,365)	80,983
Total Capital Assets Not Being Depreciated	<u>48,797,042</u>	<u>59,552</u>	<u>(69,365)</u>	<u>48,787,229</u>
Capital assets, being depreciated:				
Intangible	2,500,000	-	-	2,500,000
Buildings and improvements	63,857,162	54,331	(242,527)	63,668,966
Equipment	1,669,286	21,099	(32,464)	1,657,921
Infrastructure	110,442,307	277,455	(171,060)	110,548,702
Total Capital Assets Being Depreciated	<u>178,468,755</u>	<u>352,885</u>	<u>(446,051)</u>	<u>178,375,589</u>
Less accumulated depreciation for:				
Intangible	(625,000)	(250,000)	-	(875,000)
Buildings and improvements	(20,220,348)	(1,604,996)	38,755	(21,786,589)
Equipment	(1,474,682)	(82,091)	32,464	(1,524,309)
Infrastructure	(25,500,098)	(2,008,496)	171,060	(27,337,534)
Total Accumulated Depreciation	<u>(47,820,128)</u>	<u>(3,945,583)</u>	<u>242,279</u>	<u>(51,523,432)</u>
Total Capital Assets Being Depreciated, Net	<u>130,648,627</u>	<u>(3,592,698)</u>	<u>(203,772)</u>	<u>126,852,157</u>
Governmental Activities Capital Assets, Net	<u>\$ 179,445,669</u>	<u>\$ (3,533,146)</u>	<u>\$ (273,137)</u>	<u>\$ 175,639,386</u>
	Balance at July 1, 2015, as restated	Additions	Deletions	Balance at June 30, 2016
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,456,425	\$ -	\$ -	\$ 14,456,425
Capital assets, being depreciated:				
Buildings and improvements	82,477,561	586,004	(34,089)	83,029,476
Equipment	4,976,432	5,179	-	4,981,611
Infrastructure	433,389	-	-	433,389
Total Capital Assets Being Depreciated	<u>87,887,382</u>	<u>591,183</u>	<u>(34,089)</u>	<u>88,444,476</u>
Less accumulated depreciation for:				
Buildings and improvements	(35,567,455)	(4,856,133)	34,089	(40,389,499)
Equipment	(4,549,277)	(391,293)	-	(4,940,570)
Infrastructure	(65,008)	(7,223)	-	(72,231)
Total Accumulated Depreciation	<u>(40,181,740)</u>	<u>(5,254,649)</u>	<u>34,089</u>	<u>(45,402,300)</u>
Total Capital Assets Being Depreciated, Net	<u>47,705,642</u>	<u>(4,663,466)</u>	<u>-</u>	<u>43,042,176</u>
Business-type Activities Capital Assets, Net	<u>\$ 62,162,067</u>	<u>\$ (4,663,466)</u>	<u>\$ -</u>	<u>\$ 57,498,601</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – CAPITAL ASSETS, (CONTINUED)

Depreciation Expense:

Depreciation expense was charged to the following functions in the statement of activities:

Governmental Activities	
General government	\$ 325,513
Community development	1,390,856
Public safety	59,147
Public works	2,170,067
Total Governmental Activities	<u><u>\$ 3,945,583</u></u>
Business-type Activities	
Golf resort operations	\$ 5,220,190
Club drive property operations	34,459
Total Business-type Activities	<u><u>\$ 5,254,649</u></u>

NOTE 9 – LONG-TERM DEBT LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2016, were as follows:

	Balance at July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within One year
Compensated absences	<u>\$ 420,305</u>	<u>\$ 415,310</u>	<u>\$ (375,427)</u>	<u>\$ 460,188</u>	<u>\$ 102,493</u>

Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. The City reserves the outstanding compensated absences liability in the Employee Leave Accrual Fund. The long-term strategy of the Employee Leave Accrual Fund is to set aside cash reserves in case of changes in staff. Several different types of paid leave accrue to full-time employees. These include vacation, holiday, administrative leave, sick leave, and compensatory time accruals. The amount of leave employees is eligible to accrue is governed by Memorandum of Understandings (MOUs), personnel contracts, and the Personnel Rules and Regulations.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 – CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) RETROSPECTIVE DEPOSIT LIABILITY

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013, for the Liability program and July 1, 2015, for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2012 annual retrospective adjustment is included in these balances. The City at June 30, 2016, had a retrospective deposit due in the liability program of \$34,970, and a retrospective refund due in the workers' compensation program of \$1,112.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Miscellaneous Plan:

Description of Plan

All qualified permanent and probationary employees are eligible to participate in the City of Indian Well's Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Fund C (PERF C). Benefit provisions under the Plan are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provision, assumption and membership information. Copies of the reports can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

The Plans’ provisions and benefits in effect at June 30, 2016 are summarized below:

	Miscellaneous	
	Classic Members Hired Prior to January 1, 2013	PEPRA Members Hired After January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2%
Required employee contribution rates	7.95%	6.25%
Required employer contribution rates	11.99%	6.25%

Contribution Description:

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan were \$2,566,489 for the year ended June 30, 2016.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension:

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2016, in the amount of \$4,769,476.

The City’s net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City’s net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2014 and 2015 measurement dates was as follows:

Proportion - June 30, 2014	0.1456%
Proportion - June 30, 2015	0.1738%
Change - Increase/(Decrease)	<u>0.0282%</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

For the year ended June 30, 2016, the City recognized pension expense of \$442,047 for the Miscellaneous Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,566,489	\$ -
Changes in proportion and difference between City's contributions and proportionat share of contributions	369,794	-
Net difference between projected and actual earnings on pension plan investments	-	138,354
Difference between expected and actual experience	29,171	-
Changes in assumptions	-	275,983
Total	<u>\$ 2,965,454</u>	<u>\$ 414,337</u>

The amount of \$2,566,489 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2017	\$ 10,295
2018	10,295
2019	(1,375)
2020	(34,587)
	<u>\$ (15,372)</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Actuarial Assumptions:

The total pension liabilities in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Net of pension plan investment and administrative expenses, including inflation

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Change of Assumptions:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate:

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11- DEFINED BENEFIT PENSION PLAN, (CONTINUED)

In determining the long-term expected 7.65 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99	2.43
Inflation Sensitive	6%	0.45	3.36
Private Equity	10%	6.83	6.95
Real Estate	10%	4.50	5.13
Infrastructure and Forestland	2%	4.50	5.09
Liquidity	2%	(0.55)	(1.05)
Total	100%		

⁽¹⁾ An expected inflation of 2.5% used for this period

⁽²⁾ An expected inflation of 3.0% used for this period

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.65 percent, as well as what the City's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65 percent), or 1-percentage point higher (8.65 percent), than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 7,787,655	\$ 4,769,476	\$ 2,287,352

Pension Plan Fiduciary Net Position:

Detailed information about the Plan's fiduciary net position is available in a separately issued CalPERS financial report.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 – DEFINED CONTRIBUTION PLAN

The City contributes to the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust, a defined contribution plan 401(a). The plan is a multiple-employer public employee retirement program. The reportable payroll for the employees covered by the plan is \$3,025,205 compared with a total payroll of \$3,187,227 for the fiscal year ended June 30, 2016. The plan provisions are established and may be amended by City Council.

All full-time employees are eligible to participate in the plan and benefits vest immediately. The required period of service is six months. Eligible employees at age 50 or more may begin to collect defined contribution benefits immediately upon retirement. The employer contribution is 2.5 percent of earnings. No employee contributions are permitted. The total contribution made by the City was \$75,630. Contributions are established and amended by State Law and City Resolution.

NOTE 13 – DEFERRED COMPENSATION PAYABLE

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code Section 457 for its eligible employees wherein they may execute an individual agreement with the City for amounts earned by them to be paid at a future date when certain circumstances are met. These circumstances are terminated by reasons of death, disability, retirement or unforeseeable emergency. Employees may contribute into the deferred compensation plan up to \$17,500 in any year, as amended from time to time by the Internal Revenue Service (IRS). The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

On January 1, 1997, the City formally established a trust in accordance with IRC 457(g) for its deferred compensation plan for the exclusive benefit of plan participants and their beneficiaries. Accordingly, the deferred compensation assets placed in the trust were not reported in the financial statements.

NOTE 14 – OTHER POST EMPLOYMENT BENEFIT PLAN

Plan Description:

The City provides other post-employment benefits (OPEB) through the California Employers' Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). Benefits are provided to employees who retire at age 50 or older with five years of eligible CalPERS service. Coverage is also provided to eligible retirees, spouses and surviving spouses. These benefits are provided per contract between the District and the employee associations. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14 – OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Funding Policy:

During the 2010-2011 fiscal year the City joined the CalPERS medical program. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The contribution requirements of plan members and the City are established and may be amended by the City and the employee associations. Currently, contributions are not required from plan members. The City calculated and recorded a net OPEB obligation (asset), representing the difference between the annual required contribution (ARC) and actual contributions, as presented below:

	<u>2016</u>
Annual required contribution (ARC)	\$ 227,860
Interest on net OPEB obligation	(202,360)
Adjustment to ARC	<u>330,556</u>
Annual OPEB cost	356,056
Contributions made	<u>(301,983)</u>
(Decrease) increase in net OPEB obligation	54,073
Net OPEB obligation (asset) - beginning of year	<u>(2,890,863)</u>
Net OPEB obligation (asset) - end of year	<u>\$ (2,836,790)</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB (obligation) asset for 2015-2016, and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2014	\$ 312,761	285.96%	\$ (2,977,705)
6/30/2015	346,357	74.93%	(2,890,863)
6/30/2016	356,056	84.81%	(2,836,790)

Funded Status and Funding Progress:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14 – POST EMPLOYMENT BENEFIT PLAN, (CONTINUED)

The schedule of funding progress below represents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the plan as of the most recent actuarial date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
6/30/2015	\$ 5,990,438	\$ 6,272,538	\$ 282,100	96%	\$ 2,848,646	9.9%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the frozen entry age actuarial cost method. The actuarial assumptions included a 7 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5 percent initially, increased to an ultimate rate of 8 percent after the third year. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 15 years. It is assumed the City’s payroll will increase 2.75 percent per year. It assumes a rate of inflation of 6 percent. There are currently 30 active members and 28 retired members receiving benefits.

NOTE 15 – RISK MANAGEMENT

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Indian Wells is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of nearly 120 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15- RISK MANAGEMENT, (CONTINUED)

Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-2013 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-2013 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-2014, and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

General Liability

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50 percent of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50 percent quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15– RISK MANAGEMENT, (CONTINUED)

Workers’ Compensation, (Continued)

Employer’s Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer’s Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

Pollution Legal Liability Insurance

The City of Indian Wells participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Indian Wells. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Indian Wells participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Indian Wells property is currently insured according to a schedule of covered property submitted by the City of Indian Wells to the Authority. City of Indian Wells property currently has all-risk property insurance protection in the amount of \$94,428,429. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City of Indian Wells purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2015-2016.

NOTE 16 – OPERATING LEASE REVENUE

The City is the lessor under several leases for its Club Drive property, which was purchased by the City on November 24, 2009. These leases are considered to be operating leases for accounting purposes. Lease revenues for the year ended June 30, 2016, amounted to \$108,476. Future minimum lease revenues based on the original terms of the lease are \$104,485.

NOTE 17 – RELATED PARTIES

As an incentive to relocate to a primary residence located within 40 driving miles of the City of Indian Wells City Hall, the City has provided assistance to the City Manager to be used for residency. The accompanying financial statements reflect a loan between the City and the City Manager in the amount of \$150,000 as of June 30, 2016. In August 2016, the loan was paid off in full.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 18 – OTHER REQUIRED DISCLOSURES

Deficit Fund Balance and Net Position:

The following funds reported a deficit fund balance at June 30, 2016:

Park Facilities in Lieu Capital Projects Fund	\$ 1,356,887
Hwy 111 Circulation Improvement Capital Projects Fund	30,939
Successor Agency of the Former RDA Private Purpose Trust Fund	125,285,623

The deficit in the Park Facilities in Lieu Capital Projects Fund will be eliminated through Quimby Act Park fees to be collected from developers. This deficit balance is temporary although it will take several years to expunge.

The deficit in the Hwy 111 Circulation Improvement Capital Projects Fund will be eliminated by the collection of future impact fees.

The deficit in the Successor Agency of the former RDA Private-Purpose Trust Fund was caused by the dissolution of the Redevelopment Agency. See Note 20 for additional information.

NOTE 19 – CONTINGENCIES

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these matters is not presently determinable in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 20 – CALIFORNIA REDEVELOPEMENT AGENCY DISSOLUTION

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB X1 26 and 27 (California Redevelopment Association v. Matosantos). AB X1 26 dissolves redevelopment agencies effective October 1, 2011. AB X1 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts.

