

**CITY OF INDIAN WELLS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017**



**CITY OF INDIAN WELLS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by the Finance Department**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2017**

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November 10, 2017

Honorable Mayor, Members of the City Council and  
Citizens of the City of Indian Wells, California:

We are pleased to present the City of Indian Wells Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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, 2017 and the respective changes in financial position.

The CAFR is prepared in accordance with generally accepted accounting principles 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, 2017.

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, 2017. 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 City of Indian Wells**



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 5,450 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. The City's budget was revamped to emphasize program budgeting rather

than the traditional departmental format. This new format simplifies reporting of city expenditures and allocation of resources consistent with City goals. Program budgets emphasize the objectives of the City and allocate expenses back to these objectives.

### **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, and the Indian Wells Arts 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 times 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 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 3.3% per year. The growth is 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 3.6% per year. Cost increases reference historical trends and are inflationary in nature.

<b>General Fund Forecast</b>					
<b>ACCOUNT TYPE</b>	<b>2018B</b>	<b>2019B</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
<b>General Fund</b>					
<b>Revenues</b>	<b>18,210,241</b>	<b>18,544,002</b>	<b>19,146,838</b>	<b>19,771,981</b>	<b>20,420,377</b>
Annual % Change	3.2%	1.8%	3.3%	3.3%	3.3%
<b>General Fund</b>					
<b>Expenditures</b>	<b>15,308,515</b>	<b>15,715,514</b>	<b>16,270,565</b>	<b>16,849,203</b>	<b>17,452,659</b>
Annual % Change	-6.4%	2.7%	3.5%	3.6%	3.6%
<b>Total</b>					
<b>Surplus/(GAP)</b>	<b>2,901,726</b>	<b>2,828,489</b>	<b>2,876,273</b>	<b>2,922,778</b>	<b>2,967,718</b>

Development of new revenues is extremely important to the long-term financial health of the City. During fiscal year 2016/17, staff completed a citywide fee study which resulted in additional revenues of \$200,000 annually. To hedge against rising medical transportation costs, the City implemented a new ambulance billing program increasing fire service revenues by \$280,000 annually. Beginning in fiscal year 2017/18, the City will conduct a detailed study of potential new funding sources to pay for long-term capital replacements.

Staff went through an intense process to assess every program insuring operational efficiency resulting in \$1.1 million in General Fund savings for fiscal year 2017/18 compared to the current fiscal year. To reduce long-term costs, the City acted to pay off the current unfunded employee pension and other post-employment benefit liabilities.

### **Strategic Goals and Priorities**

The purpose of strategic planning is to anticipate the future, envision what the organization must become to operate effectively in that 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 five broad goals for the upcoming two-year budget cycle.

### Goal 1: Implement Strategies to Improve the City's Long-term Fiscal Position

Improve understanding of the City's long-term financial position to identify the revenue necessary to maintain the high-quality standards of Indian Wells.

#### Action Items

- Develop a Program Budget
- Update Fiscal Policy Manual
- Develop Capital Asset Replacement Plan
- Develop new Revenue Opportunities
- Implement Golf and Social Resident Cards
- Expenditure Control/ Budget Management

### Goal 2: Encourage and Expand Economic Development Opportunities

Create economic development opportunities to improve the City's fiscal position.

#### Action Items

- Implement Fast Tract Entitlements and Development Process
- Develop Retail Recruitment
- Drive Tourism

### Goal 3: Golf Resort Strategic Plan

The Indian Wells Golf Resort to be self-sustaining in Fiscal Year 2017-2018 before capital expenses with the addition of a City subsidy.

#### Action Items

- Increase Food and Beverage Revenue
- Increase Golf Revenue
- Golf Resort Facilities

### Goal 4: Highway 111/Cook Street Improvements

Beautify Highway 111/Cook Street retaining the unique character of Indian Wells.

#### Action Items

- Design Highway 111 and Cook Street Improvements
- Construction

## Goal 5: Modernize Fire Station 55

Improve the seismic condition and update the barracks of Station 55.

### Action Items

- Architectural Design
- Construction

## Accomplishments

### Affordable Housing

- Completed income recertification process
- Completed landscaping improvements to both senior properties
- Repaired settlement issues on three units at Mountain View Villas
- Implemented improved annual preventative maintenance schedule at both senior properties
- Released RFP for sale of Warner Trail and entered negotiation with developer
- Conducted Housing Authority Audit reviewing cash management and rent policies at both senior housing properties
- Adopted rent reassignment procedure and annual rent policy
- Developed and initiated Indian Wells Villas flooring and kitchen remodel project (to be completed FY17/18)
- Repaired damaged pool coping at both senior properties
- Completed slurry seal of parking and roads at Mountain View Villas
- Completed sidewalk ADA improvements at Indian Wells Villas and Mountain View Villas with CDBG funds
- Installed new security camera systems at both senior properties
- Replaced all Mountain View Villas common area lighting with energy efficiency LED lights
- Installed bathtub safety bars at Indian Wells Villas with CDBG Funds

### Capital Improvements

- Completion of Highway 111 pedestrian bridge slope repair
- Completion of Whitewater River drop structure restoration
- Demolished the 45-300 Club Drive building
- Completed Indian Wells Lane median palm tree replacement

### Conservation

- Amended the Municipal Code to require landscape-related businesses to complete water efficiency course

## Financial

- Established a new program based budget format.
- Paid down the current CalPERS unfunded pension liability
- IW Open Checkbook received PR Daily's Corporate Social Responsibility 2016 honorable mention award in the category of Organizational Transparency
- Completed comprehensive city-wide fee study
- Implemented ambulance billing program
- Established a Golf Resident Benefit Card and Resident Social Card program

## Risk Management

- Improved the City's Risk Management Program (LOSS CAP)
- Selected as a 2017 Capstone Award finalist
- Settled the Golf Resort 2015 storm damages claim with the California Joint Powers Insurance Authority receiving a total of \$10,129,654

## Technology

- Implemented outreach communication tool called Nixle to enhance resident communication
- Improved hardware and software that publishes the content on IWTV
- Implemented transition to EDEN enterprise software system for business licensing

## Indian Wells Golf Resort

- Improved monthly financial report highlighting important financial performance results
- Awarded the 2017 Association of Golf Merchandisers (AGM) Platinum Award for premier golf shops from the private, public, resort and off-course sectors
- Approved Green Room Improvements
- Awarded the 2016 Wine Spectator Award of Excellence
- Increased resident golf rate to \$50.00 from January 1 through April 30
- Improved Pro Shop merchandise racks and physical plant
- Installed new marketing and directional signage
- Increased the number of events held at the Pavilion

## Indian Wells Tennis Garden

- Completed Stadium 1 Renovation

## Personnel

- Hired two Maintenance Worker I's
- Hired an Assistant to the City Manager
- Hired a Management Analyst
- Reorganized operating departments

## Other Accomplishments

- Regulated marijuana uses in the city
- Amended the Municipal Code to establish regulations and permit procedures for residential indoor marijuana cultivation
- Participated in a successful Taste of Tennis event
- Held a successful strategic planning session
- Hosted a successful 50<sup>th</sup> anniversary event
- Approved Sands Hotel Project
- Certified all staff at ICS 100/200, NIMS 700, and SEMS training and provided residents with grant funded CERT training
- Completed an Urban Land Institute Technical Advisory Panel program and conceptual master plan for the northeast quadrant of the City
- Streamlined entitlement process for Kawasaki event to boost hotel occupancy in shoulder months
- Updated building and fire codes
- Updated Fiscal Policies and Procedures Manual

## **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 which provides the total net position 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, 2017 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, 2016. 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 26 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, 2017 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 would not have been possible without the dedication and professionalism of Finance Department staff. I wish to thank all City departments for their valuable contributions incorporated into this report. I also want to thank the City's independent auditors, Vavrinek, Trine, Day & Co, LLP, Certified Public Accountants for their work professionalism in conducting the annual audit. Finally, I would like to thank the City Council and Finance Committee for providing resources and preserving the City's framework of internal controls.

Respectfully submitted,



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City Manager



Government Finance Officers Association

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

Presented to

**City of Indian Wells  
California**

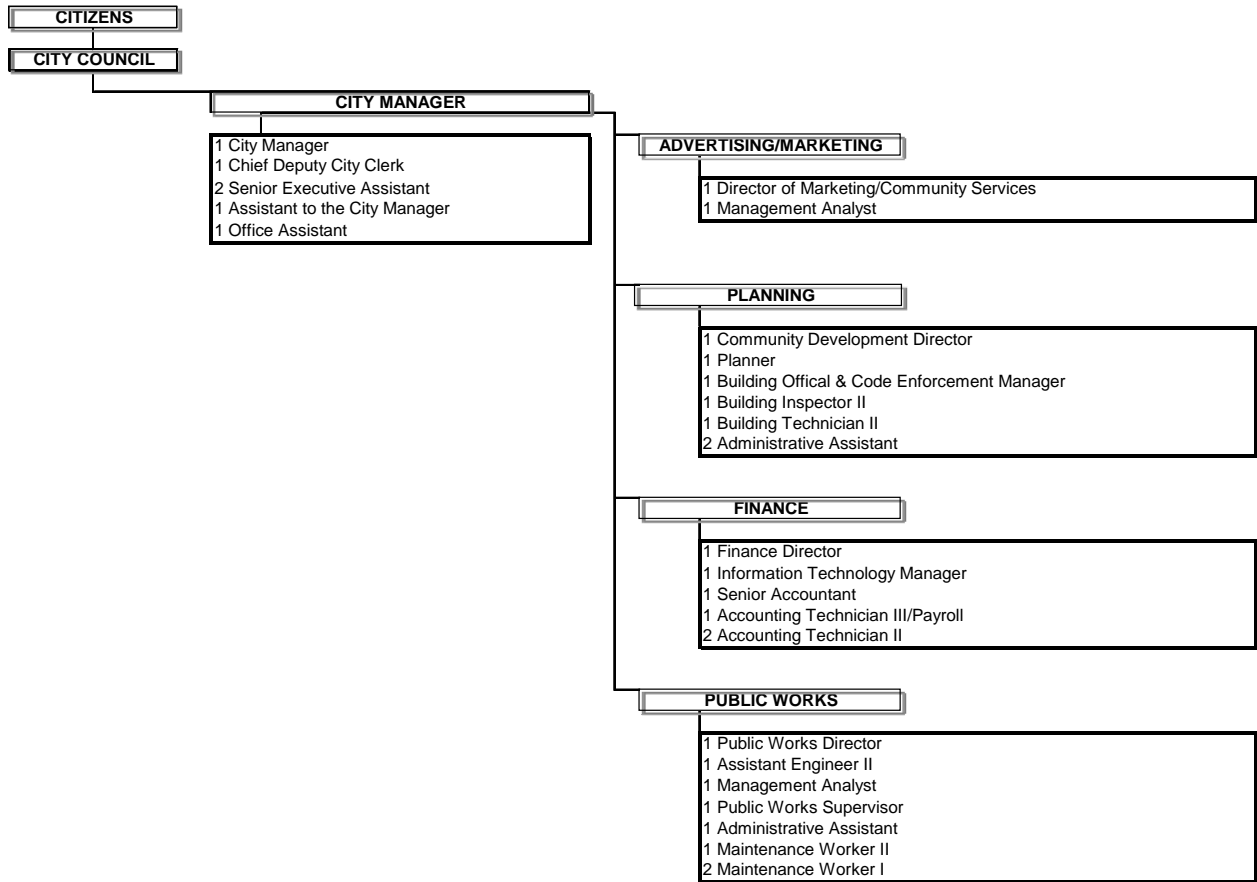
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

CITY OF INDIAN WELLS  
ORGANIZATION CHART

JUNE 30, 2017



CITY OF INDIAN WELLS

**LIST OF PRINCIPAL OFFICIALS**

JUNE 30, 2017

Council – Manager Form of Government

City Council

Richard Balocco  
Mayor

Kimberly Muzik  
Mayor Pro Tem

Dana Reed  
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  
David Gassaway, Community Development 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, 2017, 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, 2017, 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.

## ***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 21, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 10, 2017, 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  
November 10, 2017

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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, 2017. 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 furnished in the letter of transmittal found on pages i-xi, and the accompanying basic financial statements found on pages 23-38 of the report.

### **FINANCIAL HIGHLIGHTS**

- The City's assets exceeded liabilities by \$315.5 million at the close of the most recent fiscal year. The net position breaks down as follows: \$225.3 million represents investment in capital assets, \$66.8 million represents unrestricted net position, and \$23.4 million is subject to legal restrictions on their use.
- Capital assets net of depreciation decreased \$3.2 million from \$175.7 million to \$172.5 million. The City acquired \$0.6 million in new capital assets during the fiscal year and disposed of \$0.2 million. Depreciation expense was \$3.9 million.
- Capital assets from Business-type Activities net of depreciation decreased \$4.7 million from \$57.5 million to \$52.8 million. The Indian Wells Golf Resort acquired \$0.2 million in new capital assets during the fiscal year. Depreciation expense was \$4.9 million.
- The City reported a \$4.2 million net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2017.
- Governmental fund balances ended the year totaling \$83.0 million. Of this amount, \$17.8 million constitutes non-spendable fund balances, \$23.4 million are restricted, which are the result of external limitations on spending, \$0.7 million are committed, and \$23.6 are assigned. The remaining \$17.5 million represents unassigned fund balances.
- At the end of the most recent fiscal year, the fund balance in the City's General Fund was \$36.6 million. The fund balance breaks down as follows: non-spendable assets comprise \$17.8 million in notes and loans, and \$18.9 million is unassigned. The unassigned fund balance included \$2.3 million of 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 and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 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 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 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 schedule 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 *Required Supplementary Information* which includes budgetary information for the General Fund and major special revenue funds, and required schedules for pension and other post-employment benefits.

**Combining and individual fund statements and schedules** - Provide combining fund information and budgetary schedules 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 for the fiscal years ending June 30, 2017 and 2016.

**Table 1**  
**Statement of Net Position**  
**(in Millions)**

	Governmental Activities		Business -Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and restricted assets	\$ 91.4	\$ 82.8	\$ 2.3	\$ 3.8	\$ 93.7	\$ 86.6
Capital assets	172.5	175.6	52.8	57.5	225.3	233.1
<b>Total Assets</b>	<b>263.9</b>	<b>258.4</b>	<b>55.1</b>	<b>61.3</b>	<b>319.0</b>	<b>319.7</b>
Deferred Outflows of Resources	5.0	2.9	0.1	-	5.1	2.9
Current Liabilities	2.9	2.6	0.7	2.0	3.6	4.6
Proportionate share of collective net pension liability	4.2	4.7	-	-	4.2	4.7
Non-current Liabilities	0.5	0.5	-	-	0.5	0.5
<b>Total Liabilities</b>	<b>7.6</b>	<b>7.8</b>	<b>0.7</b>	<b>2.0</b>	<b>8.3</b>	<b>9.8</b>
Deferred Inflows of Resources	0.2	0.4	-	-	0.2	0.4
Net Position:						
Invested in capital assets	172.5	175.6	52.8	57.5	225.3	233.1
Restricted						
Community development	2.4	2.3	-	-	2.4	2.3
Housing	12.9	13.4	-	-	12.9	13.4
Public safety	6.0	6.1	-	-	6.0	6.1
Public works	2.1	2.2	-	-	2.1	2.2
Unrestricted	65.2	53.5	1.6	1.8	66.8	55.3
<b>Total Net Position</b>	<b>\$ 261.1</b>	<b>\$ 253.1</b>	<b>\$ 54.4</b>	<b>\$ 59.3</b>	<b>\$ 315.5</b>	<b>\$ 312.4</b>

The City's assets exceeded liabilities by \$315.5 million at the close of the most recent fiscal year. Of the total net position, the City's investment in capital assets is \$225.3 million and \$66.8 million represents unrestricted net position available for meeting the City's ongoing obligations to citizens and creditors.

The City restricted \$23.4 million based on expected 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, 2017 and 2016.

**Table 2**  
**Statement of Activities**  
**(in Millions)**

	Governmental Activities		Business -Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for services	\$ 1.2	\$ 1.0	\$ 13.0	\$ 13.0	\$ 14.2	\$ 14.0
Operating contributions and grants	7.9	7.5	-	-	7.9	7.5
Capital contributions and grants	0.1	0.1	-	-	0.1	0.1
General Revenues:						
Taxes						
Property taxes	3.1	3.0	-	-	3.1	3.0
Transient occupancy taxes	7.8	7.0	-	-	7.8	7.0
Sales taxes	1.3	1.2	-	-	1.3	1.2
Franchise taxes	0.9	0.9	-	-	0.9	0.9
Business licenses taxes	0.2	0.2	-	-	0.2	0.2
Admission taxes	3.1	2.8	-	-	3.1	2.8
Investment income	1.8	2.4	-	-	1.8	2.4
Other	0.7	0.9	8.4	1.9	9.1	2.8
<b>Total Revenues</b>	<b>28.1</b>	<b>27.0</b>	<b>21.4</b>	<b>14.9</b>	<b>49.5</b>	<b>41.9</b>
Expenses:						
General government	7.5	7.1	-	-	7.5	7.1
Public safety	7.8	7.9	-	-	7.8	7.9
Community development	4.4	4.5	-	-	4.4	4.5
Public works	6.6	6.5	-	-	6.6	6.5
Golf resort			20.0	21.0	20.0	21.0
Club Drive Building			0.1	0.1	0.1	0.1
<b>Total Expenses</b>	<b>26.3</b>	<b>26.0</b>	<b>20.1</b>	<b>21.1</b>	<b>46.4</b>	<b>47.1</b>
Transfers	6.2	(0.8)	(6.2)	0.8	-	-
Change in Net Position	\$ 8.0	\$ 0.2	\$ (4.9)	\$ (5.4)	\$ 3.1	\$ (5.2)
Net Position at Beginning of Year	253.1	317.6	59.3	-	312.4	317.6
Restatement of Net Position		(64.7)		64.7	-	-
Net Position, as Restated	253.1	252.9	59.3	64.7	312.4	317.6
<b>Net Position at End of Year</b>	<b>\$ 261.1</b>	<b>\$ 253.1</b>	<b>\$ 54.4</b>	<b>\$ 59.3</b>	<b>\$ 315.5</b>	<b>\$ 312.4</b>

## Revenues:

### Governmental Activities

The City collected \$28.1 million during fiscal year 2016/17 compared to \$27.0 million the previous year. Tourism revenues grew during the fiscal year due to continued expansion of the Indian Wells Tennis Gardens and the BNP Paribas tennis tournament.