On August 17, 2011, the Supreme Court issued a stay of the implementation of AB X1 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB X1 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011, announced its decision in California Redevelopment Association v. Matosantos. The court upheld AB X1 26 which dissolves redevelopment agencies, but invalidated in its entirety AB X1 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB X1 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB X1 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

On February 1, 2012, the Redevelopment Agency was dissolved and the City of Indian Wells elected to become the Successor Agency. The Successor Agency is responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 21 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY

The California Supreme Court decision impacted the reporting entity of the City of Indian Wells that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-03.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

a. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 8,467,443
Cash and investments with fiscal agent	796,948
	<u>\$ 9,264,391</u>

b. Due to City

The amount due to the City reported in the accompanying financial statements consisted of the following;

In a letter dated November 8, 2013, from the California Department of Finance, the Oversight Board Resolution No. 2013-05 was approved and the loan from the City was determined to be for legitimate redevelopment purposes and therefore, approved as an enforceable obligation.	\$ 1,339,192
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In a letter dated November 22, 2013, from the California Department of Finance, the loan between the Successor Agency and the City of Indian Wells for \$16,400,000 was determined to be for legitimate redevelopment purposes and therefore, approved as an enforceable obligation.	16,400,000
	<u>\$ 17,739,192</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 21 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

c. Long-Term Debt

The following debt is recorded in the Successor Agency:

Project Area I	Balance at July 1, 2015	Additions	Repayments	Balance June 30, 2016	Due within One year
2005 Refunding Tax Allocation Bonds	\$ 8,095,000	\$ -	\$ 8,095,000	\$ -	\$ -
2006 A Tax Allocation Bonds	61,355,000	-	16,080,000	45,275,000	945,000
2010 A Tax Allocation Bonds	9,755,000	-	315,000	9,440,000	325,000
SERAF Loan	10,957,829	-	452,303	10,505,526	-
2014A Tax Allocation Bonds	6,505,000	-	-	6,505,000	-
2014A-T Tax Allocation Bonds	23,905,000	-	3,515,000	20,390,000	3,545,000
2015 Refunding Tax Allocation Bonds	-	20,575,000	-	20,575,000	865,000
Total	<u>\$ 120,572,829</u>	<u>\$ 20,575,000</u>	<u>\$ 28,457,303</u>	<u>\$ 112,690,526</u>	<u>\$ 5,680,000</u>
Adjustments:					
Unamortized net original issue (discount) or premium				3,399,208	
Net Long-term Debt				<u>\$ 116,089,734</u>	

A description of long-term debt outstanding of the Successor Agency as of June 30, 2016, follows:

SERAF Loan:

In April 2010, the Redevelopment Agency Low/Moderate Housing Fund advanced the Redevelopment Agency Debt Service Fund \$11,514,773. The advance bears no interest. The advance was made to provide funding for the Supplemental Education Revenue Augmentation Funds (SERAF) Obligation. The Successor Agency has absorbed this debt as part of the dissolution of the redevelopment agency and now is obligated to pay the debt to the Housing Authority. Payments to the SERAF loan are placed on the agency's Recognized Obligation Payment Schedule (ROPS) and are approved by the Department of Finance. Payment in the amount of \$452,303 was made to the Housing Authority in the current year.

2005 Refunding Tax Allocation Bonds:

On August 15, 2005, the Redevelopment Agency of the City of Indian Wells issued \$14,125,000 of Refunding Tax Allocation Bonds (2005 TABS) to defease the Tax Allocation Bonds issued in 1996. The net proceeds of \$14,548,480 (after payment of \$489,096 in underwriting fees, insurance and other issuance costs plus and additional \$866,156 from restricted accounts related to the 1996 bonds) were used to purchase direct obligations of the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 bonds. The advance refunding met the requirements of an in-substance defeasance and the bonds were removed from the Agency's long-term debt.

The 2005 Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's \$37,240,000 aggregate principal amount of the 2003A Tax Allocation Bonds and the 2003A-T Tax Allocation Bonds. The reserve requirement and the payment of principal and interest on the bonds as they become due are insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.

During the year ended June 30, 2016, the City issued 2015 Refunding Tax Allocation Bonds to refund the 2005 Refunding Tax Allocation Bonds.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 21 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

c. Long-Term Debt, (Continued)

2006A Tax Allocation Bonds:

On October 18, 2006, the Agency issued \$67,805,000 of Tax Allocation Bonds to provide funds to refund in advance a portion of the 2003A Tax Allocation Bond issued by the Agency and fund certain capital improvements. A portion of the proceeds from the bonds issued in 2006 were placed in an escrow fund to provide the debt service for \$24,565,000 outstanding on the 2003A Tax Allocation Bonds. The advance refunding met the requirements of an in-substance defeasance and the bonds were removed from the Agency's long-term debt.

The 2006A Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's 2003A Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2005A Refunding Tax Allocation Bonds. The reserve requirement and the payment of principal and interest on the bonds as they become due are insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.

During the year ended June 30, 2016, the City issued 2015 Refunding Tax Allocation Bonds to partially refund the 2006 Tax Allocation Bonds. The outstanding bonds are payable in annual installments ranging from \$385,000 to \$5,555,000 until maturity on September 1, 2035. Interest is payable semi semiannually on March 1 and September 1, with rates ranging from 4.00% to 5.125% per annum. Bonds outstanding at June 30, 2016, were \$45,275,000.

Year Ending June 30,	Principal	Interest	Total
2017	\$ 945,000	\$ 2,014,619	\$ 2,959,619
2018	980,000	1,976,819	2,956,819
2019	385,000	1,937,619	2,322,619
2020	405,000	1,922,219	2,327,219
2021	420,000	1,906,019	2,326,019
2022-2026	4,985,000	9,154,100	14,139,100
2027-2031	16,380,000	7,387,006	23,767,006
2032-2035	20,775,000	2,484,988	23,259,988
	45,275,000	28,783,389	74,058,389
Add deferred amounts:			
Bond Premium	27,729	-	27,729
	\$ 45,302,729	\$ 28,783,389	\$ 74,086,118

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 21 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

c. Long-Term Debt, (Continued)

2010A Tax Allocation Bonds:

On May 11, 2010, the Agency issued \$10,890,000 of Tax Allocation Bonds to provide funds to repay a portion of a loan to the Agency from the City of Indian Wells and thereby provide funds for the City to finance certain public capital improvements. A portion of the proceeds from the bonds issued in 2010 were placed in a reserve account for the Series 2010A Bonds and to pay costs of issuance.

The 2010A Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's 2003A Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2005A Refunding Tax Allocation Bonds, 2006A Tax Allocation Bonds. The reserve requirement and the payment of principal and interest on the bonds as they become due are insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.

The Bonds are payable in annual installments ranging from \$265,000 to \$735,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1, with rates ranging from 4.00% to 5.25% per annum. Bonds outstanding at June 30, 2016, were \$9,440,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 325,000	\$ 443,046	\$ 768,046
2018	340,000	429,746	769,746
2019	355,000	415,846	770,846
2020	370,000	401,161	771,161
2021	385,000	385,395	770,395
2022-2026	2,185,000	1,650,053	3,835,053
2027-2031	2,745,000	1,063,063	3,808,063
2032-2035	2,735,000	294,270	3,029,270
	\$ 9,440,000	\$ 5,082,580	\$ 14,522,580

2014 A Tax Allocation Bonds:

On May 28, 2014, the Agency issued \$6,505,000 of Tax Allocation Bonds to refinance certain outstanding obligations of the Consolidated Whitewater Project Area, to fund the premium for a debt service reserve surety bond for the reserve account for the Agency Bonds, and to pay costs of issuance of the Bonds and the Agency Bonds, including the financial guaranty insurance premium for the Bonds.

The 2014A Tax Allocation Bonds are special obligations of the Agency secured by a pledge of, security interest in and lien on the Revenues which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds. The reserve requirement is insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.

Interest is payable semiannually on March 1 and September 1, with rates ranging from 4.05 to 5.0% per annum. Bonds outstanding at June 30, 2016, were \$6,505,000.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 21 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

c. Long-Term Debt, (Continued)

2014 A Tax Allocation Bonds, (Continued):

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ 293,650	\$ 293,650
2018	-	293,650	293,650
2019	-	293,650	293,650
2020	3,160,000	230,450	3,390,450
2021	3,345,000	83,625	3,428,625
	<u>6,505,000</u>	<u>1,195,025</u>	<u>7,700,025</u>
Add deferred amounts:			
Bond Premium	632,560	-	632,560
	<u>\$ 7,137,560</u>	<u>\$ 1,195,025</u>	<u>\$ 8,332,585</u>

2014A-T Tax Allocation Bonds:

On May 28, 2014, the Agency issued \$27,480,000 of Tax Allocation Bonds to refinance certain outstanding obligations of the Consolidated Whitewater Project Area, to fund the premium for a debt service reserve surety bond for the reserve account for the Agency Bonds, and to pay costs of issuance of the Bonds and the Agency Bonds, including the financial guaranty insurance premium for the Bonds.

The 2014A-T Tax Allocation Bonds are special obligations of the Agency secured by a pledge of, security interest in and lien on the Revenues which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds. The reserve requirement is insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds, the payment of scheduled debt service is not insured.

The Bonds are payable in annual installments ranging from \$575,000 to \$4,275,000 until maturity on September 1, 2022. Interest is payable semiannually on March 1 and September 1, with rates ranging from 0.540% to 4.266% per annum. Bonds outstanding at June 30, 2016, were \$20,390,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,545,000	\$ 597,070	\$ 4,142,070
2018	3,595,000	530,923	4,125,923
2019	3,675,000	441,155	4,116,155
2020	615,000	380,688	995,688
2021	575,000	359,828	934,828
2022	8,385,000	356,888	8,741,888
	<u>\$ 20,390,000</u>	<u>\$ 2,666,552</u>	<u>\$ 23,056,552</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 21 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

c. Long-Term Debt, (Continued)

2015 A Tax Allocation refunding Bonds:

On September 1, 2015 the Agency issued \$20,575,000 of Refunding Tax Allocation Bonds to provide funds to refund the 2005 Refunding Tax Allocation Bonds and a portion of the 2006 A Tax Allocation Bonds.

The Series 2015A Bonds are special obligations payable solely from certain payments from the Successor Agency and certain other funds.

The bonds are payable in annual installments ranging from \$865,000 to \$2,435,000 until maturity on September 1, 2027. Interest is payable semiannually on March 1 and September 1 of year, with rates ranging from 2.00% to 5.00% per annum. Bonds outstanding at June 30, 2016 were \$20,575,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 865,000	\$ 947,150	\$ 1,812,150
2018	900,000	925,000	1,825,000
2019	1,425,000	883,000	2,308,000
2020	1,475,000	825,000	2,300,000
2021	1,535,000	757,125	2,292,125
2022-2026	9,620,000	2,470,750	12,090,750
2027-2028	4,755,000	240,625	4,995,625
	<u>20,575,000</u>	<u>7,048,650</u>	<u>27,623,650</u>
Add deferred amounts:			
Bond Premium	2,738,919	-	2,738,919
	<u>\$ 23,313,919</u>	<u>\$ 7,048,650</u>	<u>\$ 30,362,569</u>

The refunding of the 2005 and a portion of the 2006A Tax Allocation Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$536,646. This difference, reported in the accompanying financial statements as a deferred loss on refunding, is being charged to operations through the year 2028. The Agency completed the advance refunding to reduce its total debt service payments by \$1,198,975 resulting in an economic gain of \$982,544.

d. Insurance

The Successor Agency of the former redevelopment agency is covered under the insurance policy of the City of Indian Wells at June 30, 2016.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 21 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

e. Commitments and Contingencies

The Successor Agency is subject to litigation arising in the normal course of business. In the opinion of the legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Successor Agency.

f. Subsequent Event – Successor Agency

On September 1, 2016 the Successor Agency issued \$37,470,000 in Series 2016A Tax Allocation Refunding Bonds to assist in refinancing certain redevelopment activities. The bonds refunded the 2006A Tax Allocation Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Proportionate Share of Net Position Liability in accordance with GASB 68. The Schedule of Plan Contributions in accordance with GASB 68. The Other Post-Employment Benefit Plan Schedule of Funding Progress. The Budgetary Comparison Schedules.

GENERAL FUND

General Fund - This fund has been classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds and budget-actual comparisons for these funds have been presented in the accompanying financial statements as required supplementary information.

Housing Authority - This fund is used to account for the housing activity of the former Redevelopment Agency for the benefit of providing low and moderate income housing in Indian Wells.

Emergency Services Upgrade – This fund is used to accumulate the resources accruing from a special fire tax levied to provide enhancement levels of fire protection, suppression and emergency paramedic services.

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CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	2016	2015
Proportion of the net pension liability	0.1738%	0.1456%
Proportionate share of the net pension liability	\$ 4,769,476	\$ 3,597,324
Covered Payroll	2,814,500	2,673,595
Proportionate Share of the net pension liability as a percentage of covered payroll	169.46%	134.55%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

Note to Schedule:

* Historical information is required only for measurement for which GASB 68 is applicable.
Fiscal Year 2015 was the first year of implementation, therefore, only two years are shown.

Changes of Assumption

The discount rate changed from 7.5 percent used for the June 30, 2014 measurement date to 7.65 percent used for the June 30, 2015 measurement date.

CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
MISCELLANEOUS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	\$ 2,566,489	\$ 455,850
Contributions in relation to the actuarially determined contribution	<u>(2,566,489)</u>	<u>(455,850)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,902,571	\$ 2,814,500
Contributions as a percentage of covered payroll	88.42%	16.20%

* - Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.

CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
6/30/2011	\$ 1,817,332	\$ 7,310,400	\$ 5,493,068	25%	\$ 3,531,596	155.5%
6/30/2013	4,867,417	5,264,430	397,013	92%	2,371,454	16.7%
6/30/2015	5,990,438	6,272,538	282,100	96%	2,848,646	9.9%

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 27,609,291	\$ 27,609,291	\$ 27,609,291	\$ -
Resources (Inflows):				
Taxes	14,225,467	14,225,467	14,828,170	602,703
Licenses and permits	399,827	399,827	464,948	65,121
Intergovernmental	497,327	497,327	456,491	(40,836)
Charges for services	442,859	442,859	503,429	60,570
Investment income	60,000	60,000	122,933	62,933
Fines and forfeitures	57,803	57,803	51,183	(6,620)
Other income	707,702	707,702	601,204	(106,498)
Taransfer In	-	-	7,808	7,808
Amounts Available for Appropriations	44,000,276	44,000,276	44,645,457	645,181
Charges to Appropriation (Outflows):				
General government				
Legislation and policy	203,564	137,856	137,746	110
City manager	703,359	722,431	722,110	321
City clerk	277,981	262,851	262,190	661
City attorney	263,019	283,749	283,595	154
Financial services	1,048,721	1,043,226	1,005,140	38,086
Central services	1,417,042	2,662,375	2,661,337	1,038
Community & cultural events	2,483,888	1,948,377	1,947,315	1,062
Human resources	1,123,178	139,512	139,027	485
Technology	384,316	391,606	390,896	710
Public safety				
Administration	185,632	175,637	175,301	336
Public services	3,751,840	3,417,940	3,417,889	51
Emergency preparedness	81,000	19,924	19,853	71
Community development				
Administration	285,900	296,315	296,090	225
Inspections and examinations	723,073	600,463	600,204	259
Current and advanced planning	373,417	332,402	332,160	242
Code enforcement	431,468	317,341	317,210	131
Public works				
Administration	574,178	557,463	557,254	209
City engineering	101,250	48,945	48,880	65
Maintenance services	1,040,877	1,039,868	1,039,249	619
City parkway landscape	474,000	319,887	319,580	307
Transfers out	-	1,573,486	1,350,000	223,486
Total Charges to Appropriations	15,927,703	16,291,654	16,023,026	268,628
Budgetary Fund Balance, June 30	\$ 28,072,573	\$ 27,708,622	\$ 28,622,431	\$ 376,553

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,639,334	\$ 13,639,334	\$ 13,639,334	\$ -
Resources (InFlows):				
Investment income	40,000	40,000	46,050	6,050
Amounts Available for Appropriations	<u>13,679,334</u>	<u>13,679,334</u>	<u>13,685,384</u>	<u>6,050</u>
Charges to Appropriation (OutFlows):				
General government	<u>2,285,840</u>	<u>2,285,840</u>	<u>332,674</u>	<u>1,953,166</u>
Budgetary Fund Balance, June 30	<u>\$ 11,393,494</u>	<u>\$ 11,393,494</u>	<u>\$ 13,352,710</u>	<u>\$ 1,959,216</u>

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES UPGRADE
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,324,724	\$ 3,324,724	\$ 3,324,724	\$ -
Resources (InFlows):				
Taxes	2,692,279	2,692,279	2,692,279	-
Investment income	66,000	66,000	55,128	(10,872)
Assessments	600,000	600,000	604,778	4,778
Other income	500	500	11,715	11,215
Amounts Available for Appropriations	6,683,503	6,683,503	6,688,624	5,121
Charges to Appropriation (OutFlows):				
Public safety	3,695,198	3,695,198	3,201,861	493,337
Capital outlay	200,000	200,000	17,500	182,500
Total Charges to Appropriations	3,895,198	3,895,198	3,219,361	675,837
Budgetary Fund Balance, June 30	\$ 2,788,305	\$ 2,788,305	\$ 3,469,263	\$ 680,958

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. In June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at public workshops and City Council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is adopted by Council action.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for all governmental funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America, using the modified-accrual basis of accounting.

The Finance Director is authorized by City Council to transfer any amounts within a fund between administrative control accounts, as well as budget adjustments between departments within a fund. However, any transfer of appropriations between funds or between capital projects in the capital budget must be approved by City Council. Any subsequent appropriations of additional amounts of moneys for the fiscal year ended June 30, 2016 shall be approved by the City Council in advance of any authorization to purchase services or goods; with the exception that the City Manager may appropriate funds under the emergency provision of State Law to effect repairs or make acquisitions to protect life and property of the City.

All appropriations for prior fiscal year shall lapse at the end of the fiscal year and any remaining amounts shall be credited to their respective fund balances, with the exception of any unexpected amounts deemed necessary by the Finance Director for specific orders or encumbrances outstanding at the end of the year; and any unexpected appropriations for uncompleted capital projects in the capital budget at the end of the year. These amounts shall be charged against the incumbent fiscal year operating budget, as directed by the Finance Director.

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

SPECIAL REVENUE FUNDS

The following Special Revenue funds have been classified as other governmental funds in the accompanying financial statements.

Traffic Safety – This fund is used to account for the revenue from traffic fines and forfeitures and used to pay the costs of issuing tickets.

Public Safety ½% Tax – This fund is used to account for the half-cent sales tax collected by the State of California and allocated to the City for public safety.

Measure “A” Transportation – This fund is used to account for the City’s share of the sales tax increase authorized by Riverside County’s Measure “A”. The monies are legally restricted for the acquisition, construction and improvement of public streets.

Fire Access Maintenance District No. 1 – This fund is used to account for the accumulation of special assessments, ad valorem taxes and other revenues accruing to the benefit and for expenses of the special district referred to as the Fire Access Maintenance District No. 1.

South Coast Air Quality Management District Vehicle Registration – This fund is used to account for the City’s share of vehicle registration fees that the State of California has allocated to address air quality concerns in California. These monies are to be used in air quality maintenance programs locally.

Citizens Option for Public Safety Program – This fund is used for front line municipal police services including anti-gang and community crime prevention programs.

Gas Tax – This fund is used to account for the City’s share of motor vehicle gas tax imposed under the provisions of the Street and Highway Code of the State of California under Sections 2105, 2106, 2107 and 2107.5 which are legally restricted for the acquisition, construction, improvement and maintenance of public streets.

AB 939 Recycling – This fund is used to account for the revenues and expenditures incurred in recycling.

Solid Waste – This fund is used to account for city-wide assessment revenues and related expenditures incurred in providing residential garbage and refuse collection to the various benefiting assessment districts.

Consolidated LLMD – This fund is used to account for the revenues and expenditures incurred in providing lighting and landscaping maintenance services to the various benefiting assessment districts.

Street Lighting District 2001-1 – This fund is used to account for the revenues and expenditures incurred in providing lighting maintenance services within the City.

Affordable Housing Operations – This fund is used to account for revenues and expenditures associated with the retention and development of affordable housing units.

Cooperating Marketing – This fund is used to account for the revenues and expenditures incurred in advertising and promoting the City and its attributes.

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

CAPITAL PROJECTS FUNDS

The following Capital Projects Funds have been classified as other governmental funds in the accompanying financial statements:

Hwy 111 Circulation Improvement – This fund accounts for fees collected from projects, which will create adverse impacts on the existing public facilities. It will finance future projects to mitigate the traffic impact.

Citywide Public Improvement – This fund is used to account for the accumulation of resources from the citywide public improvement fee for the acquisition and construction of general government capital projects.

Art in Public Places – This fund is used to account for fees collected through the building permit process to support art in public places with the community. The program supports arts and culture throughout the City of Indian Wells.

FF&E and Rolling Stock – This fund establishes a funding replacement for the City’s FF7E and Rolling Stock assets. These assets include administrative equipment, furniture, and City vehicles. Interest income earned by the fund and other City contributions will be used to support the fund’s long-term capital replacement needs to maintain the asset.

Golf Resort Capital Replacement – This fund establishes a funding replacement for the City’s assets at the Golf resort. These assets include the clubhouse and surrounding facilities, two 18-hole championship golf courses, maintenance and facilities equipment, and specialty furniture located at the Resort. Interest income earned by the fund and other City contributions will be used to support the fund’s long-term capital replacement needs to maintain the asset.

Buildings & Structures Capital Replacement – This fund is used to account for the repairs, maintenance, and construction of the Housing Villas community.

Facilities Capital Replacement – This fund establishes a funding replacement for the City’s assets in and around the City’s Civic Center complex. These assets include City Hall, the Fire Station, Emergency Operations Command, and the surrounding Public Works facilities. Interest income earned by the fund and other City contributions will be used to support the fund’s long-term capital replacement needs to maintain the asset.

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
Assets					
Cash and investments	\$ 310	\$ 12,452	\$ -	\$ 2,622,428	\$ 3,734
Receivables:					
Accounts	2,107	1,617	41,362	31,624	1,777
Accrued interest	-	17	-	3,492	5
Total Assets	<u>\$ 2,417</u>	<u>\$ 14,086</u>	<u>\$ 41,362</u>	<u>\$ 2,657,544</u>	<u>\$ 5,516</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 95,912	\$ -
Deposits payable	-	-	-	-	-
Due to other funds	-	-	5,646	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,646</u>	<u>95,912</u>	<u>-</u>
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	14,086	-	2,561,632	-
Public works	2,417	-	35,716	-	5,516
Committed to					
Capital projects	-	-	-	-	-
Assigned					
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,417</u>	<u>14,086</u>	<u>35,716</u>	<u>2,561,632</u>	<u>5,516</u>
Total Liabilities and Fund Balances	<u>\$ 2,417</u>	<u>\$ 14,086</u>	<u>\$ 41,362</u>	<u>\$ 2,657,544</u>	<u>\$ 5,516</u>

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016**

Special Revenue Funds							
Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations	Cooperative Marketing
\$ 4,195	\$ 28,853	\$ 328,158	\$ 219,893	\$ 1,541,597	\$ 6,532	\$ 2,532,098	\$ -
16,667	9,611	5,248	30,830	17,707	72	3,638	-
6	39	-	730	2,052	9	2,925	-
<u>\$ 20,868</u>	<u>\$ 38,503</u>	<u>\$ 333,406</u>	<u>\$ 251,453</u>	<u>\$ 1,561,356</u>	<u>\$ 6,613</u>	<u>\$ 2,538,661</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 25,516	\$ 5,095	\$ -	\$ 161,194	\$ -
-	-	-	-	-	-	82,638	-
-	1,980	-	-	620	-	-	-
-	1,980	-	25,516	5,715	-	243,832	-
-	-	-	-	-	-	2,294,829	-
20,868	-	-	-	-	-	-	-
-	36,523	333,406	225,937	1,555,641	6,613	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>20,868</u>	<u>36,523</u>	<u>333,406</u>	<u>225,937</u>	<u>1,555,641</u>	<u>6,613</u>	<u>2,294,829</u>	<u>-</u>
<u>\$ 20,868</u>	<u>\$ 38,503</u>	<u>\$ 333,406</u>	<u>\$ 251,453</u>	<u>\$ 1,561,356</u>	<u>\$ 6,613</u>	<u>\$ 2,538,661</u>	<u>\$ -</u>

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016**

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	FF&E and Rolling Stock Capital Replacement	Golf Resort Capital Replacement
Assets					
Cash and investments	\$ -	\$ -	\$ 353,864	\$ 2,366,531	\$ 3,263,128
Receivables:					
Accounts	-	-	-	-	-
Accrued interest	-	-	471	3,151	4,345
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,335</u>	<u>\$ 2,369,682</u>	<u>\$ 3,267,473</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-
Due to other funds	30,939	-	-	-	-
Total Liabilities	<u>30,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Committed to					
Capital projects	-	-	354,335	-	-
Assigned					
Capital projects	-	-	-	2,369,682	3,267,473
Unassigned	(30,939)	-	-	-	-
Total Fund Balances	<u>(30,939)</u>	<u>-</u>	<u>354,335</u>	<u>2,369,682</u>	<u>3,267,473</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,335</u>	<u>\$ 2,369,682</u>	<u>\$ 3,267,473</u>

Capital Projects Funds		
Buildings & Structures Capital Replacement	Facilities Capital Replacement	Total Governmental Funds
\$ 3,417,485	\$ 2,366,599	\$ 19,067,857
-	-	162,260
4,551	3,151	24,944
<u>\$ 3,422,036</u>	<u>\$ 2,369,750</u>	<u>\$ 19,255,061</u>
\$ -	\$ -	\$ 287,717
-	-	82,638
		39,185
-	-	409,540
-	-	2,294,829
-	-	2,596,586
-	-	2,201,769
-	-	354,335
3,422,036	2,369,750	11,428,941
-	-	(30,939)
<u>3,422,036</u>	<u>2,369,750</u>	<u>18,845,521</u>
<u>\$ 3,422,036</u>	<u>\$ 2,369,750</u>	<u>\$ 19,255,061</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
Revenues:					
Taxes	\$ -	\$ -	\$ -	319,922	\$ -
Licenses and permits	-	-	-	1,602	-
Intergovernmental	-	19,927	257,309	2,218	6,282
Investment income	1	201	166	37,698	52
Fines and forfeitures	27,412	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	1,204,098	-
Developer fees	-	-	-	-	-
Other income	-	-	-	3,990	-
Total Revenues	<u>27,413</u>	<u>20,128</u>	<u>257,475</u>	<u>1,569,528</u>	<u>6,334</u>
Expenditures:					
Current:					
Public safety	-	20,000	-	1,213,992	-
Community development	-	-	-	-	-
Public works	25,000	-	300,000	-	3,706
Capital outlay	-	-	-	127,000	-
Total Expenditures	<u>25,000</u>	<u>20,000</u>	<u>300,000</u>	<u>1,340,992</u>	<u>3,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,413</u>	<u>128</u>	<u>(42,525)</u>	<u>228,536</u>	<u>2,628</u>
Other Financing Sources (Uses):					
Transfers out	-	-	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,413	128	(42,525)	228,536	2,628
Fund Balances, Beginning of Year	<u>4</u>	<u>13,958</u>	<u>78,241</u>	<u>2,333,096</u>	<u>2,888</u>
Fund Balances, End of Year	<u>\$ 2,417</u>	<u>\$ 14,086</u>	<u>\$ 35,716</u>	<u>\$ 2,561,632</u>	<u>\$ 5,516</u>