- The City collected \$16.4 million in general taxes during fiscal year 2016/17 representing an increase of \$1.3 million (+9%) compared to the prior year. Revenue growth in this category is primarily due to property tax collections and tourism receipts.
- The City collected \$1.8 million during fiscal year 2016/17. Investment income declined \$0.6 million compared to the prior year primarily due to the GASB 31 market valuation adjustment.
- The City received \$7.9 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, merchandise sales, 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. Tenant rents are adjusted annually and consistent with current market rents.
- Non-operating revenues reached \$8.4 million during the fiscal year primarily due to the receipt of insurance proceeds from a storm damage claim. The storm damage claim was closed in fiscal year 2016/17.

## Expenses:

### Governmental Activities

- Expenses for all governmental activities totaled \$26.3 million, a (+1.0%) increase over the prior year. Cost increases were largely inflationary in nature as staffing levels and service levels remained similar to the prior year.

## Business Type Activities

- Indian Wells Golf Resort costs reached \$20.0 million as follows:
  - Operations \$15,102,393
  - General and Administration \$34,316
  - Depreciation \$4,874,417
  
- Club Drive operating costs reached \$0.1 million as follows:
  - Operations \$20,187
  - General and Administration \$6,069
  - Depreciation \$34,459

## 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 *spend-able* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$83.0 million as follows:

**Table 3**  
**Fund Balances by Category**  
**Fiscal Year Ending 6/30/2017**

	<u>General Fund</u>	<u>All Other Funds</u>	<u>Total Funds</u>
Nonspendable:			
Prepaid costs	\$ 24,666	\$ -	\$ 24,666
Notes and loans	17,739,192	-	17,739,192
Restricted for:			
Community development	-	15,244,098	15,244,098
Public safety	-	6,034,523	6,034,523
Public works	-	2,135,793	2,135,793
Committed for:			
Capital projects	-	676,363	676,363
Assigned To:			
Capital projects	-	23,643,770	23,643,770
Unassigned:	18,859,826	(1,345,970)	17,513,856
<b>Total Fund Balances</b>	<b><u>\$ 36,623,684</u></b>	<b><u>\$ 46,388,577</u></b>	<b><u>\$ 83,012,261</u></b>

Governmental fund balances ended the year totaling \$83.0 million. Of this amount, \$17.8 million constitutes non-spendable reserves; an additional \$23.4 million are restricted fund balances, which are the result of external limitations on spending.

Approximately \$0.7 million of the governmental fund balances are committed fund balances. Assigned fund balances total \$23.6 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 \$17.5 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 6/30/2017**

	Golf Resort Operations	Club Drive Property	Total
Operating Revenues:			
Charges for services	\$ 12,838,393	\$ 111,241	\$ 12,949,634
Total Revenues	<b>12,838,393</b>	<b>111,241</b>	<b>12,949,634</b>
Operating Expenditures:			
Operations	15,102,624	20,187	15,122,811
General and Administration	34,316	6,069	40,385
Depreciation	4,874,417	34,459	4,908,876
Total Expenditures	<b>20,011,357</b>	<b>60,715</b>	<b>20,072,072</b>
Operating Income (loss)	(7,172,964)	50,526	(7,122,438)
Non-operating Revenues (Expenses)			
Investment Income (loss)	-	1,809	1,809
Insurance Proceeds	8,379,489	-	8,379,489
Total Non-operating Revenues (Expenses)	8,379,489	1,809	8,381,298
Income (Loss) before transfers	1,206,525	52,335	1,258,860
Transfers in	375,271	-	375,271
Transfers out	(6,512,916)	(1,978)	(6,514,894)
Total Transfers	(6,137,645)	(1,978)	(6,139,623)
Changes in Net Position	(4,931,120)	50,357	(4,880,763)
Net Position, Beginning of the Year, as restated	57,607,506	1,689,180	59,296,686
Net Position at End of Year	<b>\$ 52,676,386</b>	<b>\$ 1,739,537</b>	<b>\$ 54,415,923</b>

As a result of this year’s business activities, the Indian Wells Golf Resort collected \$12.8 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 \$8.4 million during the fiscal year primarily due to the receipt of insurance proceeds from a storm damage claim. The storm damage claim was closed in fiscal year 2016/17.

Expenditures at the Indian Wells Golf Resort totaled \$20.0 million. Operating costs totaled \$15.1 million, general and administrative costs totaled \$34 thousand, and depreciation totaled \$4.8 million. Operating expenditures at the Club Drive Property were \$61 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 \$36.6 million of which \$17.8 million is non-spendable notes and loans and \$18.9 million of unassigned fund balance.

**Table 5  
General Fund Financial Summary**

	2017	2016	\$ Change	% Change
<b>Revenues:</b>				
Taxes	\$ 16,137,074	\$ 14,828,170	\$ 1,308,904	8.8%
Licenses and permits	641,628	464,948	176,680	38.0%
Intergovernmental	483,456	456,491	26,965	5.9%
Charges for services	480,245	503,429	(23,184)	-4.6%
Interest income	12,838	122,933	(110,095)	-89.6%
Fines and forfeitures	35,473	51,183	(15,710)	-30.7%
Other income	502,271	601,204	(98,933)	-16.5%
<b>Total Revenues</b>	<b>18,292,985</b>	<b>17,028,358</b>	<b>1,264,627</b>	<b>7.4%</b>
<b>Expenditures:</b>				
General government	7,347,657	7,549,356	(201,699)	-2.7%
Public safety	3,528,045	3,613,043	(84,998)	-2.4%
Community development	1,387,624	1,545,664	(158,040)	-10.2%
Public works	2,132,082	1,964,963	167,119	8.5%
<b>Total Expenditures</b>	<b>14,395,408</b>	<b>14,673,026</b>	<b>(277,618)</b>	<b>-1.9%</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,897,577</b>	<b>2,355,332</b>	<b>1,542,245</b>	<b>65.5%</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	6,500,000	7,808	6,492,192	83148.0%
Transfer out	(2,396,324)	(1,350,000)	(1,046,324)	77.5%
<b>Total Transfers</b>	<b>4,103,676</b>	<b>(1,342,192)</b>	<b>5,445,868</b>	<b>-405.7%</b>
<b>Net Change in Fund Balance</b>	<b>\$ 8,001,253</b>	<b>\$ 1,013,140</b>	<b>\$ 6,988,113</b>	<b>689.7%</b>

General Fund revenues increased 7.4% during fiscal year 2016/17 compared to the prior year primarily due to strong property tax and tourism tax collections. Total taxes climbed 8.8% with property taxes, transient occupancy taxes and admissions taxes experiencing the lion’s share of the growth. Investment income declined \$0.1 million compared to the prior year primarily due to the GASB 31 market valuation adjustment.

General Fund expenditures decreased \$0.3 million (-1.9%) during fiscal year 2016/17 primarily due to active financial leadership. Staff assessed every program to insure operational efficiency and identified cost reductions.

See Fund Financial Statements tab page 26-38.

### Government 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 Governmental Activities**  
**(in Millions)**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Government Activities				
General government	\$ 7.5	\$ 7.1	\$ (7.0)	\$ (6.7)
Public safety	7.8	7.9	(3.1)	(3.2)
Community development	4.4	4.5	(3.1)	(3.5)
Public works	6.6	6.5	(3.8)	(4.0)
Total Governmental Activities	26.3	26.0	(17.0)	(17.4)
Business-Type Activities				
Golf resort	20.0	21.0	(7.2)	(8.1)
Other	0.1	0.1	-	-
Total Business-Type Activates	20.1	21.1	(7.2)	(8.1)
Total Primary Government	<u>\$ 46.4</u>	<u>\$ 47.1</u>	<u>\$ (24.2)</u>	<u>\$ (25.5)</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 24 for further detail.

## Capital Assets

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.

### Government Activities

**Table 7**  
**Summary of Changes in Capital Assets**  
**(in millions)**

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
<b>Capital assets, not being depreciated:</b>				
Land	\$ 48.7	\$ -	\$ -	\$ 48.7
Construction in progress	0.1	0.1	-	0.2
<b>Total capital assets not being depreciated</b>	<b>48.8</b>	<b>0.1</b>	<b>-</b>	<b>48.9</b>
<b>Capital assets, being depreciated:</b>				
Intangible	2.5	-	-	2.5
Buildings and improvements	63.7	0.4	-	64.1
Equipment	1.7	0.1	(0.2)	1.6
Infrastructure	110.5	0.1	-	110.6
<b>Total capital assets being depreciated</b>	<b>178.4</b>	<b>0.6</b>	<b>(0.2)</b>	<b>178.8</b>
<b>Less accumulated depreciation for:</b>				
Intangible	(0.9)	(0.2)	-	(1.1)
Buildings and improvements	(21.8)	(1.6)	-	(23.4)
Equipment	(1.5)	(0.1)	0.2	(1.4)
Infrastructure	(27.3)	(2.0)	-	(29.3)
<b>Total accumulated depreciation</b>	<b>(51.5)</b>	<b>(3.9)</b>	<b>0.2</b>	<b>(55.2)</b>
<b>Total capital assets being depreciated, net</b>	<b>126.9</b>	<b>(3.3)</b>	<b>-</b>	<b>123.6</b>
<b>Total capital assets, net</b>	<b>\$ 175.7</b>	<b>\$ (3.2)</b>	<b>\$ -</b>	<b>\$ 172.5</b>

The City completed \$0.6 million in new capital assets during the fiscal year. The City spent \$0.3 million to complete two landscaping projects along Highway 111 and Indian Wells Lane, \$0.2 million on various traffic safety projects, and \$0.1 million on fire station improvements. Total depreciation is \$3.9 million and deletions were another \$0.2 million. The net investment in capital assets decreased \$3.2 million from \$175.7 million to \$172.5 million.

Business-Type Activities

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

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
<b>Capital assets, not being depreciated:</b>				
Land	\$ 14.5	\$ -	\$ -	\$ 14.5
<b>Total capital assets not being depreciated</b>	<b>14.5</b>	<b>-</b>	<b>-</b>	<b>14.5</b>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	83.0	0.1		83.1
Equipment	5.0	0.1		5.1
Infrastructure	0.4	-		0.4
<b>Total capital assets being depreciated</b>	<b>88.4</b>	<b>0.2</b>	<b>-</b>	<b>88.6</b>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(40.4)	(4.8)	-	(45.2)
Equipment	(4.9)	(0.1)	-	(5.0)
Infrastructure	(0.1)	-	-	(0.1)
<b>Total accumulated depreciation</b>	<b>(45.4)</b>	<b>(4.9)</b>	<b>-</b>	<b>(50.3)</b>
<b>Total capital assets being depreciated, net</b>	<b>43.0</b>	<b>(4.7)</b>	<b>-</b>	<b>38.3</b>
<b>Total capital assets, net</b>	<b>\$ 57.5</b>	<b>\$ (4.7)</b>	<b>\$ -</b>	<b>\$ 52.8</b>

The Indian Wells Golf Resort completed \$0.2 million in new capital assets during the fiscal year including a replacement phone system, new kitchen equipment, golf shop renovations, and bunker improvements along the Player's golf course. Total depreciation is \$4.9 million. The net investment in capital assets decreased \$4.7 million from \$57.5 million to \$52.8 million. Details of the City's capital assets can be found in Note 7 Capital Assets on page 56-57 of the Notes to Basic Financial Statements.



## General Fund Budgetary Highlights

The final budget for General Fund expenditures and transfers out was \$1,284,194 higher than the original budget due to increases/(decreases) in appropriations primarily attributed to the following:

- Prepaid pension contributions to reduce on-going pension costs.
- Public Safety contract changes due to completed labor negotiations.

Actual revenues received in the General Fund were \$7,810,451 higher than budgeted primarily attributed to the following:

- A transfer in of \$6,500,000 due to the receipt of insurance proceeds from a storm damage claim.
- Strong property tax and tourism tax collections outpaced budgeted expectations by \$1,347,015. Hotel partners attracted new event groups like Kawasaki during the fiscal year which were previously unbudgeted.
- Investment income declined \$67,162 compared to budget primarily due to the GASB 31 market valuation adjustment.
- The remaining \$30,598 net; exceeded revenues in all other categories.

Actual expenditures for the General Fund were \$786,345 under budget primarily attributed to the following:

- Savings across programs attributable to prepaid pension contributions.
- Delayed implementation of building permit software.
- Reduced community information costs by digitizing City newsletter and other information pieces.

## Long-term Debt

At year-end, the City governmental activities had \$4.6 million of long-term debt.

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

Description	2017	2016	\$ Change	% Change
Net Pension Liability	\$ 4,152,019	\$ 4,769,476	\$ (617,457)	-12.9%
Compensated absences	467,017	460,188	6,829	1.5%
Total Long Term Debt	\$ 4,619,036	\$ 5,229,664	\$ (610,628)	-11.7%

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2017, in the amount of \$4.2 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, 2015 and 2016, was as follows:

Proportion - June 30, 2015	0.0695%
Proportion - June 30, 2016	<u>0.0480%</u>
Change - Increase/(Decrease)	-0.0215%

The City had \$0.5 million in compensated absences liability as of June 30, 2017. 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.

Details of the City's outstanding debt can be found in Note 8 Long-Term Liabilities on page 57 of the Notes to Basic Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

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 3.3% per year. The growth is 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 3.6% per year. Cost increases reference historical trends and are inflationary in nature.

<b>General Fund Forecast</b>					
<b>ACCOUNT TYPE</b>	<b>2018B</b>	<b>2019B</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
<b>General Fund</b>					
<b>Revenues</b>	<b>18,210,241</b>	<b>18,544,002</b>	<b>19,146,838</b>	<b>19,771,981</b>	<b>20,420,377</b>
Annual % Change	3.2%	1.8%	3.3%	3.3%	3.3%
<b>General Fund</b>					
<b>Expenditures</b>	<b>15,308,515</b>	<b>15,715,514</b>	<b>16,270,565</b>	<b>16,849,203</b>	<b>17,452,659</b>
Annual % Change	-6.4%	2.7%	3.5%	3.6%	3.6%
<b>Total</b>					
<b>Surplus/(GAP)</b>	<b>2,901,726</b>	<b>2,828,489</b>	<b>2,876,273</b>	<b>2,922,778</b>	<b>2,967,718</b>

Development of new revenues is extremely important to the long-term financial health of the City. During fiscal year 2016/17, Staff completed a citywide fee study which resulted in additional revenues of \$200,000 annually. To hedge against rising medical transportation costs, the City implemented a new ambulance billing program increasing fire service revenues by \$280,000 annually. Beginning in fiscal year 2017/18, the City will conduct a detailed study of potential new funding sources to pay for long-term capital replacements.

Staff went through an intense process to assess every program insuring operational efficiency resulting in \$1.1 million in General Fund savings for fiscal year 2017/18 compared to the current fiscal year. The 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](mailto:kmccarthy@indianwells.com)

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CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 58,764,445	\$ 1,416,241	\$ 60,180,686
Receivables:			
Accounts	1,454,750	138,984	1,593,734
Notes and loans	158,675	-	158,675
Accrued interest	120,499	1,069	121,568
Prepaid costs	24,666	160,036	184,702
Inventories	-	616,993	616,993
Due from Successor Agency	27,789,718	-	27,789,718
Net OPEB asset	3,050,827	-	3,050,827
Capital assets not being depreciated	48,933,744	14,456,425	63,390,169
Capital assets, net of depreciation	123,561,052	38,301,830	161,862,882
<b>Total Assets</b>	<b>263,858,376</b>	<b>55,091,578</b>	<b>318,949,954</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts related to pensions	<b>4,980,421</b>	<b>39,816</b>	<b>5,020,237</b>
<b>Liabilities</b>			
Accounts payable	2,496,005	680,107	3,176,112
Accrued liabilities	88,168	914	89,082
Deposits payable	418,552	-	418,552
Noncurrent liabilities:			
Due within one year	101,230	-	101,230
Due in more than one year	365,787	-	365,787
Proportionate share of net pension liability	4,119,089	32,930	4,152,019
<b>Total Liabilities</b>	<b>7,588,831</b>	<b>713,951</b>	<b>8,302,782</b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts related to pensions	<b>190,105</b>	<b>1,520</b>	<b>191,625</b>
<b>Net Position</b>			
Net investment in capital assets	172,494,796	52,758,255	225,253,051
Restricted for:			
Community development projects	2,401,909	-	2,401,909
Housing	12,842,189	-	12,842,189
Public safety	6,034,523	-	6,034,523
Public works	2,135,793	-	2,135,793
Unrestricted	65,150,651	1,657,668	66,808,319
<b>Total Net Position</b>	<b>\$ 261,059,861</b>	<b>\$ 54,415,923</b>	<b>\$ 315,475,784</b>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

<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>
<b>Government Activities</b>				
General government	\$ 7,501,991	\$ 35,873	\$ 430,718	\$ -
Public safety	7,830,608	134	4,768,453	-
Community development	4,331,134	1,121,873	52,738	-
Public works	6,624,416	22,884	2,643,506	143,993
<b>Total Governmental Activities</b>	<b>26,288,149</b>	<b>1,180,764</b>	<b>7,895,415</b>	<b>143,993</b>
<b>Business-type Activities</b>				
Golf Resort Operations	20,011,357	12,838,393	-	-
Club Drive Property	60,715	111,241	-	-
<b>Total Business-type Activities</b>	<b>20,072,072</b>	<b>12,949,634</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 46,360,221</b>	<b>\$ 14,130,398</b>	<b>\$ 7,895,415</b>	<b>\$ 143,993</b>

**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

**Net Position at End of Year**

See accompanying notes to basic financial statements.

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (7,035,400)	\$ -	\$ (7,035,400)
(3,062,021)	-	(3,062,021)
(3,156,523)	-	(3,156,523)
(3,814,033)	-	(3,814,033)
<b>(17,067,977)</b>	<b>-</b>	<b>(17,067,977)</b>
-	(7,172,964)	(7,172,964)
-	50,526	50,526
-	<b>(7,122,438)</b>	<b>(7,122,438)</b>
<b>\$ (17,067,977)</b>	<b>\$ (7,122,438)</b>	<b>\$ (24,190,415)</b>
3,115,910	-	3,115,910
7,826,154	-	7,826,154
1,347,804	-	1,347,804
941,938	-	941,938
150,354	-	150,354
3,077,007	-	3,077,007
1,791,037	1,809	1,792,846
659,280	8,379,489	9,038,769
<b>18,909,484</b>	<b>8,381,298</b>	<b>27,290,782</b>
6,139,623	(6,139,623)	-
7,981,130	(4,880,763)	3,100,367
253,078,731	59,296,686	312,375,417
<b>\$ 261,059,861</b>	<b>\$ 54,415,923</b>	<b>\$ 315,475,784</b>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
<b>Assets</b>			
Cash and investments	\$ 17,889,532	\$ 2,816,426	\$ 3,806,199
Receivables:			
Accounts	1,028,357	-	231,265
Notes	-	-	-
Accrued interest	36,841	5,806	7,846
Prepaid costs	24,666	-	-
Due from other funds	1,366,967	-	-
Due from Successor Agency	17,739,192	10,050,526	-
<b>Total Assets</b>	<b>\$ 38,085,555</b>	<b>\$ 12,872,758</b>	<b>\$ 4,045,310</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,043,413	\$ 26,683	\$ 471,758
Accrued liabilities	81,532	3,886	2,750
Deposits payable	336,926	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>1,461,871</b>	<b>30,569</b>	<b>474,508</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	-	195,008
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Prepaid costs	24,666	-	-
Notes and loans	17,739,192	-	-
<b>Restricted for</b>			
Community development	-	12,842,189	-
Public safety	-	-	3,375,794
Public works	-	-	-
<b>Committed to</b>			
Capital projects	-	-	-
<b>Assigned</b>			
Capital projects	-	-	-
<b>Unassigned</b>	18,859,826	-	-
<b>Total Fund Balance</b>	<b>36,623,684</b>	<b>12,842,189</b>	<b>3,375,794</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 38,085,555</b>	<b>\$ 12,872,758</b>	<b>\$ 4,045,310</b>

See accompanying notes to basic financial statements.



**Capital Projects Funds**

<b>Park Facilities In Lieu</b>	<b>Capital Improvements</b>	<b>Infrastructure Capital Replacement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 2,789,840	\$ 9,999,395	\$ 19,364,619	\$ 56,666,011
-	31,112	-	164,016	1,454,750
-	158,675	-	-	158,675
-	5,751	20,613	39,317	116,174
-	-	-	-	24,666
-	-	-	-	1,366,967
-	-	-	-	27,789,718
<b>\$ -</b>	<b>\$ 2,985,378</b>	<b>\$ 10,020,008</b>	<b>\$ 19,567,952</b>	<b>\$ 87,576,961</b>
\$ -	477,961	\$ -	\$ 476,190	\$ 2,496,005
-	-	-	-	88,168
-	-	-	81,626	418,552
1,315,031	-	-	51,936	1,366,967
<b>1,315,031</b>	<b>477,961</b>	<b>-</b>	<b>609,752</b>	<b>4,369,692</b>
-	-	-	-	195,008
-	-	-	-	24,666
-	-	-	-	17,739,192
-	-	-	2,401,909	15,244,098
-	-	-	2,658,729	6,034,523
-	-	-	2,135,793	2,135,793
-	-	-	676,363	676,363
(1,315,031)	2,507,417	10,020,008	11,116,345	23,643,770
<b>(1,315,031)</b>	<b>2,507,417</b>	<b>10,020,008</b>	<b>(30,939)</b>	<b>17,513,856</b>
<b>\$ -</b>	<b>\$ 2,985,378</b>	<b>\$ 10,020,008</b>	<b>\$ 19,567,952</b>	<b>\$ 87,576,961</b>

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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, 2017**

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<b>Fund Balances of Governmental Funds</b>			\$	83,012,261
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				172,494,796
Compensated absences are not considered due and payable and therefore have not been included in the governmental funds				(467,017)
Deferred outflows related to pensions				
Contributions made after measurement date	\$	3,702,126		
Adjustment due to differences in proportions		273,373		
Net difference between projected and actual earnings in pension		989,432		
Difference between expected and actual experience		<u>15,490</u>		4,980,421
Deferred inflows related to pensions				
Changes in assumptions				(190,105)
Proportionate share of net pension liability has not been included in governmental fund activity				(4,119,089)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities				195,008
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>5,153,586</u>
<b>Net Position of Governmental Activities</b>			<b>\$</b>	<b><u><u>261,059,861</u></u></b>

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, 2017

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
<b>Revenues</b>			
Taxes	\$ 16,137,074	\$ -	\$ 2,607,919
Licenses and permits	641,628	-	-
Intergovernmental	483,456	-	25,463
Charges for services	480,245	-	-
Investment income	12,838	18,335	18,112
Fines and forfeitures	35,473	-	-
Rental income	-	-	-
Assessments	-	-	607,715
Developer fees	-	-	-
Other income	502,271	-	494
<b>Total Revenues</b>	<b><u>18,292,985</u></b>	<b><u>18,335</u></b>	<b><u>3,259,703</u></b>
<b>Expenditures</b>			
Current:			
General government	7,347,657	461,250	-
Public safety	3,528,045	-	3,240,516
Community development	1,387,624	-	-
Public works	2,132,082	-	-
Capital outlay	-	-	77,864
<b>Total Expenditures</b>	<b><u>14,395,408</u></b>	<b><u>461,250</u></b>	<b><u>3,318,380</u></b>
Excess (deficiency) of revenues over (under) expenditures	<u>3,897,577</u>	<u>(442,915)</u>	<u>(58,677)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	6,500,000	-	-
Transfers out	(2,396,324)	(67,606)	(34,792)
<b>Total Other Financing Sources (Uses)</b>	<b><u>4,103,676</u></b>	<b><u>(67,606)</u></b>	<b><u>(34,792)</u></b>
Net change in fund balances	8,001,253	(510,521)	(93,469)
Fund Balances, Beginning of Year	<u>28,622,431</u>	<u>13,352,710</u>	<u>3,469,263</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 36,623,684</u></b>	<b><u>\$ 12,842,189</u></b>	<b><u>\$ 3,375,794</u></b>

See accompanying notes to basic financial statements.

<b>Capital Projects</b>				
<b>Park Facilities In Lieu</b>	<b>Capital Improvements</b>	<b>Infrastructure Capital Replacement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 322,095	\$ 19,067,088
-	-	-	534	642,162
-	20,000	-	495,838	1,024,757
-	-	-	-	480,245
-	17,155	56,373	103,167	225,980
-	-	-	22,884	58,357
-	-	-	1,561,169	1,561,169
-	-	-	3,155,588	3,763,303
41,856	-	-	406,563	448,419
-	22,425	-	134,090	659,280
<b>41,856</b>	<b>59,580</b>	<b>56,373</b>	<b>6,201,928</b>	<b>27,930,760</b>
-	27,389	-	-	7,836,296
-	-	-	1,279,343	8,047,904
-	-	-	1,473,730	2,861,354
-	-	-	2,414,886	4,546,968
-	763,379	-	463,882	1,305,125
-	<b>790,768</b>	-	<b>5,631,841</b>	<b>24,597,647</b>
41,856	(731,188)	56,373	570,087	3,333,113
-	82,137	1,350,000	-	7,932,137
-	-	-	(457,408)	(2,956,130)
-	<b>82,137</b>	<b>1,350,000</b>	<b>(457,408)</b>	<b>4,976,007</b>
41,856	(649,051)	1,406,373	112,679	8,309,120
(1,356,887)	3,156,468	8,613,635	18,845,521	74,703,141
<b>\$ (1,315,031)</b>	<b>\$ 2,507,417</b>	<b>\$ 10,020,008</b>	<b>\$ 18,958,200</b>	<b>\$ 83,012,261</b>

**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, 2017**

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Net Change in Fund Balances - Total Governmental Funds \$ 8,309,120

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)	\$ 588,717	
Depreciation expense	<u>(3,733,307)</u>	(3,144,590)

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 (6,829)

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 2,871,992

Revenues reported as unavailable revenue in the governmental funds and recognized as operating contributions and grants in the statement of activities 195,008

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 (243,571)

**Change in net position of governmental activities \$ 7,981,130**

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
<b>Assets</b>				
Current Assets				
Cash and investments	\$ 1,035,919	\$ 380,322	\$ 1,416,241	\$ 2,098,434
Receivables:				
Accounts	138,984	-	138,984	-
Accrued interest	285	784	1,069	4,325
Prepaid costs	160,036	-	160,036	-
Inventories	616,993	-	616,993	-
Total Current Assets	<u>1,952,217</u>	<u>381,106</u>	<u>2,333,323</u>	<u>2,102,759</u>
Noncurrent Assets				
Net OPEB Asset	-	-	-	3,050,827
Capital assets, not being depreciated	13,910,956	545,469	14,456,425	-
Capital assets, net of depreciation	<u>37,489,465</u>	<u>812,365</u>	<u>38,301,830</u>	<u>-</u>
Total Noncurrent Assets	<u>51,400,421</u>	<u>1,357,834</u>	<u>52,758,255</u>	<u>3,050,827</u>
<b>Total Assets</b>	<u>53,352,638</u>	<u>1,738,940</u>	<u>55,091,578</u>	<u>5,153,586</u>
<b>Deferred Outflows of Resources</b>				
Deferred amounts related to pension	<u>31,160</u>	<u>8,656</u>	<u>39,816</u>	<u>-</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts payable	679,667	440	680,107	-
Accrued liabilities	784	130	914	-
Total Current Liabilities	<u>680,451</u>	<u>570</u>	<u>681,021</u>	<u>-</u>
Noncurrent Liabilities				
Proportionate share of net pension liability	<u>25,771</u>	<u>7,159</u>	<u>32,930</u>	<u>-</u>
<b>Total Liabilities</b>	<u>706,222</u>	<u>7,729</u>	<u>713,951</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Deferred amounts related to pension	<u>1,190</u>	<u>330</u>	<u>1,520</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>1,190</u>	<u>330</u>	<u>1,520</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	51,400,421	1,357,834	52,758,255	-
Unrestricted	<u>1,275,965</u>	<u>381,703</u>	<u>1,657,668</u>	<u>5,153,586</u>
<b>Total Net Position</b>	<u>\$ 52,676,386</u>	<u>\$ 1,739,537</u>	<u>\$ 54,415,923</u>	<u>\$ 5,153,586</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, 2017**

	<b>Business-Type Activities</b>			<b>Governmental</b>
	<b>Golf Resort Operations</b>	<b>Non Major Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
		<b>Club Drive Property Fund</b>		
<b>Operating Revenues</b>				
Charges for Services	\$ 12,838,393	\$ 111,241	\$ 12,949,634	\$ -
Interdepartmental Charges	-	-	-	2,145,250
Total Operating Revenues	<u>12,838,393</u>	<u>111,241</u>	<u>12,949,634</u>	<u>2,145,250</u>
<b>Operating Expenses</b>				
Operations	15,102,624	20,187	15,122,811	-
General and Administration	34,316	6,069	40,385	3,556,325
Depreciation	4,874,417	34,459	4,908,876	-
Total Operating Expenses	<u>20,011,357</u>	<u>60,715</u>	<u>20,072,072</u>	<u>3,556,325</u>
Operating Income (Loss)	<u>(7,172,964)</u>	<u>50,526</u>	<u>(7,122,438)</u>	<u>(1,411,075)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	-	1,809	1,809	3,888
Insurance proceeds	8,379,489	-	8,379,489	-
Total Nonoperating Revenues (Expenses)	<u>8,379,489</u>	<u>1,809</u>	<u>8,381,298</u>	<u>3,888</u>
Income (Loss) before transfers	<u>1,206,525</u>	<u>52,335</u>	<u>1,258,860</u>	<u>(1,407,187)</u>
Transfers in	375,271	-	375,271	1,163,616
Transfers out	(6,512,916)	(1,978)	(6,514,894)	-
Total Transfers	<u>(6,137,645)</u>	<u>(1,978)</u>	<u>(6,139,623)</u>	<u>1,163,616</u>
Changes in Net Position	<u>(4,931,120)</u>	<u>50,357</u>	<u>(4,880,763)</u>	<u>(243,571)</u>
<b>Net Position, Beginning of the Year</b>	<u>57,607,506</u>	<u>1,689,180</u>	<u>59,296,686</u>	<u>5,397,157</u>
<b>Net Position, End of Year</b>	<u>\$ 52,676,386</u>	<u>\$ 1,739,537</u>	<u>\$ 54,415,923</u>	<u>\$ 5,153,586</u>

See accompanying notes to basic financial statements.



**CITY OF INDIAN WELLS, CALIFORNIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>
	<b>Golf Resort Operations</b>	<b>Non Major Fund Club Drive Property Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
Cash flows from operating activities:				
Cash received from customers	\$ 12,842,837	\$ 111,242	\$ 12,954,079	\$ -
Cash received from interfund service provided	-	-	-	2,145,250
Cash payments to suppliers for goods and services	(16,231,047)	(19,972)	(16,251,019)	(3,770,362)
Cash payments to employees for services	(53,635)	(11,411)	(65,046)	-
Net cash provided by (used for) operating activities	(3,441,845)	79,859	(3,361,986)	(1,625,112)
Cash flows from non-capital financing activities:				
Cash paid to other funds	(6,512,916)	-	(6,512,916)	-
Cash received from other funds	-	-	-	1,163,616
Net cash provided by (used for) noncapital financing activities	(6,512,916)	-	(6,512,916)	1,163,616
Cash flows from capital and related financing activities:				
Purchase of capital assets	(168,530)	-	(168,530)	-
Cash received from other funds	375,271	-	375,271	-
Proceeds from insurance	8,379,489	-	8,379,489	-
Net cash provided by capital and related financing activities	8,586,230	(1,978)	8,584,252	-
Cash flows from investing activities:				
Interest received on investments	1,728	1,426	3,154	2,967
Net increase in cash and cash equivalents	(1,366,803)	79,307	(1,287,496)	(1,622,145)
Cash and cash equivalents at beginning of year	2,402,722	301,015	2,703,737	2,556,963
Cash and cash equivalents at end of year	\$ 1,035,919	\$ 380,322	\$ 1,416,241	\$ 2,098,434

See accompanying notes to basic financial statements.

**CITY OF INDIAN WELLS, CALIFORNIA**

**STATEMENT OF CASH FLOWS, (CONTINUED)  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activites</b>			<b>Governmental</b>
				<b>Activities</b>
	<b>Golf Resort Operations</b>	<b>Non Major Fund Club Drive Property Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (7,172,964)	\$ 50,526	\$ (7,122,438)	\$ (1,411,075)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,874,417	34,459	4,908,876	-
(Increase) decrease in accounts receivable	4,444	1	4,445	-
(Decrease) in prepaids	15,057	-	15,057	-
(Decrease) in inventory	109,651	-	109,651	-
(Increase) decrease in OPEB asset	-	-	-	(214,037)
Payments related to deferred outflows for contributions subsequent to measurement date	(12,754)	(3,543)	(16,297)	-
Increase in accounts payable	(313,097)	(136)	(313,233)	-
Increase in accrued liabilities	(1,350)	(1,064)	(2,414)	-
Increase in unearned revenues	(940,034)	-	(940,034)	-
Increase in net pension liability	(3,833)	-	(3,833)	-
Payments related to deferred inflows related to pension subsequent to measurement date	(1,382)	(384)	(1,766)	-
Net cash provided by (used for) operating activities	<u>\$ (3,441,845)</u>	<u>\$ 79,859</u>	<u>\$ (3,361,986)</u>	<u>\$ (1,625,112)</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

	<b>Private-Purpose Trust Fund Successor Agency of the Former RDA</b>
<b>Assets</b>	
Cash and investments	\$ 10,095,432
Receivables:	
Accrued interest	20,811
Prepaid costs	173,854
Restricted assets:	
Cash and investments with fiscal agents	783,998
<b>Total Assets</b>	<b>11,074,095</b>
<b>Deferred Outflows of Resources</b>	
Deferred loss on refunding	511,372
<b>Liabilities</b>	
Accrued interest	1,306,647
Due to City	17,739,192
Long-term liabilities:	
Due in one year	5,350,000
Due in more than one year	104,554,628
<b>Total Liabilities</b>	<b>128,950,467</b>
<b>Net Position (deficit)</b>	
Held in trust for other purposes	<b>\$ (117,365,000)</b>

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, 2017

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	<b>Private-Purpose Trust Fund Successor Agency of the Former RDA</b>
<b>Additions</b>	
Taxes	\$ 12,377,749
<b>Deductions</b>	
Administrative expenses	316,595
Interest and fiscal charges	4,140,531
<b>Total Deductions</b>	<b>4,457,126</b>
<b>Changes in Net Position</b>	<b>7,920,623</b>
Net Position (deficit) - Beginning of the Year	(125,285,623)
<b>Net Position (deficit) - End of the Year</b>	<b>\$ (117,365,000)</b>

See accompanying notes to basic financial statements.

## CITY OF INDIAN WELLS, CALIFORNIA

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2017

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#### ***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 Statements No. 14 and No. 61 define 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 primary government.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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***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, 2017**

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***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, 2017**

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**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 fund is reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund is 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. The fund's revenue sources include investment income. 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, 2017

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*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.

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, 2017**

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**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. 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 10 for items identified as deferred inflows and outflows related to pensions as of June 30, 2017.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

**h. 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.

**i. Inventory:**

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

**j. 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.

**k. 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.

**l. 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.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**l. Fund Balances, (Continued):**

**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.

**m. 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.

**n. 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.

**o. Pension:**

In government-wide financial statements, the retirement plan (pension) is required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**o. Pension, (Continued):**

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 of 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.

**p. New Accounting Pronouncements:**

**Adopted in the Current Year**

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 this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016, or the 2016-2017 fiscal year.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The requirements of this Statement are effective for the financial statements for periods beginning after December 15, 2015, or the 2016-2017 fiscal year.

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.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

p. **New Accounting Pronouncements, (Continued):**

**Adopted in the Current Year, (Continued)**

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of the Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The Statement is effective for the reporting periods beginning after June 15, 2016.

**Effective in Future Years**

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 this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement is effective for fiscal years beginning after June 15, 2017, or the 2017-2018 fiscal year. The City has not determined the effect on the financial statements.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve 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 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016. The City has not determined the effect of the statement.

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or the 2018-19 fiscal year. The City has not determined the effect of the Statement.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

p. **New Accounting Pronouncements, (Continued):**

**Effective in Future Years, (Continued)**

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or the 2019-20 fiscal year. The City has not determined the effect of this Statement.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Statement is effective for the reporting periods beginning after June 15, 2017, or 2017-2018 fiscal year. The City has not determined the effect of the Statement.