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Special Revenue Funds							
Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations	Cooperative Marketing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
114,618	102,896	-	-	-	-	-	-
59	615	-	9,180	25,210	97	35,948	17
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,629,432	-
-	-	90,468	908,218	973,576	1,313	-	-
-	-	-	-	-	-	-	-
-	-	5,000	1,821	112,592	-	3	-
114,677	103,511	95,468	919,219	1,111,378	1,410	1,665,383	17
102,143	-	-	-	-	-	-	-
-	-	-	-	-	-	1,538,585	-
-	142,000	35,000	905,243	1,047,636	167	-	-
-	-	-	-	-	-	-	-
102,143	142,000	35,000	905,243	1,047,636	167	1,538,585	-
12,534	(38,489)	60,468	13,976	63,742	1,243	126,798	17
-	-	-	-	-	-	-	(7,808)
-	-	-	-	-	-	-	(7,808)
12,534	(38,489)	60,468	13,976	63,742	1,243	126,798	(7,791)
8,334	75,012	272,938	211,961	1,491,899	5,370	2,168,031	7,791
\$ 20,868	\$ 36,523	\$ 333,406	\$ 225,937	\$ 1,555,641	\$ 6,613	\$ 2,294,829	\$ -

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	FF&E and Rolling Stock Capital Replacement	Golf Resort Capital Replacement
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income	-	-	5,474	38,346	58,752
Fines and forfeitures	-	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	-	-
Developer fees	-	72,181	24,185	-	-
Other income	-	-	-	-	-
Total Revenues	-	72,181	29,659	38,346	58,752
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	27,019	-	-
Total Expenditures	-	-	27,019	-	-
Excess (deficiency) of revenues over (under) expenditures	-	72,181	2,640	38,346	58,752
Other Financing Sources (Uses):					
Transfers out	-	(72,181)	-	-	(831,713)
Total Other Financing Sources (uses)	-	(72,181)	-	-	(831,713)
Net Change in Fund Balances	-	-	2,640	38,346	(772,961)
Fund Balances, Beginning of Year	(30,939)	-	351,695	2,331,336	4,040,434
Fund Balances, End of Year	\$ (30,939)	\$ -	\$ 354,335	\$ 2,369,682	\$ 3,267,473

Capital Projects Funds		
Buildings & Structures Capital Replacement	Facilities Capital Replacement	Total Governmental Funds
\$ -	\$ -	\$ 319,922
-	-	1,602
-	-	503,250
55,380	38,347	305,543
-	-	27,412
-	-	1,629,432
-	-	3,177,673
-	-	96,366
-	-	123,406
<u>55,380</u>	<u>38,347</u>	<u>6,184,606</u>
-	-	1,336,135
-	-	1,538,585
-	-	2,458,752
-	-	154,019
-	-	<u>5,487,491</u>
<u>55,380</u>	<u>38,347</u>	<u>697,115</u>
-	-	(911,702)
-	-	(911,702)
55,380	38,347	(214,587)
<u>3,366,656</u>	<u>2,331,403</u>	<u>19,060,108</u>
<u>\$ 3,422,036</u>	<u>\$ 2,369,750</u>	<u>\$ 18,845,521</u>

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4	\$ 4	\$ 4	\$ -
Resources (InFlows):				
Investment income	1,000	1,000	1	(999)
Fines and forfeitures	25,000	25,000	27,412	2,412
Amounts Available for Appropriations	26,004	26,004	27,417	1,413
Charges to Appropriation (OutFlows):				
Public works	25,000	25,000	25,000	-
Budgetary Fund Balance, June 30	\$ 1,004	\$ 1,004	\$ 2,417	\$ 1,413

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY 1/2 % TAX
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,958	\$ 13,958	\$ 13,958	\$ -
Resources (InFlows):				
Intergovernmental	20,000	20,000	19,927	(73)
Investment income	140	140	201	61
Amounts Available for Appropriations	34,098	34,098	34,086	(12)
Charges to Appropriation (OutFlows):				
Public safety	20,000	20,000	20,000	-
Budgetary Fund Balance, June 30	\$ 14,098	\$ 14,098	\$ 14,086	\$ (12)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE "A" TRANSPORTATION
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 78,241	\$ 78,241	\$ 78,241	\$ -
Resources (InFlows):				
Intergovernmental	240,000	240,000	257,309	17,309
Investment income	100	100	166	66
Amounts Available for Appropriations	318,341	318,341	335,716	17,375
Charges to Appropriation (OutFlows):				
Public works	300,000	300,000	300,000	-
Budgetary Fund Balance, June 30	\$ 18,341	\$ 18,341	\$ 35,716	\$ 17,375

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE ACCESS MAINTENANCE DISTRICT NO. 1
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,333,096	\$ 2,333,096	\$ 2,333,096	\$ -
Resources (InFlows):				
Taxes	302,225	302,225	319,922	17,697
Licenses and permits	750	750	1,602	852
Intergovernmental	3,000	3,000	2,218	(782)
Investment income	15,000	15,000	37,698	22,698
Assessments	1,200,000	1,200,000	1,204,098	4,098
Other income	750	750	3,990	3,240
Amounts Available for Appropriations	3,854,821	3,854,821	3,902,624	47,803
Charges to Appropriation (OutFlows):				
Public safety	1,259,850	1,265,170	1,213,992	51,178
Capital outlay	261,000	255,680	127,000	128,680
Total Charges to Appropriations	1,520,850	1,520,850	1,340,992	179,858
Budgetary Fund Balance, June 30	\$ 2,333,971	\$ 2,333,971	\$ 2,561,632	\$ 227,661

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOUTH COAST AQMD VEHICLE REGISTRATION
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,888	\$ 2,888	\$ 2,888	\$ -
Resources (InFlows):				
Intergovernmental	5,500	5,500	6,282	782
Investment income	10	10	52	42
Amounts Available for Appropriations	8,398	8,398	9,222	824
Charges to Appropriation (OutFlows):				
Public works	5,000	5,000	3,706	1,294
Budgetary Fund Balance, June 30	\$ 3,398	\$ 3,398	\$ 5,516	\$ 2,118

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION FOR PUBLIC SAFETY PROGRAM
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,334	\$ 8,334	\$ 8,334	\$ -
Resources (InFlows):				
Intergovernmental	100,000	100,000	114,618	14,618
Investment income	20	20	59	39
Miscellaneous revenue	4,500	-	-	-
Amounts Available for Appropriations	112,854	108,354	123,011	14,657
Charges to Appropriation (OutFlows):				
Public safety	105,000	105,000	102,143	2,857
Budgetary Fund Balance, June 30	\$ 7,854	\$ 3,354	\$ 20,868	\$ 17,514

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 75,012	\$ 75,012	\$ 75,012	\$ -
Resources (InFlows):				
Intergovernmental	114,821	114,821	102,896	(11,925)
Investment income	320	320	615	295
Amounts Available for Appropriations	190,153	190,153	178,523	(11,630)
Charges to Appropriation (OutFlows):				
Public works	142,000	142,000	142,000	-
Budgetary Fund Balance, June 30	\$ 48,153	\$ 48,153	\$ 36,523	\$ (11,630)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AB 939 RECYCLING
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 272,938	\$ 272,938	\$ 272,938	\$ -
Resources (InFlows):				
Assessments	90,000	90,000	90,468	468
Other income	5,000	5,000	5,000	-
Amounts Available for Appropriations	367,938	367,938	368,406	468
Charges to Appropriation (OutFlows):				
Public works	53,500	53,500	35,000	18,500
Budgetary Fund Balance, June 30	\$ 314,438	\$ 314,438	\$ 333,406	\$ 18,968

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 211,961	\$ 211,961	\$ 211,961	\$ -
Resources (InFlows):				
Investment income	4,000	4,000	9,180	5,180
Assessments	905,000	905,000	908,218	3,218
Other income	-	-	1,821	1,821
Amounts Available for Appropriations	1,120,961	1,120,961	1,131,180	10,219
Charges to Appropriation (OutFlows):				
Public works	906,500	906,500	905,243	1,257
Budgetary Fund Balance, June 30	\$ 214,461	\$ 214,461	\$ 225,937	\$ 11,476

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CONSOLIDATED LLMD
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,491,899	\$ 1,491,899	\$ 1,491,899	\$ -
Resources (InFlows):				
Investment income	10,900	10,900	25,210	14,310
Assessments	1,031,702	1,031,702	973,576	(58,126)
Other income	59,770	59,770	112,592	52,822
Amounts Available for Appropriations	2,594,271	2,594,271	2,603,277	9,006
Charges to Appropriation (OutFlows):				
Public works	1,348,347	1,448,347	1,047,636	400,711
Budgetary Fund Balance, June 30	\$ 1,245,924	\$ 1,145,924	\$ 1,555,641	\$ 409,717

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT 2001-1
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,370	\$ 5,370	\$ 5,370	\$ -
Resources (InFlows):				
Investment income	25	25	97	72
Assessments	1,480	1,480	1,313	(167)
Amounts Available for Appropriations	6,875	6,875	6,780	(95)
Charges to Appropriation (OutFlows):				
Public works	1,505	1,505	167	1,338
Budgetary Fund Balance, June 30	\$ 5,370	\$ 5,370	\$ 6,613	\$ 1,243

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING OPERATIONS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,168,031	\$ 2,168,031	\$ 2,168,031	\$ -
Resources (InFlows):				
Investment income	10,000	10,000	35,948	25,948
Assessments	1,667,750	1,667,750	1,629,432	(38,318)
Other income	7,000	7,000	3	(6,997)
Amounts Available for Appropriations	3,852,781	3,852,781	3,833,414	(19,367)
Charges to Appropriation (OutFlows):				
Community development	1,684,750	1,684,750	1,538,585	146,165
Budgetary Fund Balance, June 30	\$ 2,168,031	\$ 2,168,031	\$ 2,294,829	\$ 126,798

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COOPERATIVE MARKETING
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,791	\$ 7,791	\$ 7,791	\$ -
Resources (InFlows):				
Investment income	-	-	17	17
Amounts Available for Appropriations	7,791	7,791	7,808	17
Charges to Appropriation (OutFlows):				
Transfers out	-	-	7,808	(7,808)
Budgetary Fund Balance, June 30	\$ 7,791	\$ 7,791	\$ -	\$ (7,791)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARK FACILITIES IN LIEU
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,389,575)	\$ (1,389,575)	\$ (1,389,575)	\$ -
Resources (InFlows):				
Developer fees	35,000	35,000	32,688	(2,312)
Amounts Available for Appropriations	(1,354,575)	(1,354,575)	(1,356,887)	(2,312)
Charges to Appropriation (OutFlows):				
Community development	-	-	-	-
Budgetary Fund Balance, June 30	\$ (1,354,575)	\$ (1,354,575)	\$ (1,356,887)	\$ (2,312)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,369,963	\$ 3,369,963	\$ 3,369,963	\$ -
Resources (InFlows):				
Investment income	30,000	30,000	56,671	26,671
Other income	10,000	10,000	172,313	162,313
Transfers in	70,000	70,000	72,181	2,181
Amounts Available for Appropriations	3,479,963	3,479,963	3,671,128	191,165
Charges to Appropriation (OutFlows):				
General government	140,000	140,000	126,267	13,733
Capital outlay	1,800,868	1,837,755	388,393	1,449,362
Total Charges to Appropriations	1,940,868	1,977,755	514,660	1,463,095
Budgetary Fund Balance, June 30	\$ 1,539,095	\$ 1,502,208	\$ 3,156,468	\$ 1,654,260

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ART IN PUBLIC PLACES
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 351,695	\$ 351,695	\$ 351,695	\$ -
Resources (InFlows):				
Investment income	2,500	2,500	5,474	2,974
Developer fees	15,000	15,000	24,185	9,185
Amounts Available for Appropriations	369,195	369,195	381,354	12,159
Charges to Appropriation (OutFlows):				
Capital outlay	400,000	433,110	27,019	406,091
Budgetary Fund Balance, June 30	\$ (30,805)	\$ (63,915)	\$ 354,335	\$ 418,250

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Assets:			
Current:			
Cash and investments	\$ 1,997,216	\$ 559,747	\$ 2,556,963
Receivables:			
Accrued interest	2,659	745	3,404
Total Current Assets	1,999,875	560,492	2,560,367
Noncurrent:			
Net OPEB asset	2,836,790	-	2,836,790
Total Noncurrent Assets	2,836,790	-	2,836,790
Total Assets	\$ 4,836,665	\$ 560,492	\$ 5,397,157
Net Position:			
Unrestricted	\$ 4,836,665	\$ 560,492	\$ 5,397,157

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Operating Revenues:			
Interdepartmental charges	\$ 2,292,066	\$ -	\$ 2,292,066
Total Operating Revenues	2,292,066	-	2,292,066
Operating Expenses:			
Administration and general	2,356,055	-	2,356,055
Total Operating Expenses	2,356,055	-	2,356,055
Operating Income (Loss)	(63,989)	-	(63,989)
Nonoperating Revenue (Expenses):			
Investment income	25,888	9,072	34,960
Total Nonoperating Revenues (Expenses)	25,888	9,072	34,960
Changes in Net Position	(38,101)	9,072	(29,029)
Net Position:			
Beginning of Year	4,874,766	551,420	5,426,186
End of Fiscal Year	\$ 4,836,665	\$ 560,492	\$ 5,397,157

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from/(paid to) interfund service provided	\$ 2,292,066	\$ -	\$ 2,292,066
Cash paid to suppliers for goods and services	(2,301,982)	-	(2,301,982)
Net Cash Provided (Used) by Operating Activities	(9,916)	-	(9,916)
Cash Flows from Investing Activities:			
Interest received	26,440	9,219	35,659
Net Cash Provided (Used) by Investing Activities	26,440	9,219	35,659
Net Increase (Decrease) in Cash and Cash Equivalents	16,524	9,219	25,743
Cash and Cash Equivalents at Beginning of Year	1,980,692	550,528	2,531,220
Cash and Cash Equivalents at End of Year	\$ 1,997,216	\$ 559,747	\$ 2,556,963
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:			
Operating income (loss)	\$ (63,989)	\$ -	\$ (63,989)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
(Increase) decrease in OPEB asset	54,073	-	54,073
Net Cash Provided (Used) by Operating Activities	\$ (9,916)	\$ -	\$ (9,916)

STATISTICAL SECTION (UNAUDITED)

This part of the City of Indian Wells' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules was derived from the City's comprehensive annual financial reports for the relevant year.