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Statement is effective for the reporting periods beginning after June 15, 2017, or 2017-2018 fiscal year. The City has not determined the effect of the Statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or 2020-2021 fiscal year. The City has not determined the effect of the Statement.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments at June 30, 2017, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Activities	Total
Cash and investments	\$ 58,764,445	\$ 1,416,241	\$ 10,095,432	\$ 70,276,118
Restricted assets:				
Cash and investments with fiscal agent	-	-	783,998	783,998
	<u>\$ 58,764,445</u>	<u>\$ 1,416,241</u>	<u>\$ 10,879,430</u>	<u>\$ 71,060,116</u>

Cash and investments at June 30, 2017, consisted of the following:

Demand accounts	\$ 2,466,758
Petty cash	1,400
Investments	68,591,958
Total Cash and Investments	<u>\$ 71,060,116</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	5 years*	70%	N/A
Federal Agency Securities	5 years*	70%	\$ 15,000,000
Local Agency Bonds	5 years*	20%	5,000,000
State of California Obligations	5 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%	250,000
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 consisting of those investments listed in Government Code Section 53601 where there is no limitation specified therein regarding the term or remaining maturity of the instrument. Investments greater than 5 years from the date of purchase shall be brought to the City Council for review and approval prior to purchase.



**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 – 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	\$ 1,995,360	\$ 17,858,450	\$ 20,809,770	\$ 40,663,580
Non-Negotiable Certificates of Deposit	250,000	-	-	250,000
Negotiable Certificates of Deposit	1,029,959	2,254,981	3,237,055	6,521,995
Local Agency Investment Fund	13,338,946	-	-	13,338,946
Medium Term Corporate Notes Held by Fiscal Agent	3,001,710	2,019,700	2,012,029	7,033,439
Money Market Mutual Funds	783,998	-	-	783,998
<b>Total</b>	<b>\$ 20,399,973</b>	<b>\$ 22,133,131</b>	<b>\$ 26,058,854</b>	<b>\$ 68,591,958</b>

**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 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, 2017**

**NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)**

Investments' fair value measurements are as follows as of June 30, 2017

	Fair Value	Level 1	Level 2	Level 3
Federal Agency Securities	\$ 40,663,580		\$ 40,663,580	
Medium Term Corporate Notes	7,033,439		7,033,439	
Negotiable Certificates of Deposit	6,521,995		6,521,995	
Total Leveled Investments	<u>54,219,014</u>		<u>\$ 54,219,014</u>	
Non-Negotiable Certificates of Deposit	250,000			
Local Agency Investment Fund Held by Fiscal Agent	13,338,946			
Money Market Mutual Funds	783,998			
Total Investment Portfolio	<u>\$ 68,591,958</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	Minimum Legal Rating*	Total as of June 30, 2017	Not Rated	AAA	AA	A
Federal Agency Securities	n/a	\$ 40,663,580	\$ -	\$ -	\$ 40,663,580	\$ -
Non-Negotiable Certificates of Deposit	n/a	250,000	250,000			
Negotiable Certificates of Deposit	n/a	6,521,995	6,521,995			
Local Agency Investment Fund	n/a	13,338,946	13,338,946			
Medium Term Corporate Notes Held by Fiscal Agent	A	7,033,439	-		4,000,700	3,032,740
Money Market Mutual Funds	A	783,998	-	783,998	-	-
Total		<u>\$ 68,591,958</u>	<u>\$ 20,110,941</u>	<u>\$ 783,998</u>	<u>\$ 44,664,280</u>	<u>\$ 3,032,740</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	\$ 12,955,350	19%
Federal National Mortgage Association	Federal Agency Securities	6,878,270	10%
Federal Farm Credit Bank	Federal Agency Securities	7,912,090	12%
Federal Farm Loan Bank	Federal Agency Securities	12,917,870	19%

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 – 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 3 – ACCOUNTS RECEIVABLE**

Receivables at June 30, 2017, are composed of the following:

	Other Receivable	Taxes Receivable	Total
Governmental Activities:			
General	\$ 167,343	\$ 861,014	\$ 1,028,357
Emergency Services Operations	231,265	-	231,265
Capital Improvements	31,112	-	31,112
Nonmajor Governmental Funds	157,636	6,380	164,016
Total Governmental Activities	<u>\$ 587,356</u>	<u>\$ 867,394</u>	<u>\$ 1,454,750</u>
Business-type Activities:			
Golf Resort Operations	<u>\$ 138,984</u>	<u>\$ -</u>	<u>\$ 138,984</u>

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 4 – NOTES RECEIVABLE**

	Outstanding at June 30, 2017
Indian Wells Village Utility Undergrounding	\$ 147,175
WM Medical Management Improvement Allowance	11,500
Total	<u>\$ 158,675</u>

The notes issued relating to the Indian Wells Village Utility Undergrounding relates to the costs the City 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 5 – DUE TO AND DUE FROM OTHER FUNDS**

Current interfund receivables and payable balances at June 30, 2017, are as follows:

Due to Other Funds	Due From Other Funds	Amount
Park Facilities in Lieu	General Fund	\$ 1,315,031
Non-major Governmental Funds	General Fund	51,936
		<u>\$ 1,366,967</u>

The General Fund Receivable from the Park Facilities in Lieu Fund of \$1,315,031 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. The advance is estimated to be paid off in 30 years.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 6 – INTERFUND TRANSFERS**

Transfers in and out for the year ended June 30, 2017, are as follows:

Transfer Out of Fund	Transfer In to Fund	Amount
Golf Resort Operations Fund	General Fund	\$ 6,500,000
Golf Resort Operations Fund	Internal Service Funds	12,916
Club Drive Property Fund	Internal Service Funds	1,978
General Fund	Internal Service Funds	1,046,324
General Fund	Infrastructure Capital Replacement Fund	1,350,000
Housing Authority Fund	Internal Service Funds	67,606
Emergency Services Upgrade Fund	Internal Service Funds	34,792
Non-major Governmental Funds	Capital Improvement Fund	82,137
Non-major Governmental Funds	Golf Resort Operations Fund	375,271
		<u>\$ 9,471,024</u>

The Golf Resort Operations Fund transferred \$6,500,000 of insurance reimbursement funds from storm damage to the General Fund.

The Golf Resort Operations Fund, Club Drive Property Fund, General Fund, Housing Authority Fund and Emergency Services Upgrade Fund transferred a total of \$1,163,616 to the Employee Benefits Fund- Internal Service Fund, to contribute to the payoff of the pension and OPEB unfunded liability.

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

The Non-major Governmental Funds transferred \$82,137 to the Capital Improvement Fund for the Miles Bridge Project.

The Non-major Governmental Funds transferred \$375,271 to the Golf Resort Operations Fund for current year capital improvements.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 48,706,246	\$ -	\$ -	\$ 48,706,246
Construction in progress	80,983	146,515	-	227,498
Total Capital Assets Not Being Depreciated	<u>48,787,229</u>	<u>146,515</u>	<u>-</u>	<u>48,933,744</u>
Capital assets, being depreciated:				
Intangible	2,500,000	-	-	2,500,000
Buildings and improvements	63,668,966	468,220	-	64,137,186
Equipment	1,657,921	51,443	(178,665)	1,530,699
Infrastructure	110,548,702	101,204	-	110,649,906
Total Capital Assets Being Depreciated	<u>178,375,589</u>	<u>620,867</u>	<u>(178,665)</u>	<u>178,817,791</u>
Less accumulated depreciation for:				
Intangible	(875,000)	(250,000)	-	(1,125,000)
Buildings and improvements	(21,786,589)	(1,592,776)	-	(23,379,365)
Equipment	(1,524,309)	(70,647)	178,665	(1,416,291)
Infrastructure	(27,337,534)	(1,998,549)	-	(29,336,083)
Total Accumulated Depreciation	<u>(51,523,432)</u>	<u>(3,911,972)</u>	<u>178,665</u>	<u>(55,256,739)</u>
Total Capital Assets Being Depreciated, Net	<u>126,852,157</u>	<u>(3,291,105)</u>	<u>-</u>	<u>123,561,052</u>
Governmental Activities Capital Assets, Net	<u>\$ 175,639,386</u>	<u>\$ (3,144,590)</u>	<u>\$ -</u>	<u>\$ 172,494,796</u>
	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,456,425	\$ -	\$ -	\$ 14,456,425
Capital assets, being depreciated:				
Buildings and improvements	83,029,476	81,219	-	83,110,695
Equipment	4,981,611	87,311	-	5,068,922
Infrastructure	433,389	-	-	433,389
Total Capital Assets Being Depreciated	<u>88,444,476</u>	<u>168,530</u>	<u>-</u>	<u>88,613,006</u>
Less accumulated depreciation for:				
Buildings and improvements	(40,389,499)	(4,858,840)	-	(45,248,339)
Equipment	(4,940,570)	(42,813)	-	(4,983,383)
Infrastructure	(72,231)	(7,223)	-	(79,454)
Total Accumulated Depreciation	<u>(45,402,300)</u>	<u>(4,908,876)</u>	<u>-</u>	<u>(50,311,176)</u>
Total Capital Assets Being Depreciated, Net	<u>43,042,176</u>	<u>(4,740,346)</u>	<u>-</u>	<u>38,301,830</u>
Business-type Activities Capital Assets, Net	<u>\$ 57,498,601</u>	<u>\$ (4,740,346)</u>	<u>\$ -</u>	<u>\$ 52,758,255</u>

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7 – CAPITAL ASSETS, (CONTINUED)**

**Depreciation Expense:**

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

<b>Governmental Activities</b>	
General government	\$ 325,513
Community development	1,398,478
Public safety	43,100
Public works	2,144,881
Total Governmental Activities	<u><u>\$ 3,911,972</u></u>
<b>Business-type Activities</b>	
Golf resort operations	\$ 4,874,417
Club drive property operations	34,459
Total Business-type Activities	<u><u>\$ 4,908,876</u></u>

**NOTE 8 – LONG-TERM DEBT LIABILITIES**

The changes in long-term liabilities for the year ended June 30, 2017, were as follows:

	Balance at July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due within One year
Compensated absences	<u>\$ 460,188</u>	<u>\$ 415,271</u>	<u>\$ (408,442)</u>	<u>\$ 467,017</u>	<u>\$ 101,230</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 are eligible to accrue is governed by Memorandum of Understandings (MOUs), personnel contracts, and the Personnel Rules and Regulations.

Compensated absences have been typically liquidated from the general fund.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
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***NOTE 9 – 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, 2017, had a retrospective refund due in the liability program of \$1,706, and a retrospective refund due in the workers' compensation program of \$28,941.

More information on the CJPIA retrospective balances can be found on the CJPIA website at [CJPIA.org](http://CJPIA.org).

***NOTE 10 – 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  
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**NOTE 10 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)**

The Plans’ provisions and benefits in effect at June 30, 2017 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	7.87%	6.50%
Required employer contribution rates	12.43%	6.93%

**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 \$3,731,723 for the year ended June 30, 2017.

**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, 2017, in the amount of \$4,152,019.

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, 2016, 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, 2015, rolled forward to June 30, 2016, 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, 2015 and 2016 measurement dates was as follows:

Proportion - June 30, 2015	0.0695%
Proportion - June 30, 2016	0.0480%
Change - Increase/(Decrease)	<u>-0.0215%</u>

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 10 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)**

For the year ended June 30, 2017, the City recognized pension expense of \$836,772 for the Miscellaneous Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,731,723	\$ -
Changes in proportion and difference between City's contributions and proportionate share of contributions	275,558	-
Net difference between projected and actual earnings on pension plan investments	997,342	-
Difference between expected and actual experience	15,613	-
Changes in assumptions	-	191,624
<b>Total</b>	<u>\$ 5,020,236</u>	<u>\$ 191,624</u>

The amount of \$ 3,731,723 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, 2018. 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,	
2018	\$ 195,385
2019	185,242
2020	457,939
2021	258,323
	<u>\$ 1,096,889</u>

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 10 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)**

**Actuarial Assumptions:**

The total pension liabilities in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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, 2015, 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.

**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, 2017**

**NOTE 10 – 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 <sup>(1)</sup>	Real Return Years 11+ <sup>(2)</sup>
Global Equity	51%	5.25%	5.71%
Global Debt Securities	20%	0.99	2.43
Inflation Assets	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	1%	(0.55)	(1.05)
Total	100%		

<sup>(1)</sup> An expected inflation of 2.5% used for this period

<sup>(2)</sup> 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%)
City's Proportional Share of the Plan's Net Pension Liability/(Assets)	\$ 6,317,113	\$ 4,152,019	\$ 2,369,535

***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  
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***NOTE 11 – 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 \$2,955,223 compared with a total payroll of \$3,124,266 for the fiscal year ended June 30, 2017. 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 \$73,881. Contributions are established and amended by State Law and City Resolution.

***NOTE 12 – 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 \$18,000 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 13 – 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 City 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](http://www.calpers.ca.gov).

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 13 – 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>2017</u>
Annual required contribution (ARC)	\$ 227,860
Interest on net OPEB obligation	(198,575)
Adjustment to ARC	<u>339,424</u>
Annual OPEB cost	368,709
Contributions made	<u>(582,746)</u>
Decrease (increase) in net OPEB obligation (asset)	(214,037)
Net OPEB obligation (asset) - beginning of year	<u>(2,836,790)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (3,050,827)</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB (obligation) asset for 2016-2017, 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>
6/30/2015	\$ 346,357	74.93%	\$ (2,890,863)
6/30/2016	356,056	84.81%	(2,836,790)
6/30/2017	368,709	158.05%	(3,050,827)

**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  
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**NOTE 13 – 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 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 14 – 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 117 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  
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***NOTE 14 – 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 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

**General Liability**

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 2016-17 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) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority. 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**

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 2016-17 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. 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.



**CITY OF INDIAN WELLS, CALIFORNIA**

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***NOTE 14 – RISK MANAGEMENT, (CONTINUED)***

**Workers' Compensation, (Continued)**

**Purchased Insurance**

Pollution Legal Liability Insurance

The City 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. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate 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 policy term.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City property currently has all-risk property insurance protection in the amount of \$95,612,919. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

**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 2016-17.

***NOTE 15 – 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, 2017, amounted to \$111,241. Future minimum lease revenues based on the original terms of the lease are \$114,046.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
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***NOTE 16 – OTHER REQUIRED DISCLOSURES***

**Deficit Fund Balance and Net Position:**

The following funds reported a deficit fund balance at June 30, 2017:

Park Facilities in Lieu Capital Projects Fund	\$ 1,315,031
Hwy 111 Circulation Improvement Capital Projects Fund	30,939
Successor Agency of the Former RDA Private Purpose Trust Fund	117,365,000

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 18 for additional information.

***NOTE 17 – 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 18 – 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  
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***NOTE 19 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY***

The California Supreme Court decision impacted the reporting entity of the City 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	\$ 10,095,432
Cash and investments with fiscal agent	783,998
	<u>\$ 10,879,430</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, 2017**

**NOTE 19 – 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, 2016	Additions	Repayments	Balance June 30, 2017	Due within One year
2006 A Tax Allocation Bonds	\$ 45,275,000	\$ -	\$ 45,275,000	\$ -	\$ -
2010 A Tax Allocation Bonds	9,440,000	-	325,000	9,115,000	340,000
SERAF Loan	10,505,526	-	455,000	10,050,526	-
2014A Tax Allocation Bonds	6,505,000	-	-	6,505,000	-
2014A-T Tax Allocation Bonds	20,390,000	-	3,545,000	16,845,000	3,595,000
2015 Refunding Tax Allocation Bonds	20,575,000	-	865,000	19,710,000	900,000
2016 A Tax Allocation Bonds	-	37,470,000	-	37,470,000	515,000
Total	\$ 112,690,526	\$ 37,470,000	\$ 50,465,000	\$ 99,695,526	\$ 5,350,000
Adjustments:					
Unamortized net original issue (discount) or premium				10,209,102	
Net Long-term Debt				\$ 109,904,628	

A description of long-term debt outstanding of the Successor Agency as of June 30, 2017, 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 \$455,000 was made to the Housing Authority in the current year.

**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.

During the year ended June 30, 2017, the City issued 2016 Refunding Tax Allocation Bonds to refund the 2006 Refunding Tax Allocation Bonds.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 19 – 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, 2017, were \$9,115,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	400,000	368,464	768,464
2023-2027	2,285,000	1,547,022	3,832,022
2028-2032	2,880,000	923,083	3,803,083
2033-2035	2,100,000	168,818	2,268,818
	\$ 9,115,000	\$ 4,639,535	\$ 13,754,535

**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, 2017, were \$6,505,000.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

**NOTE 19 – 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
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>901,375</u>	<u>7,406,375</u>
Add deferred amounts:			
Bond Premium	480,745	-	480,745
	<u>\$ 6,985,745</u>	<u>\$ 901,375</u>	<u>\$ 7,887,120</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, 2017, were \$16,845,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	4,110,000	265,702	4,375,702
2023	4,275,000	91,186	4,366,186
	<u>\$ 16,845,000</u>	<u>\$ 2,069,482</u>	<u>\$ 18,914,482</u>

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 19 – 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, 2017 were \$19,710,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,615,000	678,375	2,293,375
2023-2027	10,325,000	1,972,125	12,297,125
2028	2,435,000	60,875	2,495,875
	19,710,000	6,101,500	25,811,500
Add deferred amounts:			
Bond Premium	2,493,643	-	2,493,643
	\$ 22,203,643	\$ 6,101,500	\$ 28,305,143

**2016 A Tax Allocation Refunding Bonds:**

On September 1, 2016 the Agency issued \$37,470,000 in Series 2016A Tax Allocation Refunding Bonds to provide funds to refund the 2006 A Tax Allocation Bonds.

The Series 2016A 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 \$515,000 to \$5,050,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1 of year, with rates ranging from 4.00% to 5.00% per annum. Bonds outstanding at June 30, 2017 were \$37,470,000.

**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 19 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)**

**c. Long-Term Debt, (Continued)**

**2016 A Tax Allocation Refunding Bonds, (Continued):**

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 515,000	\$ 1,724,650	\$ 2,239,650
2019	90,000	1,712,100	1,802,100
2020	100,000	1,707,350	1,807,350
2021	105,000	1,702,225	1,807,225
2022	110,000	1,696,850	1,806,850
2023-2027	4,250,000	8,043,500	12,293,500
2028-2032	17,825,000	5,613,450	23,438,450
2033-2035	14,475,000	1,083,750	15,558,750
	<u>37,470,000</u>	<u>23,283,875</u>	<u>60,753,875</u>
Add deferred amounts:			
Bond Premium	7,234,714	-	7,234,714
	<u>\$ 44,704,714</u>	<u>\$ 23,283,875</u>	<u>\$ 67,988,589</u>

The refunding of the 2006A Tax Allocation Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$36,781. This difference, reported in the accompanying financial statements as a deferred gain on refunding, is being charged to operations through the year 2035. The Agency completed the advance refunding to reduce its total debt service payments by \$10,291,000 resulting in an economic gain of \$6,495,000.

**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, 2017.

**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.



## **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\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0480%	0.0695%	0.1456%
Proportionate share of the net pension liability	\$ 4,152,019	\$ 4,769,476	\$ 3,597,324
Covered payroll	2,902,571	2,814,500	2,673,595
Proportionate share of the net pension liability as a percentage of covered payroll	143.05%	169.46%	134.55%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	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 three 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\***

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	\$ 544,107	\$ 566,489	\$ 455,850
Contributions in relation to the actuarially determined contribution	<u>(3,731,723)</u>	<u>(2,566,489)</u>	<u>(455,850)</u>
Contribution deficiency (excess)	<u>\$ (3,187,616)</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>
Covered payroll	\$ 2,812,372	\$ 2,902,571	\$ 2,814,500
Contributions as a percentage of covered payroll	132.69%	88.42%	16.20%

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

**CITY OF INDIAN WELLS, CALIFORNIA**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFIT PLAN  
JUNE 30, 2017**

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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%	\$ 3,531,576	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, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 28,622,431	\$ 28,622,431	\$ 28,622,431	\$ -
<b>Resources (Inflows):</b>				
Taxes	14,790,059	14,790,059	16,137,074	1,347,015
Licenses and permits	407,821	407,821	641,628	233,807
Intergovernmental	478,024	478,024	483,456	5,432
Charges for services	451,216	451,216	480,245	29,029
Investment income	80,000	80,000	12,838	(67,162)
Fines and forfeitures	62,959	62,959	35,473	(27,486)
Other income	712,455	712,455	502,271	(210,184)
Transfer In	-	-	6,500,000	6,500,000
<b>Amounts Available for Appropriations</b>	<b>45,604,965</b>	<b>45,604,965</b>	<b>53,415,416</b>	<b>7,810,451</b>
<b>Charges to Appropriation (Outflows):</b>				
General government				
Legislation and policy	203,772	183,772	178,839	4,933
City manager	715,121	688,821	674,286	14,535
City clerk	291,118	312,118	298,324	13,794
City attorney	270,826	280,826	266,414	14,412
Financial services	1,025,788	1,063,688	1,024,778	38,910
Central services	1,288,686	2,482,086	2,451,432	30,654
Community & cultural events	2,208,257	2,137,842	1,960,578	177,264
Human resources	241,522	174,737	131,697	43,040
Technology	393,770	393,770	361,306	32,464
Public safety				
Administration	189,701	170,926	157,089	13,837
Public services	3,911,368	3,361,368	3,330,536	30,832
Emergency preparedness	73,000	73,000	40,420	32,580
Community development				
Administration	287,987	247,987	214,829	33,158
Inspections and examinations	728,297	698,297	580,243	118,054
Current and advanced planning	398,337	369,887	323,910	45,977
Code enforcement	441,128	351,128	268,642	82,486
Public works				
Administration	592,730	592,730	588,404	4,326
City engineering	61,250	61,250	53,626	7,624
Maintenance services	1,067,725	1,074,020	1,039,985	34,035
Traffic signals program	22,500	52,500	51,785	715
City parkway landscape	531,000	411,000	398,285	12,715
Transfers out	1,350,000	2,396,324	2,396,324	-
<b>Total Charges to Appropriations</b>	<b>16,293,883</b>	<b>17,578,077</b>	<b>16,791,732</b>	<b>786,345</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 29,311,082</b>	<b>\$ 28,026,888</b>	<b>\$ 36,623,684</b>	<b>\$ 7,024,106</b>

See accompanying note to the required supplementary information.

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,393,494	\$ 11,393,494	\$ 13,352,710	\$ 1,959,216
<b>Resources (InFlows):</b>				
Investment income	-	-	18,335	18,335
<b>Amounts Available for Appropriations</b>	<u>11,393,494</u>	<u>11,393,494</u>	<u>13,371,045</u>	<u>1,977,551</u>
<b>Charges to Appropriation (OutFlows):</b>				
General government	2,018,894	2,027,378	461,250	1,566,128
Transfers out	-	67,606	67,606	-
<b>Total Charges to Appropriations</b>	<u>2,018,894</u>	<u>2,094,984</u>	<u>528,856</u>	<u>-</u>
<b>Budgetary Fund Balance, June 30</b>	<u>\$ 9,374,600</u>	<u>\$ 9,298,510</u>	<u>\$ 12,842,189</u>	<u>\$ 3,543,679</u>

See accompanying note to the required supplementary information.

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
EMERGENCY SERVICES UPGRADE  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,788,305	\$ 2,788,305	\$ 3,469,263	\$ 680,958
<b>Resources (InFlows):</b>				
Taxes	2,746,125	2,746,125	2,607,919	(138,206)
Intergovernmental	-	-	25,463	25,463
Investment income	66,000	66,000	18,112	(47,888)
Assessments	600,000	600,000	607,715	7,715
Other income	500	500	494	(6)
<b>Amounts Available for Appropriations</b>	<u>6,200,930</u>	<u>6,200,930</u>	<u>6,728,966</u>	<u>528,036</u>
<b>Charges to Appropriation (OutFlows):</b>				
Public safety	3,911,296	3,982,721	3,240,516	742,205
Capital outlay	130,000	312,500	77,864	234,636
Transfer out	-	34,792	34,792	-
<b>Total Charges to Appropriations</b>	<u>4,041,296</u>	<u>4,330,013</u>	<u>3,353,172</u>	<u>976,841</u>
<b>Budgetary Fund Balance, June 30</b>	<u>\$ 2,159,634</u>	<u>\$ 1,870,917</u>	<u>\$ 3,375,794</u>	<u>\$ 1,504,877</u>

See accompanying note to the required supplementary information.



**CITY OF INDIAN WELLS, CALIFORNIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

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***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, 2017 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, 2017**

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**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.

**CITY OF INDIAN WELLS, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

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**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.

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, 2017

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
<b>Assets</b>					
Cash and investments	\$ 1	\$ 14,669	\$ -	\$ 2,663,527	\$ 4,193
Receivables:					
Accounts	1,579	-	36,230	35,055	1,757
Accrued interest	-	30	-	5,491	9
<b>Total Assets</b>	<u>\$ 1,580</u>	<u>\$ 14,699</u>	<u>\$ 36,230</u>	<u>\$ 2,704,073</u>	<u>\$ 5,959</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 105,668	\$ -
Deposits payable	-	-	-	-	-
Due to other funds	1,277	-	15,710	-	-
<b>Total Liabilities</b>	<u>1,277</u>	<u>-</u>	<u>15,710</u>	<u>105,668</u>	<u>-</u>
<b>Fund Balances</b>					
<b>Restricted for</b>					
Community development	-	-	-	-	-
Public safety	-	14,699	-	2,598,405	-
Public works	303	-	20,520	-	5,959
<b>Committed to</b>					
Capital projects	-	-	-	-	-
<b>Assigned</b>					
Capital projects	-	-	-	-	-
<b>Unassigned</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<u>303</u>	<u>14,699</u>	<u>20,520</u>	<u>2,598,405</u>	<u>5,959</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,580</u>	<u>\$ 14,699</u>	<u>\$ 36,230</u>	<u>\$ 2,704,073</u>	<u>\$ 5,959</u>

**CITY OF INDIAN WELLS, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2017**

<b>Special Revenue Funds</b>							
<b>Citizens Option for Public Safety Program</b>	<b>Gas Tax</b>	<b>AB 939 Recycling</b>	<b>Solid Waste</b>	<b>Consolidated LLMD</b>	<b>Street Lighting District 2001-1</b>	<b>Affordable Housing Operations</b>	
\$ 28,898	\$ 22,244	\$ 399,662	\$ 225,122	\$ 1,607,319	\$ 7,775	\$ 2,622,761	
16,667	9,797	7,565	31,828	12,889	48	10,601	
60	46	-	1,288	3,315	16	4,802	
<u>\$ 45,625</u>	<u>\$ 32,087</u>	<u>\$ 407,227</u>	<u>\$ 258,238</u>	<u>\$ 1,623,523</u>	<u>\$ 7,839</u>	<u>\$ 2,638,164</u>	
\$ -	\$ -	\$ -	\$ 28,377	\$ 187,516	\$ -	\$ 154,629	
-	-	-	-	-	-	81,626	
-	3,711	-	-	299	-	-	
-	3,711	-	28,377	187,815	-	236,255	
-	-	-	-	-	-	2,401,909	
45,625	-	-	-	-	-	-	
-	28,376	407,227	229,861	1,435,708	7,839	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>45,625</u>	<u>28,376</u>	<u>407,227</u>	<u>229,861</u>	<u>1,435,708</u>	<u>7,839</u>	<u>2,401,909</u>	
<u>\$ 45,625</u>	<u>\$ 32,087</u>	<u>\$ 407,227</u>	<u>\$ 258,238</u>	<u>\$ 1,623,523</u>	<u>\$ 7,839</u>	<u>\$ 2,638,164</u>	

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 JUNE 30, 2017

	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
<b>Assets</b>					
Cash and investments	\$ -	\$ -	\$ 674,972	\$ 2,377,758	\$ 2,904,192
Receivables:					
Accounts	-	-	-	-	-
Accrued interest	-	-	1,391	4,902	5,987
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,363</u>	<u>\$ 2,382,660</u>	<u>\$ 2,910,179</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-
Due to other funds	30,939	-	-	-	-
<b>Total Liabilities</b>	<u>30,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
<b>Restricted for</b>					
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
<b>Committed to</b>					
Capital projects	-	-	676,363	-	-
<b>Assigned</b>					
Capital projects				2,382,660	2,910,179
<b>Unassigned</b>	<u>(30,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<u>(30,939)</u>	<u>-</u>	<u>676,363</u>	<u>2,382,660</u>	<u>2,910,179</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,363</u>	<u>\$ 2,382,660</u>	<u>\$ 2,910,179</u>

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<b>Capital Projects Funds</b>		
<b>Buildings &amp; Structures Capital Replacement</b>	<b>Facilities Capital Replacement</b>	<b>Total Governmental Funds</b>
\$ 3,433,700	\$ 2,377,826	\$ 19,364,619
-	-	164,016
7,078	4,902	39,317
<u>\$ 3,440,778</u>	<u>\$ 2,382,728</u>	<u>\$ 19,567,952</u>
\$ -	\$ -	\$ 476,190
-	-	81,626
-	-	51,936
-	-	609,752
-	-	2,401,909
-	-	2,658,729
-	-	2,135,793
-	-	676,363
3,440,778	2,382,728	11,116,345
-	-	(30,939)
<u>3,440,778</u>	<u>2,382,728</u>	<u>18,958,200</u>
<u>\$ 3,440,778</u>	<u>\$ 2,382,728</u>	<u>\$ 19,567,952</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ 322,095	\$ -
Licenses and permits	-	-	-	534	-
Intergovernmental	-	20,553	229,804	2,148	5,342
Investment income	2	60	-	11,911	33
Fines and forfeitures	22,884	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	1,180,323	-
Developer fees	-	-	-	-	-
Other income	-	-	-	7,478	-
<b>Total Revenues</b>	<u>22,886</u>	<u>20,613</u>	<u>229,804</u>	<u>1,524,489</u>	<u>5,375</u>
<b>Expenditures:</b>					
Current:					
Public safety	-	20,000	-	1,154,709	-
Community development	-	-	-	-	-
Public works	25,000	-	245,000	-	4,932
Capital outlay	-	-	-	333,007	-
<b>Total Expenditures</b>	<u>25,000</u>	<u>20,000</u>	<u>245,000</u>	<u>1,487,716</u>	<u>4,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,114)</u>	<u>613</u>	<u>(15,196)</u>	<u>36,773</u>	<u>443</u>
<b>Other Financing Sources (Uses):</b>					
Transfers out	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,114)	613	(15,196)	36,773	443
Fund Balances, Beginning of Year	<u>2,417</u>	<u>14,086</u>	<u>35,716</u>	<u>2,561,632</u>	<u>5,516</u>
<b>Fund Balances, End of Year</b>	<u>\$ 303</u>	<u>\$ 14,699</u>	<u>\$ 20,520</u>	<u>\$ 2,598,405</u>	<u>\$ 5,959</u>



**CITY OF INDIAN WELLS, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

<b>Special Revenue Funds</b>						
<b>Citizens Option for Public Safety Program</b>	<b>Gas Tax</b>	<b>AB 939 Recycling</b>	<b>Solid Waste</b>	<b>Consolidated LLMD</b>	<b>Street Lighting District 2001-1</b>	<b>Affordable Housing Operations</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
129,324	108,667	-	-	-	-	-
67	186	-	4,180	8,601	35	12,734
-	-	-	-	-	-	-
-	-	-	-	-	-	1,561,169
-	-	108,821	894,639	970,443	1,362	-
-	-	-	-	-	-	-
-	-	-	1,795	117,910	-	6,907
<u>129,391</u>	<u>108,853</u>	<u>108,821</u>	<u>900,614</u>	<u>1,096,954</u>	<u>1,397</u>	<u>1,580,810</u>
104,634	-	-	-	-	-	-
-	-	-	-	-	-	1,473,730
-	117,000	35,000	896,690	1,091,093	171	-
-	-	-	-	125,794	-	-
<u>104,634</u>	<u>117,000</u>	<u>35,000</u>	<u>896,690</u>	<u>1,216,887</u>	<u>171</u>	<u>1,473,730</u>
<u>24,757</u>	<u>(8,147)</u>	<u>73,821</u>	<u>3,924</u>	<u>(119,933)</u>	<u>1,226</u>	<u>107,080</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,757	(8,147)	73,821	3,924	(119,933)	1,226	107,080
<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>\$ 45,625</u>	<u>\$ 28,376</u>	<u>\$ 407,227</u>	<u>\$ 229,861</u>	<u>\$ 1,435,708</u>	<u>\$ 7,839</u>	<u>\$ 2,401,909</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

	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
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income	-	-	2,683	12,978	17,977
Fines and forfeitures	-	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	-	-
Developer fees	-	82,137	324,426	-	-
Other income	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>82,137</b>	<b>327,109</b>	<b>12,978</b>	<b>17,977</b>
<b>Expenditures:</b>					
Current:					
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	5,081	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>5,081</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	82,137	322,028	12,978	17,977
<b>Other Financing Sources (Uses):</b>					
Transfers out	-	(82,137)	-	-	(375,271)
<b>Total Other Financing Sources (uses)</b>	<b>-</b>	<b>(82,137)</b>	<b>-</b>	<b>-</b>	<b>(375,271)</b>
Net Change in Fund Balances	-	-	322,028	12,978	(357,294)
Fund Balances, Beginning of Year	(30,939)	-	354,335	2,369,682	3,267,473
<b>Fund Balances, End of Year</b>	<b>\$ (30,939)</b>	<b>\$ -</b>	<b>\$ 676,363</b>	<b>\$ 2,382,660</b>	<b>\$ 2,910,179</b>

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<b>Capital Projects Funds</b>		
<b>Buildings &amp; Structures Capital Replacement</b>	<b>Facilities Capital Replacement</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 322,095
-	-	534
-	-	495,838
18,742	12,978	103,167
-	-	22,884
-	-	1,561,169
-	-	3,155,588
-	-	406,563
-	-	134,090
<u>18,742</u>	<u>12,978</u>	<u>6,201,928</u>
-	-	1,279,343
-	-	1,473,730
-	-	2,414,886
-	-	463,882
-	-	5,631,841
<u>18,742</u>	<u>12,978</u>	<u>570,087</u>
-	-	(457,408)
-	-	(457,408)
18,742	12,978	112,679
<u>3,422,036</u>	<u>2,369,750</u>	<u>18,845,521</u>
<u>\$ 3,440,778</u>	<u>\$ 2,382,728</u>	<u>\$ 18,958,200</u>

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC SAFETY  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,004	\$ 1,004	\$ 2,417	\$ 1,413
<b>Resources (InFlows):</b>				
Investment income	-	-	2	2
Fines and forfeitures	25,000	25,000	22,884	(2,116)
<b>Amounts Available for Appropriations</b>	<b>26,004</b>	<b>26,004</b>	<b>25,303</b>	<b>(701)</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	25,000	25,000	25,000	-
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,004</b>	<b>\$ 1,004</b>	<b>\$ 303</b>	<b>\$ (701)</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC SAFETY 1/2 % TAX  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,098	\$ 14,098	\$ 14,086	\$ (12)
<b>Resources (InFlows):</b>				
Intergovernmental	20,000	20,000	20,553	553
Investment income	140	140	60	(80)
<b>Amounts Available for Appropriations</b>	<b>34,238</b>	<b>34,238</b>	<b>34,699</b>	<b>461</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public safety	20,000	20,000	20,000	-
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 14,238</b>	<b>\$ 14,238</b>	<b>\$ 14,699</b>	<b>\$ 461</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
MEASURE "A" TRANSPORTATION  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,341	\$ 18,341	\$ 35,716	\$ 17,375
<b>Resources (InFlows):</b>				
Intergovernmental	245,000	245,000	229,804	(15,196)
Investment income	100	100	-	(100)
<b>Amounts Available for Appropriations</b>	<b>263,441</b>	<b>263,441</b>	<b>265,520</b>	<b>2,079</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	245,000	245,000	245,000	-
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 18,441</b>	<b>\$ 18,441</b>	<b>\$ 20,520</b>	<b>\$ 2,079</b>

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE  
FIRE ACCESS MAINTENANCE DISTRICT NO. 1  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,333,971	\$ 2,333,971	\$ 2,561,632	\$ 227,661
<b>Resources (InFlows):</b>				
Taxes	311,272	311,272	322,095	10,823
Licenses and permits	750	750	534	(216)
Intergovernmental	3,000	3,000	2,148	(852)
Investment income	15,000	15,000	11,911	(3,089)
Assessments	1,200,000	1,200,000	1,180,323	(19,677)
Other income	750	750	7,478	6,728
<b>Amounts Available for Appropriations</b>	<b>3,864,743</b>	<b>3,864,743</b>	<b>4,086,121</b>	<b>221,378</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public safety	1,316,450	1,316,450	1,154,709	161,741
Capital outlay	214,000	457,819	333,007	124,812
<b>Total Charges to Appropriations</b>	<b>1,530,450</b>	<b>1,774,269</b>	<b>1,487,716</b>	<b>286,553</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,334,293</b>	<b>\$ 2,090,474</b>	<b>\$ 2,598,405</b>	<b>\$ 507,931</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
SOUTH COAST AQMD VEHICLE REGISTRATION  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,398	\$ 3,398	\$ 5,516	\$ 2,118
<b>Resources (InFlows):</b>				
Intergovernmental	5,500	5,500	5,342	(158)
Investment income	10	10	33	23
<b>Amounts Available for Appropriations</b>	<b>8,908</b>	<b>8,908</b>	<b>10,891</b>	<b>1,983</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	5,000	5,000	4,932	68
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,908</b>	<b>\$ 3,908</b>	<b>\$ 5,959</b>	<b>\$ 2,051</b>