City of Indian Wells

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities:					
Net investment in capital assets	\$ 175,639,386	\$ 241,607,740	\$ 250,043,785	\$ 250,592,927	\$ 207,621,977
Restricted for:					
Community development	2,294,829	2,175,822	3,420,280	1,857,642	1,932,254
Housing	13,352,710	13,639,334	14,412,791	15,831,412	15,831,412
Public safety	6,065,849	5,680,112	5,558,075	5,074,097	4,870,005
Public works	2,201,769	2,138,313	1,967,998	1,832,508	1,709,638
Debt service	-	-	-	-	-
Unrestricted	<u>53,524,188</u>	<u>52,294,420</u>	<u>51,276,256</u>	<u>37,447,463</u>	<u>45,268,607</u>
Total governmental activities net position	<u>253,078,731</u>	<u>317,535,741</u>	<u>326,679,185</u>	<u>312,636,049</u>	<u>277,233,893</u>
Business-type activities:					
Net investment in capital assets	57,498,601	-	-	-	-
Unrestricted	<u>1,798,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>59,296,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government:					
Invested in capital assets, net of related debt	233,137,987	241,607,740	250,043,785	250,592,927	207,621,977
Restricted	23,915,157	23,633,581	25,359,144	24,595,659	24,343,309
Unrestricted	<u>55,322,273</u>	<u>52,294,420</u>	<u>51,276,256</u>	<u>37,447,463</u>	<u>45,268,607</u>
Total primary government net position	<u>\$ 312,375,417</u>	<u>\$ 317,535,741</u>	<u>\$ 326,679,185</u>	<u>\$ 312,636,049</u>	<u>\$ 277,233,893</u>

*As of 7/1/15, two business-type activities were created, Indian Wells Golf Resort and Club Drive Property

Fiscal Year				
2011	2010	2009	2008	2007
\$ 128,719,531	\$ 129,332,619	\$ 139,057,460	\$ 136,211,882	\$ 69,674,222
28,556,939	38,057,825	23,412,380	22,401,222	21,060,513
4,651,489	4,570,215	4,014,475	3,199,900	2,926,727
1,641,967	308,322	252,873	325,432	1,863,275
817,671	-	-	-	-
<u>31,851,521</u>	<u>29,209,281</u>	<u>42,258,237</u>	<u>42,983,730</u>	<u>60,839,232</u>
<u>196,239,118</u>	<u>201,478,262</u>	<u>208,995,425</u>	<u>205,122,166</u>	<u>156,363,969</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
128,719,531	129,332,619	139,057,460	136,211,882	69,674,222
35,668,066	42,936,362	27,679,728	25,926,554	25,850,515
<u>31,851,521</u>	<u>29,209,281</u>	<u>42,258,237</u>	<u>42,983,730</u>	<u>60,839,232</u>
<u>\$ 196,239,118</u>	<u>\$ 201,478,262</u>	<u>\$ 208,995,425</u>	<u>\$ 205,122,166</u>	<u>\$ 156,363,969</u>

City of Indian Wells

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses:					
Governmental activities:					
General government	\$ 7,151,865	9,338,294	8,528,905	8,151,220	7,589,850
Public safety	7,853,892	7,988,613	7,689,486	7,413,099	7,415,881
Community development	4,502,450	4,058,871	4,114,707	11,783,596	9,513,504
Public works	6,521,568	11,102,625	11,284,095	11,050,272	6,950,388
Golf resort	-	13,564,356	12,945,121	12,088,530	12,714,308
Interest on long-term debt	-	-	-	-	2,024,309
Total governmental activities expenses	<u>26,029,775</u>	<u>46,052,759</u>	<u>44,562,314</u>	<u>50,486,717</u>	<u>46,208,240</u>
Business-type activities:					
Golf resort	21,006,393	-	-	-	-
Club drive	65,142	-	-	-	-
Total business-type expenses	<u>21,071,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>47,101,310</u>	<u>46,052,759</u>	<u>44,562,314</u>	<u>50,486,717</u>	<u>46,208,240</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 48,263	\$ 35,971	\$ 46,282	\$ 88,959	\$ 134,600
Public safety	4,522	8,599	6,883	7,900	5,507
Community development	968,377	1,003,232	854,755	934,524	663,445
Public works	27,412	22,723	28,038	32,978	35,877
Golf resort	-	13,179,508	12,429,070	12,051,307	12,480,492
Operating grants and contributions:					
General government	456,491	524,526	386,696	381,405	382,613
Public safety	4,637,918	4,514,697	4,436,574	4,211,296	1,921,482
Community development	-	60,559	-	-	-
Public works	2,364,247	2,319,406	2,362,409	2,303,057	2,127,618
Capital grants and contributions:					
General government	-	1,050,000	500,000	1,450,000	-
Community development	-	-	-	-	-
Public works	104,869	775,943	2,352,481	119,513	2,839,642
Total governmental activities program revenue	<u>8,612,099</u>	<u>23,495,164</u>	<u>23,403,188</u>	<u>21,580,939</u>	<u>20,591,276</u>
Business-type activities:					
Charges for services:					
Golf resort	\$ 12,918,130	-	-	-	-
Club drive	108,476	-	-	-	-
Total business-type activities program revenue	<u>13,026,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenue	<u>21,638,705</u>	<u>23,495,164</u>	<u>23,403,188</u>	<u>21,580,939</u>	<u>20,591,276</u>
Net revenues (expenses):					
Governmental activities	(17,417,676)	(22,557,595)	(21,159,126)	(28,905,778)	(25,616,964)
Business-type activities	(8,044,929)	-	-	-	-
Total net revenues (expenses)	<u>(25,462,605)</u>	<u>(22,557,595)</u>	<u>(21,159,126)</u>	<u>(28,905,778)</u>	<u>(25,616,964)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	3,039,371	2,915,229	2,820,856	2,689,149	12,893,907
Transient occupancy taxes	7,000,096	6,742,840	6,407,454	6,341,825	5,689,952
Sales taxes	1,217,570	1,121,191	1,016,141	945,359	992,271
Franchise taxes	922,074	924,869	886,891	860,303	848,259
Other taxes	2,968,981	2,887,538	2,375,414	1,914,222	4,107,560
Investment income	2,392,300	2,212,672	3,297,078	2,046,935	3,740,423
Gain on sale of asset	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	16,400,000	48,767,526	78,671,501
Other	908,638	1,082,274	1,012,035	1,078,031	563,735
Transfers	(831,713)	-	-	-	-
Total governmental activities	<u>17,617,317</u>	<u>17,886,613</u>	<u>34,215,869</u>	<u>64,643,350</u>	<u>107,507,608</u>
Business-type activities:					
Investment income	3,095	-	-	-	-
Other	1,850,156	-	-	-	-
Transfers	831,713	-	-	-	-
Total business-type activities	<u>2,684,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>20,302,281</u>	<u>17,886,613</u>	<u>34,215,869</u>	<u>64,643,350</u>	<u>107,507,608</u>
Changes in net position:					
Governmental activities	199,641	(4,670,982)	13,056,743	35,737,572	81,890,644
Business-type activities	(5,359,965)	-	-	-	-
Total primary government	<u>(5,160,324)</u>	<u>(4,670,982)</u>	<u>13,056,743</u>	<u>35,737,572</u>	<u>81,890,644</u>

*As of 7/1/15, two business-type activities were created, Indian Wells Golf Resort and Club Drive Property

		Fiscal Year				
		2011	2010	2009	2008	2007
		4,804,881	8,194,604	10,664,720	9,998,984	7,763,532
		7,379,309	8,157,222	7,594,508	7,211,930	6,146,364
		20,227,573	19,519,593	9,784,467	6,356,163	24,966,021
		6,710,034	5,423,271	5,954,213	6,895,396	3,862,991
		13,694,185	12,885,373	10,179,734	9,518,594	5,406,302
		8,185,570	5,934,148	6,120,317	7,166,630	6,009,532
		<u>61,001,552</u>	<u>60,114,211</u>	<u>50,297,959</u>	<u>47,147,697</u>	<u>54,154,742</u>
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		<u>61,001,552</u>	<u>60,114,211</u>	<u>50,297,959</u>	<u>47,147,697</u>	<u>54,154,742</u>
\$	31,619	\$ 30,284	\$ 30,400	\$ 627,106	\$ 2,235	
	8,272	873,229	742,738	873,761	2,470,623	
	6,718,212	2,136,604	2,114,861	2,528,006	1,934,844	
	48,230	6,266	54,570	68,639	1,463,364	
	12,243,547	11,126,337	6,850,634	5,138,846	4,817,513	
	405,976	33,501	98,175	519,133	77,946	
	1,921,931	2,557,187	2,654,704	2,493,117	2,259,723	
	17,400	1,568,330	2,145,952	2,038,691	314,980	
	2,051,669	1,472,156	1,629,164	1,543,290	926,673	
	-	-	-	-	-	
	-	444,801	9,399,500	1,445,778	1,434,242	
	573,206	4,750,952	291,250	46,463,133	582,880	
	<u>24,020,062</u>	<u>24,999,647</u>	<u>26,011,948</u>	<u>63,739,500</u>	<u>16,285,023</u>	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	<u>24,020,062</u>	<u>24,999,647</u>	<u>26,011,948</u>	<u>63,739,500</u>	<u>16,285,023</u>	
	(36,981,490)	(35,114,564)	(24,286,011)	16,591,803	(37,869,719)	
	<u>(36,981,490)</u>	<u>(35,114,564)</u>	<u>(24,286,011)</u>	<u>16,591,803</u>	<u>(37,869,719)</u>	
	17,200,487	18,121,718	18,756,437	18,582,342	37,093,682	
	4,805,116	4,294,079	4,804,501	5,874,128	5,940,739	
	902,256	762,241	963,446	1,054,972	1,202,051	
	835,725	817,863	870,700	902,634	894,378	
	3,672,587	1,331,372	1,360,608	1,875,547	1,112,636	
	3,939,375	1,513,114	1,147,924	3,467,226	5,554,158	
	-	-	-	-	350,454	
	-	-	-	-	-	
	399,736	362,922	255,654	169,525	438,121	
	-	-	-	-	-	
	<u>31,755,282</u>	<u>27,203,309</u>	<u>28,159,270</u>	<u>31,926,374</u>	<u>52,586,219</u>	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	<u>31,755,282</u>	<u>27,203,309</u>	<u>28,159,270</u>	<u>31,926,374</u>	<u>52,586,219</u>	
	(5,226,208)	(7,911,255)	3,873,259	48,518,177	14,716,500	
	-	-	-	-	-	
	<u>(5,226,208)</u>	<u>(7,911,255)</u>	<u>3,873,259</u>	<u>48,518,177</u>	<u>14,716,500</u>	

City of Indian Wells
Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
General fund:					
Nonspendable:					
Prepaid items	\$ 5,740	\$ 950	\$ 3,715	\$ 352,799	\$ 724,847
Advances to other funds	17,889,192	17,889,192	17,889,192	-	-
Committed to:					
Emergency reserve	-	2,500,000	2,250,000	2,250,000	2,250,000
Unassigned	<u>10,727,499</u>	<u>7,442,635</u>	<u>5,841,717</u>	<u>4,744,619</u>	<u>4,743,094</u>
Total general fund	<u>\$28,622,431</u>	<u>\$27,832,777</u>	<u>\$25,984,624</u>	<u>\$ 7,347,418</u>	<u>\$ 7,717,941</u>
All other governmental funds					
Nonspendable					
Inventory	\$ -	\$ 728,323	\$ 695,998	\$ 613,309	\$ 696,882
Prepaid items	-	230,059	108,542	83,196	79,410
Notes	-	-	-	15,831,412	15,831,412
Advances to other funds	-	-	-	-	-
Restricted for:					
Community development	15,647,539	15,815,156	16,414,450	1,857,642	1,932,254
Public safety	6,065,849	5,680,112	5,558,075	5,074,097	4,870,005
Parks and recreation	-	-	-	-	-
Public works	2,201,769	2,138,313	1,967,998	1,832,508	1,709,638
Debt Service	-	-	-	-	-
Committed to:					
Emergency Reserve	-	-	-	-	-
Capital projects	354,335	22,913,539	23,805,825	25,431,121	35,781,876
Golf Resort	-	1,347,155	-	2,441,139	-
Assigned to:					
Capital projects	23,199,044	-	-	-	-
Unassigned	<u>(1,387,826)</u>	<u>(1,420,514)</u>	<u>(1,853,153)</u>	<u>(1,499,190)</u>	<u>(1,539,173)</u>
Total all other governmental funds	<u>\$74,703,141</u>	<u>\$47,432,143</u>	<u>\$46,697,735</u>	<u>\$51,665,234</u>	<u>\$59,362,304</u>