**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
CITIZENS OPTION FOR PUBLIC SAFETY PROGRAM  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,854	\$ 3,354	\$ 20,868	\$ 17,514
<b>Resources (InFlows):</b>				
Intergovernmental	100,000	100,000	129,324	29,324
Investment income	20	20	67	47
Miscellaneous revenue	4,500	4,500	-	(4,500)
<b>Amounts Available for Appropriations</b>	<b>112,374</b>	<b>107,874</b>	<b>150,259</b>	<b>42,385</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public safety	105,000	105,000	104,634	366
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,374</b>	<b>\$ 2,874</b>	<b>\$ 45,625</b>	<b>\$ 42,751</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE**

**GAS TAX**

**YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 48,153	\$ 48,153	\$ 36,523	\$ (11,630)
<b>Resources (InFlows):</b>				
Intergovernmental	114,821	114,821	108,667	(6,154)
Investment income	320	320	186	(134)
<b>Amounts Available for Appropriations</b>	<b>163,294</b>	<b>163,294</b>	<b>145,376</b>	<b>(17,918)</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	117,000	117,000	117,000	-
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 46,294</b>	<b>\$ 46,294</b>	<b>\$ 28,376</b>	<b>\$ (17,918)</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
AB 939 RECYCLING  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 314,438	\$ 314,438	\$ 333,406	\$ 18,968
<b>Resources (InFlows):</b>				
Assessments	90,000	90,000	108,821	18,821
Other income	5,000	5,000	-	(5,000)
<b>Amounts Available for Appropriations</b>	<b>409,438</b>	<b>409,438</b>	<b>442,227</b>	<b>32,789</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	53,500	53,500	35,000	18,500
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 355,938</b>	<b>\$ 355,938</b>	<b>\$ 407,227</b>	<b>\$ 51,289</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 214,461	\$ 214,461	\$ 225,937	\$ 11,476
<b>Resources (InFlows):</b>				
Investment income	4,000	4,000	4,180	180
Assessments	905,000	905,000	894,639	(10,361)
Other income	-	-	1,795	1,795
<b>Amounts Available for Appropriations</b>	<b>1,123,461</b>	<b>1,123,461</b>	<b>1,126,551</b>	<b>3,090</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	906,500	906,500	896,690	9,810
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 216,961</b>	<b>\$ 216,961</b>	<b>\$ 229,861</b>	<b>\$ 12,900</b>

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE  
 CONSOLIDATED LLMD  
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,245,924	\$ 1,145,924	\$ 1,555,641	\$ 409,717
<b>Resources (InFlows):</b>				
Investment income	13,830	13,830	8,601	(5,229)
Assessments	1,024,142	1,024,142	970,443	(53,699)
Other income	65,067	65,067	117,910	52,843
<b>Amounts Available for Appropriations</b>	<b>2,348,963</b>	<b>2,248,963</b>	<b>2,652,595</b>	<b>403,632</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	1,176,457	1,190,457	1,091,093	99,364
Capital outlay	-	160,000	125,794	34,206
<b>Total Charges to Appropriations</b>	<b>1,176,457</b>	<b>1,350,457</b>	<b>1,216,887</b>	<b>133,570</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,172,506</b>	<b>\$ 898,506</b>	<b>\$ 1,435,708</b>	<b>\$ 537,202</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
STREET LIGHTING DISTRICT 2001-1  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,370	\$ 5,370	\$ 6,613	\$ 1,243
<b>Resources (InFlows):</b>				
Investment income	25	25	35	10
Assessments	1,480	1,480	1,362	(118)
<b>Amounts Available for Appropriations</b>	<b>6,875</b>	<b>6,875</b>	<b>8,010</b>	<b>1,135</b>
<b>Charges to Appropriation (OutFlows):</b>				
Public works	1,505	1,505	171	1,334
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,370</b>	<b>\$ 5,370</b>	<b>\$ 7,839</b>	<b>\$ 2,469</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
AFFORDABLE HOUSING OPERATIONS  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,168,031	\$ 2,168,031	\$ 2,294,829	\$ 126,798
<b>Resources (InFlows):</b>				
Investment income	-	-	12,734	12,734
Assessments	-	-	1,561,169	1,561,169
Other income	-	-	6,907	6,907
<b>Amounts Available for Appropriations</b>	<b>2,168,031</b>	<b>2,168,031</b>	<b>3,875,639</b>	<b>1,707,608</b>
<b>Charges to Appropriation (OutFlows):</b>				
Community development	1,563,862	1,573,862	1,473,730	100,132
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 604,169</b>	<b>\$ 594,169</b>	<b>\$ 2,401,909</b>	<b>\$ 1,807,740</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
PARK FACILITIES IN LIEU  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,354,575)	\$ (1,354,575)	\$ (1,356,887)	\$ (2,312)
<b>Resources (InFlows):</b>				
Developer fees	35,000	35,000	41,856	6,856
<b>Amounts Available for Appropriations</b>	<b>(1,319,575)</b>	<b>(1,319,575)</b>	<b>(1,315,031)</b>	<b>4,544</b>
<b>Charges to Appropriation (OutFlows):</b>				
Community development	-	-	-	-
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,319,575)</b>	<b>\$ (1,319,575)</b>	<b>\$ (1,315,031)</b>	<b>\$ 4,544</b>



**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,539,095	\$ 1,502,208	\$ 3,156,468	\$ 1,654,260
<b>Resources (InFlows):</b>				
Intergovernmental	-	485,000	20,000	(465,000)
Investment income	30,000	30,000	17,155	(12,845)
Other income	10,000	10,000	22,425	12,425
Transfers in	70,000	70,000	82,137	12,137
<b>Amounts Available for Appropriations</b>	<b>1,649,095</b>	<b>2,097,208</b>	<b>3,298,185</b>	<b>1,200,977</b>
<b>Charges to Appropriation (OutFlows):</b>				
General government	120,000	120,000	27,389	92,611
Capital outlay	1,615,000	3,249,825	763,379	2,486,446
<b>Total Charges to Appropriations</b>	<b>1,735,000</b>	<b>3,369,825</b>	<b>790,768</b>	<b>2,579,057</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (85,905)</b>	<b>\$ (1,272,617)</b>	<b>\$ 2,507,417</b>	<b>\$ 3,780,034</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
ART IN PUBLIC PLACES  
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (30,805)	\$ (63,915)	\$ 354,335	\$ 418,250
<b>Resources (InFlows):</b>				
Investment income	2,500	2,500	2,683	183
Developer fees	15,000	15,000	324,426	309,426
<b>Amounts Available for Appropriations</b>	<b>(13,305)</b>	<b>(46,415)</b>	<b>681,444</b>	<b>727,859</b>
<b>Charges to Appropriation (OutFlows):</b>				
Capital outlay	-	400,000	5,081	394,919
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (13,305)</b>	<b>\$ (446,415)</b>	<b>\$ 676,363</b>	<b>\$ 1,122,778</b>

**CITY OF INDIAN WELLS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
CITY WIDE PUBLIC IMPROVEMENTS  
YEAR ENDED JUNE 30, 2017**

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	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (InFlows):</b>				
Developer fees	35,000	35,000	82,137	47,137
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 82,137</b>	<b>\$ 47,137</b>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 1,536,031	\$ 562,403	\$ 2,098,434
Receivables:			
Accrued interest	3,166	1,159	4,325
<b>Total Current Assets</b>	<b>1,539,197</b>	<b>563,562</b>	<b>2,102,759</b>
Noncurrent:			
Net OPEB asset	3,050,827	-	3,050,827
<b>Total Noncurrent Assets</b>	<b>3,050,827</b>	<b>-</b>	<b>3,050,827</b>
<b>Total Assets</b>	<b>\$ 4,590,024</b>	<b>\$ 563,562</b>	<b>\$ 5,153,586</b>
<b>Net Position:</b>			
Unrestricted	<b>\$ 4,590,024</b>	<b>\$ 563,562</b>	<b>\$ 5,153,586</b>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Employee Benefits</b>	<b>Compensated Absences</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Interdepartmental charges	\$ 2,145,250	\$ -	\$ 2,145,250
<b>Total Operating Revenues</b>	<b>2,145,250</b>	<b>-</b>	<b>2,145,250</b>
<b>Operating Expenses:</b>			
Administration and general	3,556,325	-	3,556,325
<b>Total Operating Expenses</b>	<b>3,556,325</b>	<b>-</b>	<b>3,556,325</b>
Operating Income (Loss)	(1,411,075)	-	(1,411,075)
<b>Nonoperating Revenue (Expenses):</b>			
Investment income	818	3,070	3,888
<b>Total Nonoperating Revenues (Expenses)</b>	<b>818</b>	<b>3,070</b>	<b>3,888</b>
Income (Loss) Before Transfers	(1,410,257)	3,070	(1,407,187)
Transfers in	1,163,616	-	1,163,616
Changes in Net Position	(246,641)	3,070	(243,571)
<b>Net Position:</b>			
Beginning of Year	4,836,665	560,492	5,397,157
<b>End of Fiscal Year</b>	<b>\$ 4,590,024</b>	<b>\$ 563,562</b>	<b>\$ 5,153,586</b>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from/(paid to) interfund service provided	\$ 2,145,250	\$ -	\$ 2,145,250
Cash paid to suppliers for goods and services	(3,770,362)	-	(3,770,362)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(1,625,112)</b>	<b>-</b>	<b>(1,625,112)</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Cash transfers in	1,163,616	-	1,163,616
<b>Net Cash Provided (Used ) by Non-Capital Financing Activities</b>	<b>1,163,616</b>	<b>-</b>	<b>1,163,616</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	311	2,656	2,967
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>311</b>	<b>2,656</b>	<b>2,967</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(461,185)</b>	<b>2,656</b>	<b>(458,529)</b>
Cash and Cash Equivalents at Beginning of Year	1,997,216	559,747	2,556,963
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,536,031</b>	<b>\$ 562,403</b>	<b>\$ 2,098,434</b>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:</b>			
Operating income (loss)	\$ (1,411,075)	\$ -	\$ (1,411,075)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
(Increase) decrease in OPEB asset	(214,037)	-	(214,037)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,625,112)</b>	<b>\$ -</b>	<b>\$ (1,625,112)</b>

## 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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**Financial Trends** – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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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 Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities:					
Net investment in capital assets	\$ 172,494,796	\$ 175,639,386	\$ 241,607,740	\$ 250,043,785	\$ 250,592,927
Restricted for:					
Community development	2,401,909	2,294,829	2,175,822	3,420,280	1,857,642
Housing	12,842,189	13,352,710	13,639,334	14,412,791	15,831,412
Public safety	6,034,523	9,535,112	5,680,112	5,558,075	5,074,097
Public works	2,135,793	2,201,769	2,138,313	1,967,998	1,832,508
Debt service	-	-	-	-	-
Unrestricted	<u>65,150,651</u>	<u>50,054,925</u>	<u>52,294,420</u>	<u>51,276,256</u>	<u>37,447,463</u>
Total governmental activities net position	<u>261,059,861</u>	<u>253,078,731</u>	<u>317,535,741</u>	<u>326,679,185</u>	<u>312,636,049</u>
Business-type activities:					
Net investment in capital assets	52,758,255	57,498,601	-	-	-
Unrestricted	<u>1,657,668</u>	<u>1,798,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>54,415,923</u>	<u>59,296,686</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government:					
Net investment in capital assets	225,253,051	233,137,987	241,607,740	250,043,785	250,592,927
Restricted	23,414,414	27,384,420	23,633,581	25,359,144	24,595,659
Unrestricted	<u>66,808,319</u>	<u>51,853,010</u>	<u>52,294,420</u>	<u>51,276,256</u>	<u>37,447,463</u>
Total primary government net position	<u>\$ 315,475,784</u>	<u>\$ 312,375,417</u>	<u>\$ 317,535,741</u>	<u>\$ 326,679,185</u>	<u>\$ 312,636,049</u>

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



<b>Fiscal Year</b>				
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 207,621,977	\$ 128,719,531	\$ 129,332,619	\$ 139,057,460	\$ 136,211,882
1,932,254	28,556,939	38,057,825	23,412,380	22,401,222
15,831,412				
4,870,005	4,651,489	4,570,215	4,014,475	3,199,900
1,709,638	1,641,967	308,322	252,873	325,432
-	817,671	-	-	-
<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>	<u>42,258,237</u>	<u>42,983,730</u>
<u>277,233,893</u>	<u>196,239,118</u>	<u>201,478,262</u>	<u>208,995,425</u>	<u>205,122,166</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
207,621,977	128,719,531	129,332,619	139,057,460	136,211,882
24,343,309	35,668,066	42,936,362	27,679,728	25,926,554
<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>	<u>42,258,237</u>	<u>42,983,730</u>
<u>\$ 277,233,893</u>	<u>\$ 196,239,118</u>	<u>\$ 201,478,262</u>	<u>\$ 208,995,425</u>	<u>\$ 205,122,166</u>

**City of Indian Wells**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 7,501,991	\$ 7,151,865	\$ 9,338,294	\$ 8,528,905	\$ 8,151,220
Public safety	7,830,608	7,853,892	7,988,613	7,689,486	7,413,099
Community development	4,331,134	4,502,450	4,058,871	4,114,707	11,783,596
Public works	6,624,416	6,521,569	11,102,625	11,284,095	11,050,272
Golf resort	-	-	13,564,356	12,945,121	12,088,530
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>26,288,149</u>	<u>26,029,776</u>	<u>46,052,759</u>	<u>44,562,314</u>	<u>50,486,717</u>
Business-type activities:					
Golf resort	20,011,357	21,006,393	-	-	-
Club drive	60,715	65,142	-	-	-
Total business-type expenses	<u>20,072,072</u>	<u>21,071,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>46,360,221</u>	<u>47,101,311</u>	<u>46,052,759</u>	<u>44,562,314</u>	<u>50,486,717</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	35,873	48,263	35,971	46,282	88,959
Public safety	134	4,522	8,599	6,883	7,900
Community development	1,121,873	968,377	1,003,232	854,755	934,524
Public works	22,884	27,412	22,723	28,038	32,978
Golf resort	-	-	13,179,508	12,429,070	12,051,307
Operating grants and contributions:					
General government	430,718	456,491	524,526	386,696	381,405
Public safety	4,768,453	4,637,918	4,514,697	4,436,574	4,211,296
Community development	52,738	-	60,559	-	-
Public works	2,643,506	2,364,247	2,319,406	2,362,409	2,303,057
Capital grants and contributions:					
General government	-	-	1,050,000	500,000	1,450,000
Community development	-	-	-	-	-
Public works	143,993	104,869	775,943	2,352,481	119,513
Total governmental activities program revenue	<u>9,220,172</u>	<u>8,612,099</u>	<u>23,495,164</u>	<u>23,403,188</u>	<u>21,580,939</u>
Business-type activities:					
Charges for services:					
Golf resort	12,838,393	12,918,130	-	-	-
Club drive	111,241	108,476	-	-	-
Total business-type activities program revenue	<u>12,949,634</u>	<u>13,026,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenue	<u>22,169,806</u>	<u>21,638,705</u>	<u>23,495,164</u>	<u>23,403,188</u>	<u>21,580,939</u>
<b>Net revenues (expenses):</b>					
Governmental activities	(17,067,977)	(17,417,677)	(22,557,595)	(21,159,126)	(28,905,778)
Business-type activities	(7,122,438)	(8,044,929)	-	-	-
Total net revenues (expenses)	<u>(24,190,415)</u>	<u>(25,462,606)</u>	<u>(22,557,595)</u>	<u>(21,159,126)</u>	<u>(28,905,778)</u>
<b>General revenues and other changes in net position:</b>					
Governmental activities:					
Taxes:					
Property taxes	3,115,910	3,039,371	2,915,229	2,820,856	2,689,149
Transient occupancy taxes	7,826,154	7,000,096	6,742,840	6,407,454	6,341,825
Sales taxes	1,347,804	1,217,570	1,121,191	1,016,141	945,359
Franchise taxes	941,938	922,074	924,869	886,891	860,303
Other taxes	3,227,361	2,968,981	2,887,538	2,375,414	1,914,222
Investment income	1,791,037	2,392,300	2,212,672	3,297,078	2,046,935
Gain on sale of asset	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	16,400,000	48,767,526
Other	659,280	908,638	1,082,274	1,012,035	1,078,031
Transfers	6,139,623	(831,713)	-	-	-
Total governmental activities	<u>25,049,107</u>	<u>17,617,317</u>	<u>17,886,613</u>	<u>34,215,869</u>	<u>64,643,350</u>
Business-type activities:					
Investment income	1,809	3,095	-	-	-
Other	8,379,489	1,850,156	-	-	-
Transfers	(6,139,623)	831,713	-	-	-
Total business-type activities	<u>2,241,675</u>	<u>2,684,964</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>27,290,782</u>	<u>20,302,281</u>	<u>17,886,613</u>	<u>34,215,869</u>	<u>64,643,350</u>
<b>Changes in net position:</b>					
Governmental activities	7,981,130	199,640	(4,670,982)	13,056,743	35,737,572
Business-type activities	(4,880,763)	(5,359,965)	-	-	-
Total primary government	<u>\$ 3,100,367</u>	<u>\$ (5,160,325)</u>	<u>\$ (4,670,982)</u>	<u>\$ 13,056,743</u>	<u>\$ 35,737,572</u>