1) The City Council implemented the Governmental Accounting Standards Board (GASB) statement no. 54 during fiscal year 2010/11 recognizing new fund balance requirements

Fiscal Year				
2011	2010	2009	2008	2007
\$ 21,282	\$ 47,743	\$ 50,787	\$ 700	\$ -
22,010,750	22,409,361	26,150,000	30,797,726	20,000,000
18,500,000	-	-	-	-
<u>22,766,933</u>	<u>19,491,287</u>	<u>17,356,780</u>	<u>11,846,566</u>	<u>7,715,559</u>
<u>\$63,298,965</u>	<u>\$41,948,391</u>	<u>\$ 43,557,567</u>	<u>\$42,644,992</u>	<u>\$27,715,559</u>
\$ 556,726	\$ 501,090	\$ 473,863	\$ 724,063	\$ 97,252
39,962	58,820	29,455	63,394	76,516
4,316,639	4,316,639	4,316,639	-	-
11,514,773	11,514,773	-	-	-
12,725,527	8,618,341	18,965,920	12,986,015	26,850,170
4,651,489	4,379,949	3,849,136	3,058,410	2,767,388
-	-	-	-	-
1,641,967	1,807,173	1,813,427	1,905,049	2,077,143
817,671	789,777	9,087	2,584	35,275
-	-	-	-	-
3,022,559	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(43,424,063)</u>	<u>(10,039,594)</u>	<u>(11,754,777)</u>	<u>3,431,080</u>	<u>60,982,183</u>
<u>\$ (4,136,750)</u>	<u>\$21,946,968</u>	<u>\$ 17,702,750</u>	<u>\$22,170,595</u>	<u>\$92,885,927</u>

City of Indian Wells
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues:					
Taxes	\$ 17,840,371	\$ 17,196,257	\$ 16,031,054	\$ 15,036,212	\$ 31,715,482
Licenses and permits	466,550	479,296	426,382	439,139	226,322
Intergovernmental	959,741	1,765,403	3,151,753	863,584	3,613,520
Contribution from property owners	-	1,050,000	500,000	1,450,000	-
Charges for services	503,429	13,705,848	12,857,977	12,548,294	12,918,149
Investment income	727,908	527,212	1,623,137	400,607	2,157,135
Fines and forfeitures	78,595	64,889	80,669	128,235	175,450
Rental income	1,629,432	1,660,396	1,651,498	1,633,036	-
Assessments	3,782,451	3,685,524	3,737,258	3,643,882	3,584,325
Development fees	129,054	139,614	124,851	222,451	73,510
Other	908,638	1,082,274	1,012,035	1,078,031	563,735
Total revenues	<u>27,026,169</u>	<u>41,356,713</u>	<u>41,196,614</u>	<u>37,443,471</u>	<u>55,027,628</u>
Expenditures					
Current:					
General government	8,008,297	9,424,603	8,573,662	7,996,591	6,214,712
Public safety	8,151,039	8,036,589	7,685,383	3,211,837	7,212,762
Community development	3,084,249	2,807,307	2,820,027	5,109,097	2,556,343
Parks and recreation	-	-	-	1,920,320	-
Public works	4,423,715	4,080,034	4,135,007	3,866,883	3,913,539
Golf resort	-	13,564,356	12,945,121	12,088,530	12,714,308
Pass-through	-	-	-	-	7,183,533
Capital outlay	559,912	861,263	8,678,100	3,330,510	9,197,818
Debt service:					
Principal retirement	-	-	-	-	4,460,000
Interest and fiscal charges	-	-	-	-	3,894,759
Total expenditures	<u>24,227,212</u>	<u>38,774,152</u>	<u>44,837,300</u>	<u>37,523,768</u>	<u>57,347,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,798,957</u>	<u>2,582,561</u>	<u>(3,640,686)</u>	<u>(80,297)</u>	<u>(2,320,146)</u>
Other financing sources (uses):					
Transfers in	1,429,989	2,462,520	64,112	6,587,021	44,643,627
Transfers out	(2,261,702)	(2,462,520)	(140,112)	(6,716,791)	(46,425,808)
Contributions to other governments	-	-	-	(7,522,110)	-
Issuance of bonds	-	-	-	-	-
Premium (discount) on bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	16,400,000	1,339,192	12,020,357
Sale of property	-	-	-	-	-
Total other financing sources (uses)	<u>(831,713)</u>	<u>-</u>	<u>16,324,000</u>	<u>(6,312,688)</u>	<u>10,238,176</u>
Net change in fund balances	<u>\$ 1,967,244</u>	<u>\$ 2,582,561</u>	<u>\$ 12,683,314</u>	<u>\$ (6,392,985)</u>	<u>\$ 7,918,030</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	21.0%
Capital outlay (Recon of Rev & Exp)	(102,981)	695,864	8,627,428	3,118,599	9,190,259
Total governmental expenditures	24,227,212	38,774,152	44,837,300	37,523,768	57,347,774
Less: Principal	-	-	-	-	(4,460,000)
Less: Interest	-	-	-	-	(3,894,759)
	<u>24,227,212</u>	<u>38,774,152</u>	<u>44,837,300</u>	<u>37,523,768</u>	<u>48,993,015</u>
Less: Capital Asset Additions	102,981	(695,864)	(8,627,428)	(3,118,599)	(9,190,259)
Non Capital Expenditures	24,330,193	38,078,288	36,209,872	34,405,169	39,802,756
Total Debt Service Payments	-	-	-	-	8,354,759
Debt Service as % of Non Capital Exp.	0.0%	0.0%	0.0%	0.0%	21.0%

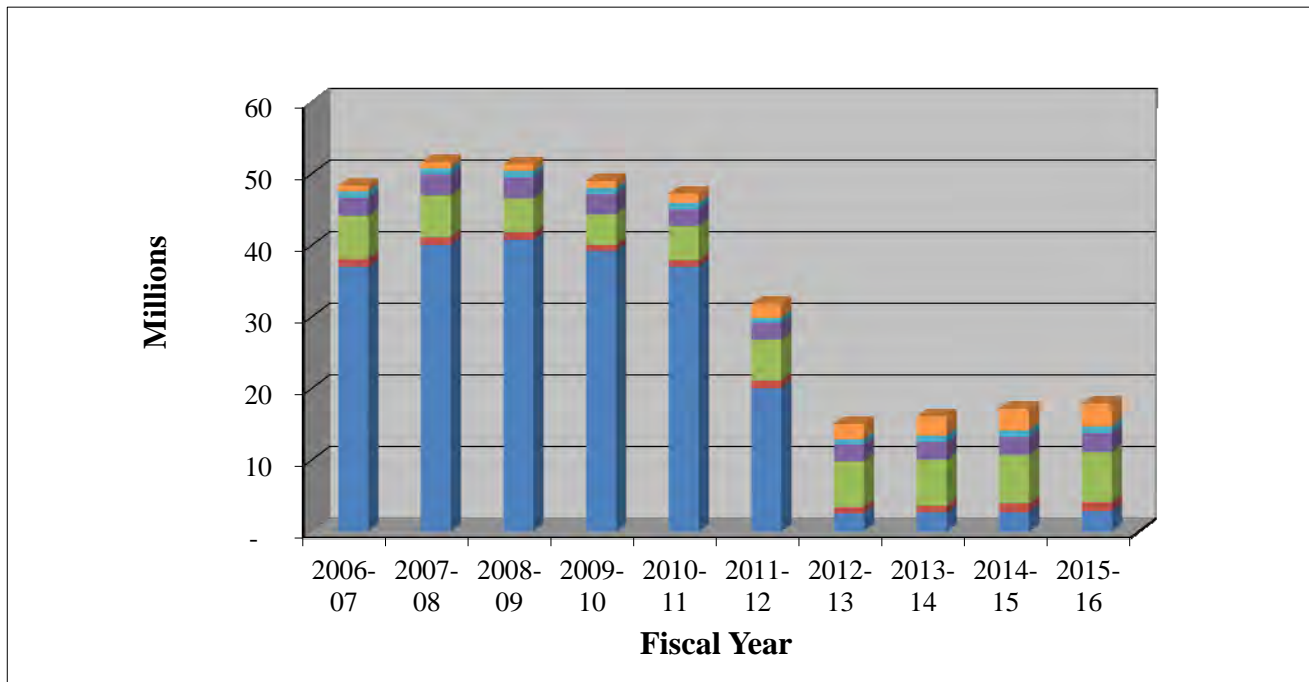
Fiscal Year				
2011	2010	2009	2008	2007
\$ 47,215,341	\$ 48,995,314	\$ 51,245,652	\$ 51,537,447	\$ 48,314,537
119,583	234,824	226,007	399,003	728,761
1,390,949	5,157,957	937,750	1,460,266	2,682,465
12,657,977	11,476,745	7,478,699	6,257,950	5,518,266
3,256,904	2,732,580	4,162,047	8,035,693	8,696,113
87,320	84,582	52,762	52,083	109,671
3,530,928	3,481,755	3,385,707	3,483,606	3,036,321
61,007	1,327,402	59,252	214,938	582,880
399,736	3,374,688	7,823,725	1,156,637	1,213,908
<u>68,719,745</u>	<u>76,865,847</u>	<u>75,371,601</u>	<u>72,597,623</u>	<u>70,882,922</u>
4,219,555	7,941,889	10,506,842	9,604,914	8,076,374
7,214,270	8,000,297	7,471,826	7,133,876	6,156,103
5,846,632	13,493,473	3,784,085	4,091,199	4,045,155
3,763,936	2,959,775	3,278,386	3,306,362	2,843,400
13,694,185	12,885,373	10,179,734	9,333,933	6,042,600
21,778,115	21,138,998	22,107,922	21,471,829	19,874,202
4,464,499	5,954,982	12,361,227	59,787,295	35,637,285
4,020,106	3,860,000	3,720,000	3,965,000	3,330,000
7,951,591	8,517,174	8,858,488	8,939,114	8,753,951
<u>72,952,889</u>	<u>84,751,961</u>	<u>82,268,510</u>	<u>127,633,522</u>	<u>94,759,070</u>
<u>(4,233,144)</u>	<u>(7,886,114)</u>	<u>(6,896,909)</u>	<u>(55,035,899)</u>	<u>(23,876,148)</u>
13,373,447	11,845,781	15,377,613	60,589,937	52,624,250
(13,873,447)	(12,595,781)	(16,377,613)	(61,339,937)	(53,374,250)
-	-	-	-	-
-	10,890,000	-	-	67,805,000
-	-	-	-	57,498
-	-	-	-	(25,054,069)
-	-	-	-	-
-	-	4,341,639	-	375,848
<u>(500,000)</u>	<u>10,140,000</u>	<u>3,341,639</u>	<u>(750,000)</u>	<u>42,434,277</u>
<u>\$ (4,733,144)</u>	<u>\$ 2,253,886</u>	<u>\$ (3,555,270)</u>	<u>\$ (55,785,899)</u>	<u>\$ 18,558,129</u>
21.2%	18.7%	21.7%	157.4%	26.2%
4,524,674	6,076,294	11,857,262	106,530,052	36,538,626
72,952,889	84,751,961	82,268,510	127,633,522	94,759,070
(4,020,106)	(3,860,000)	(3,720,000)	(3,965,000)	(3,330,000)
<u>(7,951,591)</u>	<u>(8,517,174)</u>	<u>(8,858,488)</u>	<u>(8,939,114)</u>	<u>(8,753,951)</u>
60,981,192	72,374,787	69,690,022	114,729,408	82,675,119
(4,524,674)	(6,076,294)	(11,857,262)	(106,530,052)	(36,538,626)
56,456,518	66,298,493	57,832,760	8,199,356	46,136,493
11,971,697	12,377,174	12,578,488	12,904,114	12,083,951
21.2%	18.7%	21.7%	157.4%	26.2%

City of Indian Wells
 Tax Revenues by Source - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year End	Property Tax	Sales	Transient Occupancy	Emergency Services	Franchise	Other	Total
2006-07	36,921,554	1,202,051	5,940,739	2,593,034	894,379	762,780	48,314,537
2007-08	40,058,833	1,054,972	5,874,128	2,857,241	902,634	789,637	51,537,445
2008-09	40,770,451	963,446	4,804,501	2,923,853	870,700	912,698	51,245,649
2009-10	39,208,315	827,195	4,294,079	2,828,412	817,863	1,019,451	48,995,314
2010-11	37,012,359	902,256	4,805,116	2,288,758	835,725	1,371,127	47,215,341
2011-12	20,072,039	992,271	5,689,952	2,287,339	848,259	1,825,622	31,715,482
2012-13	2,495,027	945,359	6,341,825	2,285,354	860,303	2,108,344	15,036,212
2013-14	2,602,881	1,016,141	6,407,454	2,524,298	886,890	2,593,389	16,031,053
2014-15	2,757,592	1,121,191	6,742,840	2,604,590	924,868	3,045,175	17,196,256
2015-16	2,876,532	1,217,570	7,000,096	2,692,279	922,074	3,131,820	17,840,371