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

Fiscal Year				
2012	2011	2010	2009	2008
\$ 7,589,850	\$ 4,804,881	\$ 8,194,604	\$ 10,664,720	\$ 9,998,984
7,415,881	7,379,309	8,157,222	7,594,508	7,211,930
9,513,504	20,227,573	19,519,593	9,784,467	6,356,163
6,950,388	6,710,034	5,423,271	5,954,213	6,895,396
12,714,308	13,694,185	12,885,373	10,179,734	9,518,594
<u>2,024,309</u>	<u>8,185,570</u>	<u>5,934,148</u>	<u>6,120,317</u>	<u>7,166,630</u>
<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>	<u>50,297,959</u>	<u>47,147,697</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>	<u>50,297,959</u>	<u>47,147,697</u>
134,600	31,619	30,284	30,400	627,106
5,507	8,272	873,229	742,738	873,761
663,445	6,718,212	2,136,604	2,114,861	2,528,006
35,877	48,230	6,266	54,570	68,639
12,480,492	12,243,547	11,126,337	6,850,634	5,138,846
382,613	405,976	33,501	98,175	519,133
1,921,482	1,921,931	2,557,187	2,654,704	2,493,117
-	17,400	1,568,330	2,145,952	2,038,691
2,127,618	2,051,669	1,472,156	1,629,164	1,543,290
-	-	-	-	-
-	-	444,801	9,399,500	1,445,778
<u>2,839,642</u>	<u>573,206</u>	<u>4,750,952</u>	<u>291,250</u>	<u>46,463,133</u>
<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>	<u>26,011,948</u>	<u>63,739,500</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>	<u>26,011,948</u>	<u>63,739,500</u>
(25,616,964)	(36,981,490)	(35,114,564)	(24,286,011)	16,591,803
<u>(25,616,964)</u>	<u>(36,981,490)</u>	<u>(35,114,564)</u>	<u>(24,286,011)</u>	<u>16,591,803</u>
12,893,907	17,200,487	18,121,718	18,756,437	18,582,342
5,689,952	4,805,116	4,294,079	4,804,501	5,874,128
992,271	902,256	762,241	963,446	1,054,972
848,259	835,725	817,863	870,700	902,634
4,107,560	3,672,587	1,331,372	1,360,608	1,875,547
3,740,423	3,939,375	1,513,114	1,147,924	3,467,226
-	-	-	-	-
78,671,501	-	-	-	-
563,735	399,736	362,922	255,654	169,525
-	-	-	-	-
<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>	<u>28,159,270</u>	<u>31,926,374</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>	<u>28,159,270</u>	<u>31,926,374</u>
81,890,644	(5,226,208)	(7,911,255)	3,873,259	48,518,177
-	-	-	-	-
<u>\$ 81,890,644</u>	<u>\$ (5,226,208)</u>	<u>\$ (7,911,255)</u>	<u>\$ 3,873,259</u>	<u>\$ 48,518,177</u>

**City of Indian Wells  
Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General fund:					
Nonspendable:					
Prepaid items	\$ 24,666	\$ 5,740	\$ 950	\$ 3,715	\$ 352,799
Notes and loans	17,739,192	17,889,192	17,889,192	17,889,192	-
Committed to:					
Emergency reserve	-	-	2,500,000	2,250,000	2,250,000
Unassigned	18,859,826	10,727,499	7,442,635	5,841,717	4,744,619
Total general fund	<u>\$ 36,623,684</u>	<u>\$ 28,622,431</u>	<u>\$ 27,832,777</u>	<u>\$ 25,984,624</u>	<u>\$ 7,347,418</u>
All other governmental funds					
Nonspendable					
Inventory	-	-	728,323	695,998	613,309
Prepaid items	-	-	230,059	108,542	83,196
Notes	-	-	-	-	15,831,412
Advances to other funds	-	-	-	-	-
Restricted for:					
Community development	15,244,098	15,647,539	15,815,156	16,414,450	1,857,642
Public safety	6,034,523	6,065,849	5,680,112	5,558,075	5,074,097
Parks and recreation	-	-	-	-	-
Public works	2,135,793	2,201,769	2,138,313	1,967,998	1,832,508
Debt service	-	-	-	-	-
Committed to:					
Emergency Reserve	-	-	-	-	-
Capital projects	676,363	354,335	22,913,539	23,805,825	25,431,121
Golf Resort	-	-	1,347,155	-	2,441,139
Assigned to:					
Capital projects	23,643,770	23,199,044	-	-	-
Unassigned	(1,345,970)	(1,387,826)	(1,420,514)	(1,853,153)	(1,499,190)
Total all other governmental funds	<u>\$ 46,388,577</u>	<u>\$ 74,703,141</u>	<u>\$ 47,432,143</u>	<u>\$ 46,697,735</u>	<u>\$ 51,665,234</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

<b>Fiscal Year</b>				
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 724,847	\$ 21,282	\$ 47,743	\$ 50,787	\$ 700
-	22,010,750	22,409,361	26,150,000	30,797,726
2,250,000	18,500,000	-	-	-
4,743,094	22,766,933	19,491,287	17,356,780	11,846,566
<u>\$ 7,717,941</u>	<u>\$ 63,298,965</u>	<u>\$ 41,948,391</u>	<u>\$ 43,557,567</u>	<u>\$ 42,644,992</u>
696,882	556,726	501,090	473,863	724,063
79,410	39,962	58,820	29,455	63,394
15,831,412	4,316,639	4,316,639	4,316,639	-
-	11,514,773	11,514,773	-	-
1,932,254	12,725,527	8,618,341	18,965,920	12,986,015
4,870,005	4,651,489	4,379,949	3,849,136	3,058,410
-	-	-	-	-
1,709,638	1,641,967	1,807,173	1,813,427	1,905,049
-	817,671	789,777	9,087	2,584
-	-	-	-	-
35,781,876	3,022,559	-	-	-
-	-	-	-	-
-	-	-	-	-
(1,539,173)	(43,424,063)	(10,039,594)	(11,754,777)	3,431,080
<u>\$ 59,362,304</u>	<u>\$ (4,136,750)</u>	<u>\$ 21,946,968</u>	<u>\$ 17,702,750</u>	<u>\$ 22,170,595</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
<b>Revenues:</b>					
Taxes	\$ 19,067,088	\$ 17,840,371	\$ 17,196,257	\$ 16,031,054	\$ 15,036,212
Licenses and permits	642,162	466,550	479,296	426,382	439,139
Intergovernmental	1,024,757	959,741	1,765,403	3,151,753	863,584
Contribution from property owners	-	-	1,050,000	500,000	1,450,000
Charges for services	480,245	503,429	13,705,848	12,857,977	12,548,294
Investment income	225,978	727,908	527,212	1,623,137	400,607
Fines and forfeitures	58,359	78,595	64,889	80,669	128,235
Rental income	1,561,169	1,629,432	1,660,396	1,651,498	1,633,036
Assessments	3,763,303	3,782,451	3,685,524	3,737,258	3,643,882
Development fees	448,419	129,054	139,614	124,851	222,451
Other	659,280	908,638	1,082,274	1,012,035	1,078,031
Total revenues	<u>27,930,760</u>	<u>27,026,169</u>	<u>41,356,713</u>	<u>41,196,614</u>	<u>37,443,471</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	7,836,296	8,008,297	9,424,603	8,573,662	7,996,591
Public safety	8,047,904	8,151,039	8,036,589	7,685,383	3,211,837
Community development	2,861,354	3,084,249	2,807,307	2,820,027	5,109,097
Parks and recreation	-	-	-	-	1,920,320
Public works	4,546,968	4,423,715	4,080,034	4,135,007	3,866,883
Golf resort	-	-	13,564,356	12,945,121	12,088,530
Pass-through	-	-	-	-	-
Capital outlay	1,305,125	559,912	861,263	8,678,100	3,330,510
<b>Debt service:</b>					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>24,597,647</u>	<u>24,227,212</u>	<u>38,774,152</u>	<u>44,837,300</u>	<u>37,523,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,333,113</u>	<u>2,798,957</u>	<u>2,582,561</u>	<u>(3,640,686)</u>	<u>(80,297)</u>
<b>Other financing sources (uses):</b>					
Transfers in	7,932,137	1,429,989	2,462,520	64,112	6,587,021
Transfers out	(2,956,130)	(2,261,702)	(2,462,520)	(140,112)	(6,716,791)
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
Sale of property	-	-	-	-	-
Total other financing sources (uses)	<u>4,976,007</u>	<u>(831,713)</u>	<u>-</u>	<u>16,324,000</u>	<u>(6,312,688)</u>
Net change in fund balances	<u>\$ 8,309,120</u>	<u>\$ 1,967,244</u>	<u>\$ 2,582,561</u>	<u>\$ 12,683,314</u>	<u>\$ (6,392,985)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%
Capital outlay (Recon of Rev & Exp)	588,717	(102,981)	695,864	8,627,428	3,118,599
Total governmental expenditures	24,597,647	24,227,212	38,774,152	44,837,300	37,523,768
Less: Principal	-	-	-	-	-
Less: Interest	-	-	-	-	-
	<u>24,597,647</u>	<u>24,227,212</u>	<u>38,774,152</u>	<u>44,837,300</u>	<u>37,523,768</u>
Less: Capital Asset Additions	(588,717)	102,981	(695,864)	(8,627,428)	(3,118,599)
Non Capital Expenditures	24,008,930	24,330,193	38,078,288	36,209,872	34,405,169
Total Debt Service Payments	-	-	-	-	-
Debt Service as % of Non Capital Exp.	0.0%	0.0%	0.0%	0.0%	0.0%

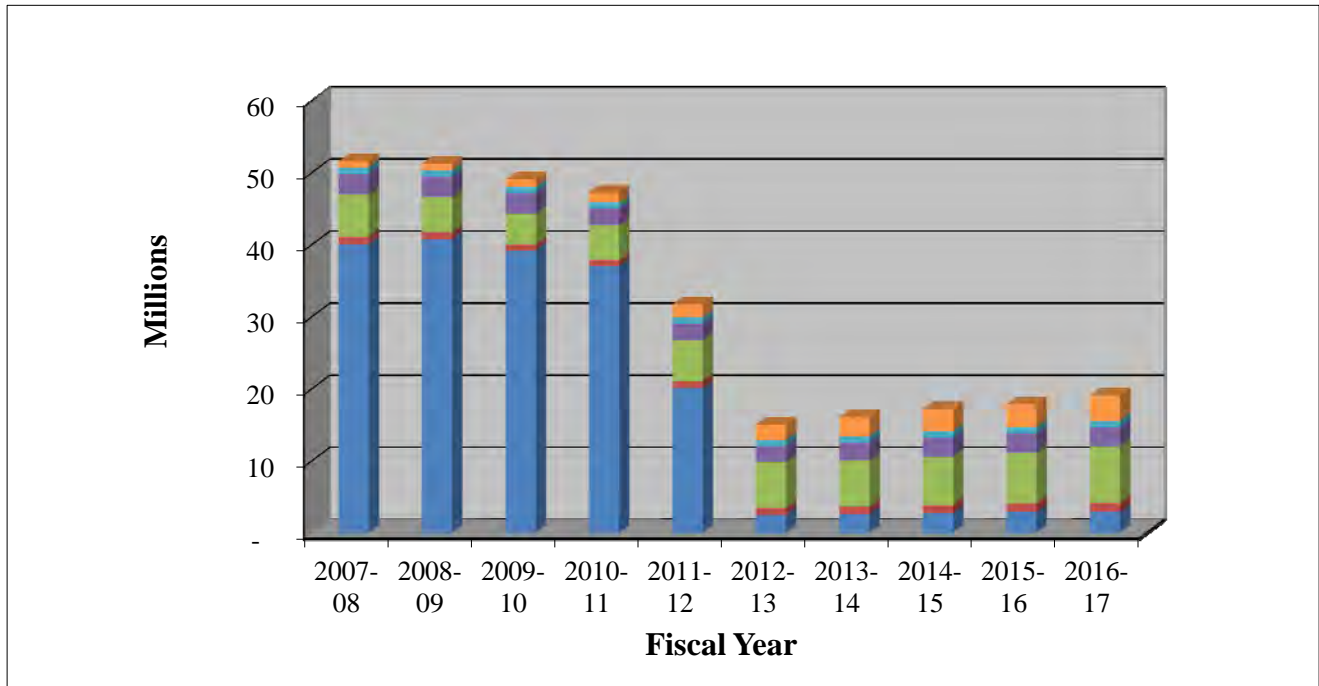
<b>Fiscal Year</b>				
<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 31,715,482	\$ 47,215,341	\$ 48,995,314	\$ 51,245,652	\$ 51,537,447
226,322	119,583	234,824	226,007	399,003
3,613,520	1,390,949	5,157,957	937,750	1,460,266
12,918,149	12,657,977	11,476,745	7,478,699	6,257,950
2,157,135	3,256,904	2,732,580	4,162,047	8,035,693
175,450	87,320	84,582	52,762	52,083
3,584,325	3,530,928	3,481,755	3,385,707	3,483,606
73,510	61,007	1,327,402	59,252	214,938
563,735	399,736	3,374,688	7,823,725	1,156,637
<u>55,027,628</u>	<u>68,719,745</u>	<u>76,865,847</u>	<u>75,371,601</u>	<u>72,597,623</u>
6,214,712	4,219,555	7,941,889	10,506,842	9,604,914
7,212,762	7,214,270	8,000,297	7,471,826	7,133,876
2,556,343	5,846,632	13,493,473	3,784,085	4,091,199
3,913,539	3,763,936	2,959,775	3,278,386	3,306,362
12,714,308	13,694,185	12,885,373	10,179,734	9,333,933
7,183,533	21,778,115	21,138,998	22,107,922	21,471,829
9,197,818	4,464,499	5,954,982	12,361,227	59,787,295
4,460,000	4,020,106	3,860,000	3,720,000	3,965,000
3,894,759	7,951,591	8,517,174	8,858,488	8,939,114
<u>57,347,774</u>	<u>72,952,889</u>	<u>84,751,961</u>	<u>82,268,510</u>	<u>127,633,522</u>
<u>(2,320,146)</u>	<u>(4,233,144)</u>	<u>(7,886,114)</u>	<u>(6,896,909)</u>	<u>(55,035,899)</u>
44,643,627	13,373,447	11,845,781	15,377,613	60,589,937
(46,425,808)	(13,873,447)	(12,595,781)	(16,377,613)	(61,339,937)
-	-	-	-	-
-	-	10,890,000	-	-
-	-	-	-	-
-	-	-	-	-
12,020,357	-	-	-	-
-	-	-	4,341,639	-
<u>10,238,176</u>	<u>(500,000)</u>	<u>10,140,000</u>	<u>3,341,639</u>	<u>(750,000)</u>
<u>\$ 7,918,030</u>	<u>\$ (4,733,144)</u>	<u>\$ 2,253,886</u>	<u>\$ (3,555,270)</u>	<u>\$ (55,785,899)</u>
21.0%	21.2%	18.7%	21.7%	157.4%
9,190,259	4,524,674	6,076,294	11,857,262	106,530,052
57,347,774	72,952,889	84,751,961	82,268,510	127,633,522
(4,460,000)	(4,020,106)	(3,860,000)	(3,720,000)	(3,965,000)
<u>(3,894,759)</u>	<u>(7,951,591)</u>	<u>(8,517,174)</u>	<u>(8,858,488)</u>	<u>(8,939,114)</u>
48,993,015	60,981,192	72,374,787	69,690,022	114,729,408
(9,190,259)	(4,524,674)	(6,076,294)	(11,857,262)	(106,530,052)
39,802,756	56,456,518	66,298,493	57,832,760	8,199,356
8,354,759	11,971,697	12,377,174	12,578,488	12,904,114
21.0%	21.2%	18.7%	21.7%	157.4%

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

<b>Fiscal Year End</b>	<b>Property Tax</b>	<b>Sales</b>	<b>Transient Occupancy</b>	<b>Emergency Services</b>	<b>Franchise</b>	<b>Other</b>	<b>Total</b>
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
2016-17	2,873,141	1,347,804	7,826,154	2,607,921	941,937	3,470,131	19,067,088

Percentage change:

2008-2017      -92.8%              27.8%              33.2%              -8.7%              4.4%              339.5%              -63.0%





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

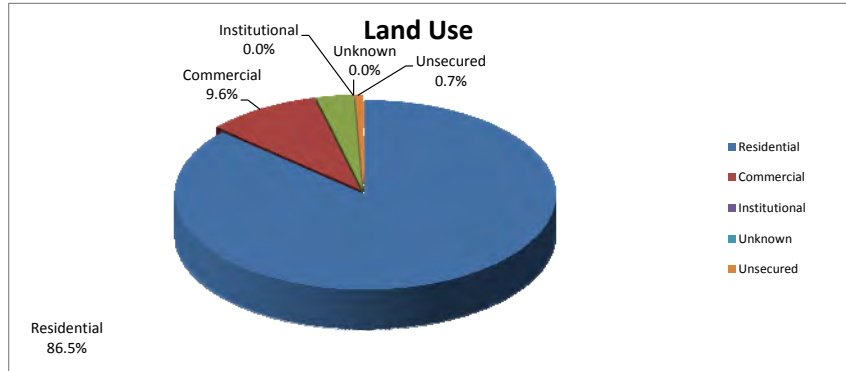
Fiscal Year Ended June 30	City (Excl. RDA)			Redevelopment Agency			City's Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2007-08	835,797,894	4,502,911	840,300,805	3,878,756,903	33,552,882	3,912,309,785	1.20556
2008-09	903,292,424	5,793,464	909,085,888	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
2016-17	1,078,783,335	8,645,905	1,087,429,240	4,244,054,809	21,150,335	4,265,205,144	1.20635

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	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15*	2015-16	2016-17
Residential	3,994,931,238	4,257,840,652	4,186,874,097	4,009,594,578	3,913,350,203	3,935,778,173	4,121,937,903	4,329,962,569	4,509,106,870	4,636,416,971
Commercial	239,515,661	252,841,579	240,348,626	204,892,539	64,230,314	65,675,320	66,962,561	482,959,313	536,436,321	501,610,126
Vacant	244,228,828	240,092,529	230,415,175	190,893,767	149,551,997	157,858,323	170,302,487	160,186,689	165,131,203	184,811,047
Institutional	306,267	312,392	318,639	317,885	0	0	0	0	0	0
Unknown	235,572,803	267,717,856	176,890,276	167,423,018	315,812,049	411,623,758	362,409,067	0	0	0
Net Secured Value	4,714,554,797	5,018,805,008	4,834,846,813	4,573,121,787	4,442,944,563	4,570,935,574	4,721,612,018	4,973,108,571	5,210,674,394	5,322,838,144
Unsecured	38,055,793	54,878,470	47,878,235	44,293,074	33,656,591	32,263,422	32,969,603	34,681,136	28,889,109	29,796,240
Net Taxable Value	4,752,610,590	5,073,683,478	4,882,725,048	4,617,414,861	4,476,601,154	4,603,198,996	4,754,581,621	5,007,789,707	5,239,563,503	5,352,634,384