Percentage change:

2007-201 -92.2% 1.3% 17.8% 3.8% 3.1% 310.6% -63.1%



City of Indian Wells
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

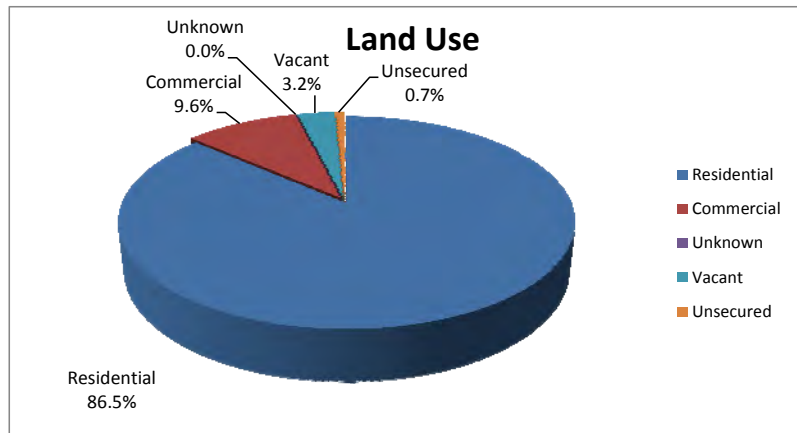
Fiscal Year Ended June 30	City (Excl. RDA)			Redevelopment Agency			City's Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2006-07	\$ 641,953,540	\$ 5,656,440	\$ 647,609,980	\$ 3,568,878,418	\$ 38,357,547	\$ 3,607,235,965	1.18688
2007-08	835,797,894	4,502,911	840,300,805	3,878,756,903	33,552,882	3,912,309,785	1.20556
2008-09	903,292,424	5,793,464	909,085,888	4,115,512,584	49,085,006	4,164,597,590	1.20985
2009-10	858,305,085	4,653,028	862,958,113	3,976,541,728	43,225,207	4,019,766,935	1.23056
2010-11	798,116,578	5,300,075	803,416,653	3,775,005,209	38,992,999	3,813,998,208	1.25031
2011-12	779,881,689	4,485,980	784,367,669	3,663,062,874	29,170,611	3,692,233,485	1.21462
2012-13	838,497,693	3,781,585	842,279,278	3,732,437,881	28,481,837	3,760,919,718	1.21151
2013-14	857,895,036	4,330,282	862,225,318	3,863,716,982	28,639,321	3,892,356,303	1.22949
2014-15	963,012,088	8,006,824	971,018,912	4,010,096,483	26,674,312	4,036,770,795	1.23309
2015-16	1,067,731,252	7,803,011	1,075,534,263	4,142,943,142	21,086,098	4,164,029,240	1.23002

Source: Riverside County Assessor Data, MuniServices, LLC
Source: 2010-11 and prior, previously published CAFR Report
Net Taxable Value is net of all exemptions, including homeowners.
(1.) Total Direct Tax Rate is represented by TRA 016-000

City of Indian Wells

Assessed Value of Property by Use Code, Citywide
Last Ten Fiscal Years

Category	2005-06	2006-07	2007-08	2008-09	2009-10	2013-14	2014-15*	2015-16
Residential	3,201,699,445	3,463,544,677	3,994,931,238	4,257,840,652	4,186,874,097	4,121,937,903	4,329,962,569	4,509,106,870
Commercial	252,142,333	254,305,690	239,515,661	252,841,579	240,348,626	66,962,561	482,959,313	536,436,321
Institutional	4,796,379	4,892,306	306,267	312,392	318,639	0	0	0
Unknown	207,465,790	224,500,108	235,572,803	267,717,856	176,890,276	362,409,067	0	0
Vacant	222,721,582	263,589,177	244,228,828	240,092,529	230,415,175	170,302,487	160,186,689	165,131,203
Net Secured Value	3,888,825,529	4,210,831,958	4,714,554,797	5,018,805,008	4,834,846,813	4,721,612,018	4,973,108,571	5,210,674,394
Unsecured	39,474,571	44,013,987	38,055,793	54,878,470	47,878,235	32,969,603	34,681,136	28,889,109
Net Taxable Value	3,928,300,100	4,254,845,945	4,752,610,590	5,073,683,478	4,882,725,048	4,754,581,621	5,007,789,707	5,239,563,503



Source: MuniServices, LLC

Source: 2010-11 and prior, previously published CAFR Report

Use code categories are based on Riverside County Assessor's data

*Land Use description data updated from previous year(s)

City of Indian Wells

Direct and Overlapping Property Tax Rates

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
City Direct Rates:										
City Basic Rate	0.07000000	0.07000000	0.07000000	0.07000000	0.07000000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Agency Basic Rate	0.29460000	0.29679000	0.29688000	0.26604000	0.26686000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Low & Mod 20% Set-aside	0.20000000	0.20000000	0.20000000	0.20000000	0.20000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Total City Direct Rate	0.56460000	0.56679000	0.56688000	0.53604000	0.53686000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Overlapping Rates:										
General	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188
Riverside County General & Fire	0.28791000	0.28371000	0.28376000	0.28336000	0.28336000	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884
Coachella Valley Water District	0.05885000	0.05877000	0.05870000	0.05932000	0.05886000	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245
Desert Sands Unified School District	0.09745000	0.09857000	0.09851000	0.11489000	0.11498000	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065
Riverside County Superintendent of Schools	0.01102000	0.01114000	0.01114000	0.01299000	0.01300000	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713
College of Desert	0.02025000	0.02048000	0.02047000	0.02387000	0.02389000	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091
Coachella Valley Parks & Recreation District	0.01763000	0.01792000	0.01792000	0.02190000	0.02192000	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243
CV Mosquito & Vector Control District	0.01166000	0.01185000	0.01185000	0.01448000	0.01449000	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312
Riverside County Regional Park & Open Space	0.00021000	0.00026000	0.00026000	0.00088000	0.00088000	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930
Coachella Valley Public Cemetery	0.00017000	0.00021000	0.00022000	0.00072000	0.00072000	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659
Desert Regional Medical Center	0.00025000	0.00029000	0.00029000	0.00098000	0.00097000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Coachella Valley Resource Conservation	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170
Education Revenue Augmentation Fund	0.00001000	0.00002000	0.00002000	0.00006000	0.00006000	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749
TOTAL	0.50541000	0.50322000	0.50314000	0.53345000	0.53313000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000
Override Assessments										
Coachella Valley Water District	0.02080000	0.04000000	0.04000000	0.06000000	0.06000000	0.08000000	0.08000000	0.10000000	0.10000000	0.10000000
Desert Community College	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.02325000	0.02087000
Desert Sands Unified School District	0.07613000	0.07561000	0.07990000	0.08112000	0.10036000	0.11467000	0.11156000	0.10954000	0.10984000	0.10915000
TOTAL	0.11688000	0.13556000	0.13985000	0.16107000	0.18031000	0.21462000	0.21151000	0.22949000	0.23309000	0.23002000
TOTAL TAX RATE	1.18689000	1.20557000	1.20987000	1.23056000	1.25030000	1.21462000	1.21151000	1.22949000	1.23309000	1.23002000

Source: 2010-11 and prior, previously published CAFR Report

Source: Riverside County Auditor data, MuniServices, LLC

(1.) Total Direct Tax Rate is represented by TRA 016-000

(-) Indicates data unavailable.

City of Indian Wells

Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2015-16		2006-07	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Garden Of Champions	181,532,989	3.46%	70,849,226	1.67%
Felcor Esmerelda Llc	56,207,716	1.07%		
Grand Champions Llc	54,270,603	1.04%	85,014,552	2.00%
Toscana Land	53,502,891	1.02%	60,540,643	1.42%
Southwest Community Church Of	42,452,664	0.81%		
Rpcwg Miramonte Owner	25,819,481	0.49%		
Eldorado Country Club	22,710,946	0.43%	18,691,909	0.44%
Vintage Club	22,590,988	0.43%	63,430,411	1.49%
Standard Pacific Corp	21,837,668	0.42%		
Iwcc Acquisition Corp	17,881,238	0.34%	22,325,319	0.53%
Cook Leo W	16,036,410	0.31%	14,102,466	0.33%
Village Shopping Center At Ind	15,436,236	0.29%		
Schmid Inv	13,509,793	0.26%		
Marion Anne W	13,051,640	0.25%		
Kayne Richard A Suzanne L	12,669,104	0.24%		
Indian Wells Village Ii	12,189,361	0.23%	10,836,352	0.25%
Ryan Oil Co	11,702,030	0.22%	20,531,201	0.48%
Brinson Gary P	10,674,000	0.20%	14,000,000	0.33%
Smith Orin C	10,604,719	0.20%		
Kh Indian Wells	10,199,800	0.19%		
Neptune	9,787,000	0.19%	9,196,811	0.22%
Argyros George L	9,778,022	0.19%		
Targoff Michael B Sharzad F	9,592,911	0.18%		
Reserve Club	9,073,327	0.17%	19,481,853	0.46%
Macmillan Donna J	9,007,323	0.17%		
Ctf (Usa)			78,200,000	1.84%
Lh Indian Wells Holding			25,814,821	0.61%
Windfohr Anne Burnett			19,790,894	0.47%
Alexander & Baldwininc			15,938,734	0.37%
Flannery Prop			13,847,631	0.33%
Carletti Christopher M			12,500,000	0.29%
Gross William H			12,250,000	0.29%
Johnson Ralph William			11,286,597	0.27%
Boyer Herbert W			10,492,028	0.25%
Washington Roy Dennis			10,254,281	0.24%
Schneider Gene W			9,710,390	0.23%
Hawk Robert C			9,551,305	0.22%
Dillard Kay			9,194,763	0.22%
Total Top 25 Taxpayers	672,118,860	12.83%	647,832,187	15.24%
Total Taxable Value	5,239,563,503	100.00%	4,252,101,523	100.00%

Source: County Assessor data, MuniServices, LLC

City of Indian Wells

Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2015-16		2006-07	
Taxpayer	Business Type	Taxpayer	Business Type
Audio Visual Headquarters	Business Services	Creative Pipe	Light Industry
Creative Pipe	Light Industry	CVS/Pharmacy	Drug Stores
CVS/Pharmacy	Drug Stores	Desert Horizons Country Club	Restaurants
Desert Horizons Country Club	Restaurants	Don Diego's Of Indian Wells	Restaurants
Don Diego's Restaurant	Restaurants	Donna Diamond Designer	Miscellaneous Retail
Donna Diamond Designer	Miscellaneous Retail	Donna Schuler Design Studio	Furniture/Appliance
Eldorado Country Club	Restaurants	Eldorado Country Club	Restaurants
Eureka Restaurants	Restaurants	Garden Of Champions	Miscellaneous Retail
Hotel Indian Wells	Restaurants	Hotel Indian Wells	Restaurants
Hyatt Grand Champions Resort	Restaurants	Hyatt Grand Champions Resort	Restaurants
Indian Wells Country Club	Restaurants	Indian Wells Golf Resort	Restaurants
Indian Wells Golf Resort	Restaurants	Indian Wells Tennis Garden	Recreation Products
Indian Wells Tennis Garden	Recreation Products	Le Saint Germain Restaurant	Restaurants
Karen Harlow For The Home	Furniture/Appliance	Miramonte Resort & Spa	Restaurants
Miramonte Resort & Spa	Restaurants	Nest Restaurant	Restaurants
Ralph's Grocery Company	Food Markets	Ralph's Grocery Company	Food Markets
Renaissance Esmeralda Resort	Restaurants	Renaissance Esmeralda Resort	Restaurants
Reserve Club	Restaurants	Reserve Club	Restaurants
Tennis Warehouse	Recreation Products	Swank Audio Visuals	Light Industry
Terry Beardsley Golf Shop	Recreation Products	Terry Beardsley Golf Shop	Recreation Products
The Nest	Restaurants	Toscana Country Club	Restaurants
Toscana Country Club	Restaurants	Vicky's Of Santa Fe	Restaurants
Venezia Gourmet Foods	Restaurants	Vintage Club	Restaurants
Vicky's Of Santa Fe	Restaurants	West Coast Turf	Bldg.Matls-Whsle
Vintage Club	Restaurants	Western Sere Inc.	Health & Government

Source: SBOE data, MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

City of Indian Wells
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$34,302,868	\$36,288,268	105.79%	\$ 633,286	\$36,921,554	107.63%
2008	37,565,868	39,500,186	105.15%	558,647	40,058,833	106.64%
2009	40,211,739	40,504,387	100.73%	266,064	40,770,451	101.39%
2010	38,711,203	38,791,118	100.21%	417,197	39,208,315	101.28%
2011	36,889,913	36,918,555	100.08%	93,804	37,012,359	100.33%
2012	34,811,422	26,913,209	77.31%	74,738	26,987,947	77.53%
2013	2,172,899	2,478,806	114.08%	16,221	2,495,027	114.82%
2014	2,184,854	2,583,498	118.25%	19,383	2,602,881	119.13%
2015	2,330,206	2,665,988	114.41%	91,604	2,757,592	118.34%
2016	2,329,290	2,807,108	120.51%	69,424	2,876,532	123.49%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies. Taxes collected by the City are often more than the original tax roll due to new home property sales, resale's during the fiscal year, and payment of delinquent property taxes.