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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
City Direct Rates:										
City Basic Rate	0.07000000	0.07000000	0.07000000	0.07000000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Agency Basic Rate	0.29679000	0.29688000	0.26604000	0.26686000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Low & Mod 20% Set-aside	0.20000000	0.20000000	0.20000000	0.20000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Total City Direct Rate	0.56679000	0.56688000	0.53604000	0.53686000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Overlapping Rates:										
General	0.00000000	0.00000000	0.00000000	0.00000000	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188
Riverside County General & Fire	0.28371000	0.28376000	0.28336000	0.28336000	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884
Coachella Valley Water District	0.05877000	0.05870000	0.05932000	0.05886000	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245
Desert Sands Unified School District	0.09857000	0.09851000	0.11489000	0.11498000	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065
Riverside County Superintendent of Schools	0.01114000	0.01114000	0.01299000	0.01300000	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713
College of Desert	0.02048000	0.02047000	0.02387000	0.02389000	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091
Coachella Valley Parks & Recreation District	0.01792000	0.01792000	0.02190000	0.02192000	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243
CV Mosquito & Vector Control District	0.01185000	0.01185000	0.01448000	0.01449000	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312
Riverside County Regional Park & Open Space	0.00026000	0.00026000	0.00088000	0.00088000	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930
Coachella Valley Public Cemetery	0.00021000	0.00022000	0.00072000	0.00072000	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659
Desert Regional Medical Center	0.00029000	0.00029000	0.00098000	0.00097000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Coachella Valley Resource Conservation	0.00000000	0.00000000	0.00000000	0.00000000	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170
Education Revenue Augmentation Fund	0.00002000	0.00002000	0.00006000	0.00006000	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749
TOTAL	0.50322000	0.50314000	0.53345000	0.53313000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000
Override Assessments										
Coachella Valley Water District	0.04000000	0.04000000	0.06000000	0.06000000	0.08000000	0.08000000	0.10000000	0.10000000	0.10000000	0.10000000
Desert Community College	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.02325000	0.02087000	0.02036000
Desert Sands Unified School District	0.07561000	0.07990000	0.08112000	0.10036000	0.11467000	0.11156000	0.10954000	0.10984000	0.10915000	0.08599000
TOTAL	0.13556000	0.13985000	0.16107000	0.18031000	0.21462000	0.21151000	0.22949000	0.23309000	0.23002000	0.20635000
TOTAL TAX RATE	1.20557000	1.20987000	1.23056000	1.25030000	1.21462000	1.21151000	1.22949000	1.23309000	1.23002000	1.20635000

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**

<b>Taxpayer</b>	<b>2016-17</b>		<b>2007-08</b>	
	<b>Taxable Value (\$)</b>	<b>Percent of Total City Taxable Value (%)</b>	<b>Taxable Value (\$)</b>	<b>Percent of Total City Taxable Value (%)</b>
Garden Of Champions	184,507,081	3.45%	64,421,157	1.34%
Grand Champions	58,098,077	1.09%	91,666,553	1.90%
Felcor Lodging Trust Inc.	56,376,226	1.05%		
Toscana Land	48,522,750	0.91%		
Vintage Club	27,708,214	0.52%	64,878,885	1.35%
Rpcwg Miramonte Owner LLC	26,261,066	0.49%		
Standard Pacific Corp	21,849,521	0.41%	26,849,971	0.56%
Eldorado Country Club	20,271,378	0.38%	22,819,038	0.47%
Iwcc Acquisition Corp	17,944,410	0.34%	22,840,174	0.47%
Village Shopping Center At Ind	16,511,635	0.31%		
Cook Leo W	16,281,065	0.30%	11,848,699	0.25%
Targoff Michael B	16,020,730	0.30%		
Schmid Inv	13,715,808	0.26%		
Marion Anne W	13,250,676	0.25%		
Kayne Richard A	12,862,306	0.24%		
Indian Wells Village Ii	12,375,245	0.23%	11,042,224	0.23%
Drw Desert Holdings	11,525,492	0.22%		
Smith Orin C	10,766,439	0.20%		
Brinson Gary P	10,640,000	0.20%	14,000,000	0.29%
Kh Indian Wells	10,355,345	0.19%		
Neptune	9,757,000	0.18%		
Good Daniel J	9,185,198	0.17%		
Macmillan Donna J	9,144,682	0.17%		
Soret Ltd.	9,117,166	0.17%		
Argyros George L	9,061,126	0.17%		
Toscana Country Club Inc			68,964,861	1.43%
Wsrh Indian Wells Llc			59,829,366	1.24%
Lh Indian Wells Holding			29,931,115	0.62%
Ryan Oil Co			21,298,864	0.44%
Bank Of Calif			20,419,751	0.42%
Reserve Club			19,377,272	0.40%
Alexander & Baldwininc			16,257,506	0.34%
Schneider Gene W			12,898,597	0.27%
Windfohr Anne Burnett			12,550,609	0.26%
Carletti Christopher M			12,500,000	0.26%
Gross William H			12,250,000	0.25%
Coleman Sheldon C			11,896,624	0.25%
Gilleland Richard A			11,280,993	0.23%
Woodbridge Indian Wells			11,274,570	0.23%
Lowe Terraces Inc			10,821,363	0.22%
Common Lot			9,923,972	0.21%
<b>Total Top 25 Taxpayers</b>	<b>652,108,636</b>	<b>12.18%</b>	<b>671,842,164</b>	<b>12.62%</b>
<b>Total Taxable Value</b>	<b>5,352,634,384</b>	<b>100.00%</b>	<b>4,814,898,689</b>	<b>100.00%</b>

Source: County Assessor data, MuniServices, LLC

**City of Indian Wells**

**Principal Sales Tax Producers  
Last Fiscal Year and Nine Years Ago**

<b>2016-17</b>		<b>2007-08</b>	
<b>Taxpayer</b>	<b>Business Type</b>	<b>Taxpayer</b>	<b>Business Type</b>
Audio Visual Headquarters	Business Services	Compliments	Apparel Stores
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 Restaurant	Restaurants	Don Diego's Restaurant	Restaurants
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
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 Golf Resort	Restaurants
Indian Wells Coffee	Food Markets	Indian Wells Tennis Garden	Recreation Products
Indian Wells Country Club	Restaurants	Le Saint Germain Restaurant	Restaurants
Indian Wells Golf Resort	Restaurants	Miramonte Resort & Spa	Restaurants
Indian Wells Tennis Garden	Recreation Products	Nest Restaurant	Restaurants
Karen Harlow For The Home	Furniture/Appliance	Ralph's Grocery Company	Food Markets
Miramonte Resort & Spa	Restaurants	Renaissance Esmeralda Resort	Restaurants
Renaissance Esmeralda Resort	Restaurants	Reserve Club	Restaurants
Reserve Club	Restaurants	Swank Audio Visuals	Light Industry
Tennis Warehouse	Recreation Products	Terry Beardsley Golf Shop	Recreation Products
Terry Beardsley Golf Shop	Recreation Products	Toscana Country Club	Restaurants
The Nest	Restaurants	Venezia Gourmet Foods	Restaurants
Toscana Country Club	Restaurants	Vicky's Of Santa Fe	Restaurants
Vicky's Of Santa Fe	Restaurants	Village Insciber	Miscellaneous Retail
Vintage Club	Restaurants	Vintage Club	Restaurants

Source: MuniServices, LLC

**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
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%
2017	2,420,606	2,802,166	115.76%	70,974	2,873,141	118.70%

**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**

<b>Fiscal Year End</b>	<b>Governmental Activities</b>			<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>Tax Allocation Bonds</b>	<b>Notes Payable</b>	<b>Total</b>		
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	- <sup>1</sup>	-	-	0.00%	-
2013	- <sup>1</sup>	-	-	0.00%	-
2014	- <sup>1</sup>	-	-	0.00%	-
2015	- <sup>1</sup>	-	-	0.00%	-
2016	- <sup>1</sup>	-	-	0.00%	-
2017	- <sup>1</sup>	-	-	0.00%	-

(1) Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Please see note 18 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)**

<b>Fiscal Year End</b>	<b>Outstanding Tax Allocation Bonds</b>	<b>% of Assessed Value <sup>1</sup></b>	<b>Per Capita</b>	<b>Less: Amounts Set Aside To Repay Debt</b>	<b>Total Net Debt Applicable To Debt Limit</b>	<b>Legal Debt Limit</b>	<b>Legal Debt Margin</b>	<b>Legal Debt Margin as a % of Limit</b>
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%
2017	-	0.0%	-	-	-	805,313	805,313	100.0%

Legal Debt Margin Calculation for Fiscal Year 2016:

Assessed Value (From Assessor's net 02-2441)	<u>FY 2016/17</u> \$ 5,368,756,154
Legal Debt limit (15% of total assessed value)	805,313,423

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.

<sup>1</sup> 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, 2017**

2016-17 Assessed Valuation: \$ 5,368,756,154

	Total Debt 6/30/2017	% Applicable (1)	City Share of Debt 6/30/17
<b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Desert Community College District	\$ 278,449,403	7.200%	\$ 20,048,357
Desert Sands Unified School District	316,115,000	14298.000%	45,198,123
Desert Sands Unified School District Community Facilities District No. 1	1,125,000	11.088%	124,740
<b>City of Indian Wells</b>	<b>-</b>	<b>100.000%</b>	<b>-</b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 65,371,220</b>
<b>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>			
Riverside County General Fund Obligations	\$ 849,105,407	2.143%	\$ 18,196,329
Riverside County Pension Obligations	286,535,000	2.143%	6,140,445
Desert Sands Unified School District Certificates of Participation	49,805,000	14.298%	7,121,119
Coachella Valley Recreation and Park District Certificates of Participation	1,077,045	11.434%	123,149
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>			<b>31,581,042</b>
Less: Riverside County Administrative Center Authority (100% self-supporting)			<b>(103,876)</b>
<b>TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b>\$ 31,477,166</b>
<b>OVERLAPPING TAX INCREMENT DEBT:</b>	<b>339,025,000</b>	<b>0.180-100.%</b>	<b>\$ 90,098,337</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ -</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$ 187,050,599</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$ 186,946,723</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$ 187,050,599 <sup>(2)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 186,946,723</b>

- (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 2016-17 Assessed Valuation:

<b>Direct Debt</b>	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt	1.22%
Gross Combined Total Debt	3.48%
Net Combined Total Debt	3.48%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$3,889,737,553):

Total Overlapping Tax Increment Debt	2.32%
--------------------------------------	-------

Source: MuniServices

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

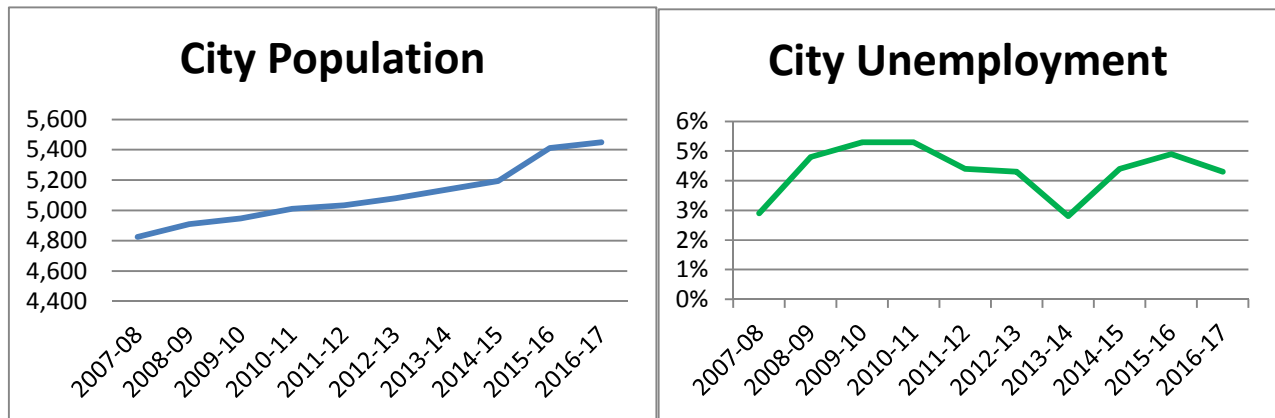
<b>Fiscal Year</b>	<b>Tax Allocation Bonds</b>				
	<b>Ended June 30</b>	<b>Tax Increment</b>	<b>Debt Service</b>		<b>Coverage</b>
			<b>Principal</b>	<b>Interest</b>	
2008	37,459,122	3,965,000	5,977,740	3.77	
2009	38,486,642	3,720,000	5,838,334	4.03	
2010	36,993,008	3,860,000	5,769,506	3.84	
2011	34,788,614	4,015,000	5,999,053	3.47	
2012	17,891,078	4,460,000	5,852,651	1.73	
2013	-	-	-	-	
2014	-	-	-	-	
2015	-	-	-	-	
2016	-	-	-	-	
2017	-	-	-	-	

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age</b>	<b>Public School Enrollment (3)</b>	<b>City Unemployment Rate (%) (4)</b>
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%
2016-17	5,450	472,424,421	86,683	68.2	28,958	4.3%



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 and Nine Years ago**

<b>Business Name</b>	<b>2016-17</b>		<b>2007-08</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment (%)</b>	<b>Number of Employees</b>	<b>Percent of Total Employment (%)</b>
Renaissance Esmeralda Resort	479	26.61%	550	23.49%
Hyatt Regency	430	23.89%	645	27.55%
Indian Wells Golf Resort (1)	230	12.78%	185	7.22%
Toscana Country Club	212	11.78%	0	0.00%
El Dorado Country Club (2)	173	9.61%	200	8.54%
Miramonte Resort and Spa	176	9.78%	250	10.68%
Indian Wells Country Club	95	5.28%	169	7.90%
Desert Horizons Country Club(1)	82	4.56%	83	4.23%
Indian Wells Resort Hotel	74	4.11%	60	3.55%
Merrill Lynch Wealth Mgmt	45	2.50%	100	4.27%
Windermer Real Estate			99	2.56%
<b>Total Top Employers</b>	<b>1,996</b>	<b>110.89%</b>	<b>2,341</b>	<b>100%</b>
<b>Total City Employment (3)</b>	<b>1,800</b>			

Source: MuniServices, LLC

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

(1) Includes Seasonal Employees

(2) Count is at peak of season - Nov - May

(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**

<b><u>Function</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
City Manager/Clerk	9.75	6.75	6.75	4.75	4.75	4.75	4.75	4.52	4.48	4.48
Advertising/Marketing	-	3.00	3.00	2.00	2.00	2.00	2.00	1.97	1.97	1.97
Risk Management	0.25	0.25	0.125	0.125	0.125	0.125	0.125	0.150	0.150	0.15
Personnel	0.25	0.25	0.125	0.125	0.125	0.125	0.125	0.450	0.450	0.45
City Attorney	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.05	0.09	0.09
Community										
Development	10.00	9.00	8.25	6.25	5.25	5.25	6.50	6.27	6.27	6.77
Finance Department	7.00	7.00	7.00	6.00	6.00	6.00	6.00	5.47	5.33	5.33
Public Safety	1.50	0.50	1.50	1.50	1.50	1.50	1.25	1.60	1.60	1.10
Public Works	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.53	7.44	7.44
Housing Authority	-	-	-	-	-	-	-	0.99	0.99	0.99
Golf Resort	1.00	-	-	-	-	-	-	-	0.18	0.18
Club Drive	-	-	-	-	-	-	-	-	0.05	0.05
<b>Total</b>	<b>38.00</b>	<b>35.00</b>	<b>35.00</b>	<b>29.00</b>	<b>28.00</b>	<b>28.00</b>	<b>29.00</b>	<b>29.00</b>	<b>29.00</b>	<b>29.00</b>

Source: City of Indian Wells Budget

## City of Indian Wells

### Operating Indicators by Functions

#### Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Police</b>					
Violent Crime	5	3	1	3	-
Thefts	150	104	89	112	102
Burglaries	109	55	72	58	47
Traffic Collisions	167	107	93	72	88
Traffic Citations	976	1,014	2,371	1,333	870
<b>Fire</b>					
Medical Aid Calls	574	690	538	594	696
Public Service Assists	97	70	76	78	108
Structure Fires	19	8	17	5	4
Vegetation Fires	-	-	-	-	-
<b>Building Activity</b>					
Permits Issued	859	577	416	548	582
Inspections Performed	5,590	4,421	1,390	2,286	2,811
New Dwelling Units	49	9	5	17	13
<b>Public Works</b>					
Lot Line Adjustments	18	2	1	-	1
Parcel Mergers	4	-	-	3	2
Encroachment Permits	73	67	59	66	48
Tract Maps	1	1	-	-	2
<b>Golf Resort</b>					
Golf rounds played	48,082	69,308	81,102	83,052	83,104
<b>Administration</b>					
City Council Meetings	19	23	22	20	21
Public Hearings	17	18	22	23	16
Adopted Resolutions	60	46	53	35	43

<b>Fiscal Year</b>				
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
-	-	3	6	6
141	97	87	91	96
66	39	29	45	39
88	125	136	104	116
838	1,251	971	1,101	1,248
704	659	751	794	818
118	90	102	76	79
4	4	4	3	1
-	-	-	-	2
774	914	845	887	774
3,862	4,927	5,438	4,607	3,319
35	33	37	32	33
3	3	4	2	4
3	3	5	4	1
66	84	59	70	82
2	-	1	-	-
82,712	81,696	78,829	77,613	74,358
21	20	18	15	8
11	23	18	14	15
53	53	49	42	49

**City of Indian Wells**  
**Capital Asset Statistics**  
**by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	Units of Measure	Fiscal Year	
		2008	2009
<b>Public safety</b>			
Police Sub-Station	Buildings	1.00	1.00
Fire Stations	Buildings	1.00	1.00
<b>Highways, Streets, Bridges, &amp; Infrastructure</b>			
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	15.25
Traffic Signals equipped with Red Light Runner Camera	Each	-	-
Streetlights (not included with traffic signals)	Each	19.00	19.00
Sanitary Sewer Lift Stations (CVWD)	Each	3.00	3.00
<b>Parks and recreation</b>			
Parks	Each	1.00	1.00
18-Hole Public Golf Courses	Each	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00
<b>City Vehicles</b>			
City-Owned Fleet Motor Vehicles	Each	14.00	14.00
City-Owned Ambulances	Each	2.00	2.00
<b>Affordable Housing</b>			
Senior Affordable Housing Complexes	Each	2.00	2.00
Senior Affordable Housing Units	Each	218.00	218.00



**Fiscal Year**

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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
11.00	11.00	11.00	10.00	10.00	10.00	10.00	11.00
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

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