City of Indian Wells
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year End	Governmental Activities			Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Notes Payable	Total		
2007	\$133,580,000	-	\$133,579,997	29.54%	27,951
2008	129,615,000	-	129,615,000	29.06%	26,858
2009	125,895,000	-	125,895,000	25.10%	25,641
2010	132,925,000	-	132,925,000	26.66%	26,870
2011	128,910,000	-	128,910,000	24.62%	25,371
2012	- ¹	-	-	0.00%	-
2013	- ¹	-	-	0.00%	-
2014	- ¹	-	-	0.00%	-
2015	- ¹	-	-	0.00%	-
2016	- ¹	-	-	0.00%	-

(1) Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Please see note 9 to the financial statements. During fiscal year 2011/12, the State of California took action to eliminate redevelopment. The remaining outstanding Redevelopment Agency Tax Allocation Bonds were transferred to a newly formed Successor Agency private-purpose trust.

City of Indian Wells

Ratio of General Bonded Debt Outstanding and Legal Debt Margin

Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year End	Outstanding Tax Allocation Bonds	% of Assessed Value ¹	Per Capita	Less: Amounts Set Aside To Repay Debt	Total Net Debt Applicable To Debt Limit	Legal Debt Limit	Legal Debt Margin	Legal Debt Margin as a % of Limit
2007	\$ 133,580	3.1%	\$ 27,206	\$ 33,544	\$ 100,036	\$ 643,399	\$ 543,363	84.5%
2008	129,615	3.0%	26,201	34,634	94,981	714,418	619,437	86.7%
2009	125,895	2.6%	25,129	37,459	88,436	732,409	643,973	87.9%
2010	132,925	2.6%	26,400	38,487	94,438	761,053	666,615	87.6%
2011	128,910	2.6%	25,371	36,993	91,917	692,612	600,695	86.7%
2012	-	0.0%	-	17,891	(17,891)	671,490	689,381	102.7%
2013	-	0.0%	-	-	-	690,480	690,480	100.0%
2014	-	0.0%	-	-	-	713,187	713,187	100.0%
2015	-	0.0%	-	-	-	754,736	754,736	100.0%
2016	-	0.0%	-	-	-	781,696	781,696	100.0%

Legal Debt Margin Calculation for Fiscal Year 2016:

Assessed Value (From Assessor's net 02-2441)	<u>FY 2015/16</u> \$ 5,211,309,522
Legal Debt limit (15% of total assessed value)	781,696,428

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

All bonded debt is managed through the Agency's Debt Service Fund. Annual receipt of Tax Increment is reserved to pay annual debt service.

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

City of Indian Wells
 Direct and Overlapping Debt
 June 30, 2016

2015-16 Assessed Valuation: \$ 5,211,309,522

	Total Debt 6/30/2016	%	City Share of Debt 6/30/16
		Applicable (1)	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Desert Community College District	\$ 283,391,384	7.288%	\$ 20,653,564
Desert Sands Unified School District	329,215,000	14.320%	47,143,588
Desert Sands Unified School District Community Facilities District No. 1	1,215,000	11.088%	134,719
City of Indian Wells	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 67,931,871
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Riverside County General Fund Obligations	\$ 889,831,745	2.187%	\$ 19,460,620
Riverside County Pension Obligations	304,520,000	2.187%	6,659,852
Riverside County Board of Education Certificates of Participation	935,000	2.187%	20,445
Desert Sands Unified School District Certificates of Participation	55,780,000	14.320%	7,987,696
Coachella Valley Recreation and Park District Certificates of Participation	1,368,228	11.520%	157,620
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT			34,286,234
Less: Riverside County Administrative Center Authority (100% self-supporting)			(136,402)
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 34,149,832
OVERLAPPING TAX INCREMENT DEBT:	253,325,000	0.178-100	\$ 102,565,065
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 204,783,172
TOTAL NET OVERLAPPING DEBT			\$ 204,646,720
GROSS COMBINED TOTAL DEBT			\$ 204,783,172 ⁽²⁾
NET COMBINED TOTAL DEBT			\$ 204,646,770

(1)The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2)Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt.....	1.30%
Gross Combined Total Debt.....	3.93%
Net Combined Total Debt.....	3.93%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$3,785,734,452):

Total Overlapping Tax Increment Debt.....	2.71%
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Source: MuniServices

City of Indian Wells
Pledged-Revenue Coverage
Last Ten Fiscal Years

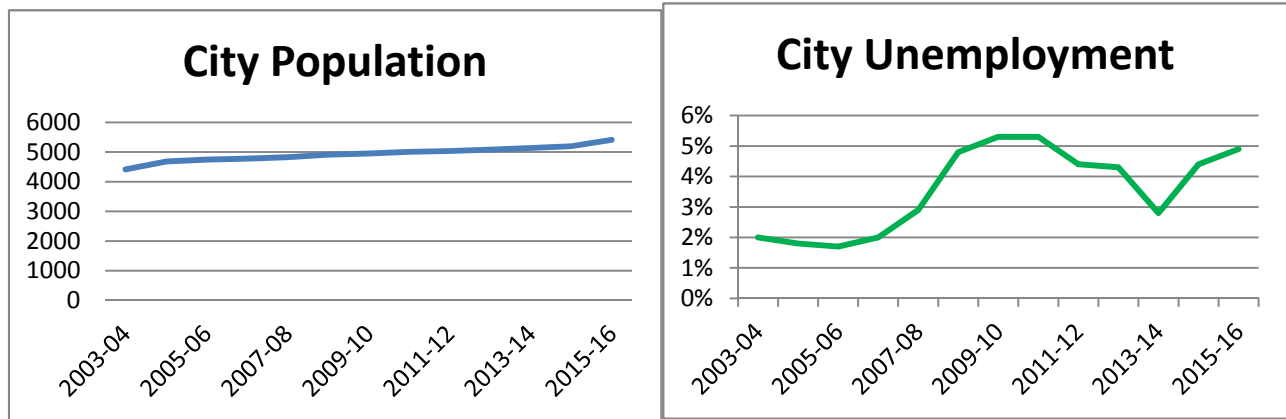
Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2006	\$ 33,544,087	\$3,260,000	\$5,499,851	3.83
2007	34,634,116	3,330,000	7,213,797	3.28
2008	37,459,122	3,965,000	5,977,740	3.77
2009	38,486,642	3,720,000	5,838,334	4.03
2010	36,993,008	3,860,000	5,769,506	3.84
2011	34,788,614	4,015,000	5,999,053	3.47
2012	17,891,078	4,460,000	5,852,651	1.73
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Indian Wells

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita		Public School Enrollment (3)	City Unemployment Rate (%) (4)
			Personal Income (2)	Median Age		
2006-07	4,779	452,208,096	94,624	63.4	-	2.0%
2007-08	4,826	445,994,790	92,415	63.4	-	2.9%
2008-09	4,910	501,527,040	102,144	63.4	-	4.8%
2009-10	4,947	498,543,819	100,777	66.5	-	5.3%
2010-11	5,010	523,660,230	104,523	66.5	-	5.3%
2011-12	5,035	585,987,499	116,383	68.0	29,199	4.4%
2012-13	5,081	599,972,864	118,082	66.7	29,159	4.3%
2013-14	5,137	474,294,073	92,329	68.3	29,156	2.8%
2014-15	5,194	469,484,673	90,390	68.5	28,999	4.4%
2015-16	5,412	447,589,123	82,703	68.9	28,719	4.9%



Source: MuniServices, LLC

Source: 2010-11 and prior, previously published CAFR Report

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

(-) Indicates data unavailable.

1.) Population Projections are provided by the California Department of Finance Projections.

2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.

3.) Student Enrollment reflects the total number of students enrolled in the Desert Sands Unified School District. Any other school districts within the City are not accounted for in this statistic.

4.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Indian Wells

Principal Employers
Last Fiscal Year

Business Name	2015-16		2006-07	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Renaissance Esmeralda Resort	467	27.47%	565	26.12%
Hyatt Regency	425	25.00%	630	29.13%
Indian Wells Golf Resort (1)	226	13.29%	110	5.09%
Toscana Country Club	220	12.94%		
El Dorado Contry Club (2)	215	12.65%	200	9.25%
Miramonte Resort and Spa	170	10.00%	215	9.94%
Indian Wells Country Club	96	5.65%	155	7.17%
Desert Horizons Country Club	84	4.94%		
Indian Wells Resort Hotel	76	4.47%	80	3.70%
Merrill Lynch Wealth Management	43	2.53%	100	4.62%
Windermer Real Estate			70	3.24%
City of Indian Wells			38	1.76%
Total Top Employers	2,022	118.94%	2,163	100%
Total City Employment (3)	1,700			

Source: MuniServices, LLC

Results based on direct correspondence with city's local businesses.

- 1.) Includes Seasonal Employees
- 2.) Count is at peak of season
- 3.) Total City Labor Force provided by EDD Labor Force Data.

City of Indian Wells

Full-time Equivalent City Government Employees
by Function

Last Ten Fiscal Years

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Manager/Clerk	9.75	9.75	6.75	6.75	4.75	4.75	4.75	4.75	4.52	4.48
Advertising/Marketing	-	-	3.00	3.00	2.00	2.00	2.00	2.00	1.97	1.97
Risk Management	0.25	0.25	0.25	0.125	0.125	0.125	0.125	0.125	0.150	0.150
Personnel	0.25	0.25	0.25	0.125	0.125	0.125	0.125	0.125	0.450	0.450
City Attorney	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.05	0.09
Community										
Development	10.00	10.00	9.00	8.25	6.25	5.25	5.25	6.50	6.27	6.27
Finance Department	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	5.47	5.33
Public Safety	1.50	1.50	0.50	1.50	1.50	1.50	1.50	1.25	1.60	1.60
Public Works	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.53	7.44
Housing Authority	-	-	-	-	-	-	-	-	0.99	0.99
Golf Resort	1.00	1.00	-	-	-	-	-	-	-	0.18
Club Drive	-	-	-	-	-	-	-	-	-	0.05
Total	<u>38.00</u>	<u>38.00</u>	<u>35.00</u>	<u>35.00</u>	<u>29.00</u>	<u>28.00</u>	<u>28.00</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>

Source: City of Indian Wells Budget

City of Indian Wells

Operating Indicators
by Functions

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year			
	2007	2008	2009	2010
Police				
Violent Crime	7	5	3	1
Thefts	97	150	104	89
Burglaries	129	109	55	72
Traffic Collisions	152	167	107	93
Traffic Citations	1,229	976	1,014	2,371
Fire				
Medical Aid Calls	529	574	690	538
Public Service Assists	44	97	70	76
Structure Fires	4	19	8	17
Vegetation Fires	-	-	-	-
Building Activity				
Permits Issued	800	859	577	416
Inspections Performed	4,702	5,590	4,421	1,390
New Dwelling Units	52	49	9	5
Public Works				
Lot Line Adjustments	4	18	2	1
Parcel Mergers	2	4	-	-
Encroachment Permits	116	73	67	59
Tract Maps	2	1	1	-
Golf Resort				
Golf rounds played	53,223	48,082	69,308	81,102
Administration				
City Council Meetings	21	19	23	22
Public Hearings	34	17	18	22
Adopted Resolutions	44	60	46	53

Fiscal Year

2011	2012	2013	2014	2015	2016
3	-	-	-	3	6
112	102	141	97	87	91
58	47	66	39	29	45
72	88	88	125	136	104
1,333	870	838	1,251	971	1,101
594	696	704	659	751	794
78	108	118	90	102	76
5	4	4	4	4	3
-	-	-	-	-	-
548	582	774	914	845	887
2,286	2,811	3,862	4,927	5,438	4,607
17	13	35	33	37	32
-	1	3	3	4	2
3	2	3	3	5	4
66	48	66	84	59	70
-	2	2	-	1	-
83,052	83,104	82,712	81,696	78,829	77,613
20	21	21	20	18	15
23	16	11	23	18	14
35	43	53	53	49	42

City of Indian Wells

Capital Asset Statistics
by Function

Last Ten Fiscal Years

<u>Function</u>	Units of Measure		
		2007	2008
Public safety			
Police Sub-Stations	Buildings	1.00	1.00
Fire Stations	Buildings	1.00	1.00
Highways, Streets, Bridges, & Infrastructure			
Pavement (Roadway)	Centerline Miles	25.80	25.80
Sidewalks	Miles	12.70	12.70
Bridges	Each	3.50	3.50
Traffic Signals	Each	12.75	12.75
Traffic Signals equipped with Red Light Runner Camera	Each	3.00	-
Streetlights (not included with traffic signals)	Each	19.00	19.00
Sanitary Sewer Lift Stations (CVWD)	Each	3.00	3.00
Parks and recreation			
Parks	Each	1.00	1.00
18-Hole Public Golf Courses	Each	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00
City Vehicles			
City-Owned Fleet Motor Vehicles	Each	14.00	14.00
City-Owned Ambulances	Each	2.00	2.00
Affordable Housing			
Senior Affordable Housing Complexes	Each	2.00	2.00
Senior Affordable Housing Units	Each	218.00	218.00

Fiscal Year							
2009	2010	2011	2012	2013	2014	2015	2016
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
25.80	25.80	25.80	25.80	25.80	25.80	25.80	25.80
12.70	12.70	12.70	12.70	12.70	12.70	12.70	12.70
3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
15.25	15.25	15.25	15.25	15.25	15.25	15.25	15.25
-	-	-	-	-	-	-	-
19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
14.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
218.00	218.00	218.00	218.00	218.00	218.00	218.00	218.00