

CITY OF INDIAN WELLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

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FISCAL YEAR ENDED JUNE 30, 2018

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**CITY OF INDIAN WELLS, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2018**

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December 5, 2018

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, 2018. 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, 2018 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 which 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, 2018.

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, 2018. 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 5,574 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 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 3.2% 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 3.7% per year. Cost increases reference historical trends and are inflationary in nature.

General Fund Forecast					
ACCOUNT TYPE	2019B	2020F	2021F	2022F	2023F
General Fund					
Revenues	18,763,239	19,363,663	19,983,300	20,622,765	21,282,694
Annual % Change	3.0%	3.2%	3.2%	3.2%	3.2%
General Fund					
Expenditures	15,919,204	16,508,215	17,119,018	17,752,422	18,409,262
Annual % Change	4.0%	3.7%	3.7%	3.7%	3.7%
Net Change					
in Fund Balance	2,844,035	2,855,448	2,864,281	2,870,343	2,873,432

Development of new revenues is extremely important to the long-term financial health of the City. Consistent with its number one strategic goal, the City submitted a tax Measure K increasing the Transient Occupancy (Hotel) Tax rate from 11.25% to 12.25% at the statewide general election. On November 6 2018, voters overwhelmingly approved Measure K increasing the Transient Occupancy (Hotel) Tax rate to 12.25%. The new Transient Occupancy Tax Rate will generate an additional \$700,000 in new revenues annually further supporting governmental services.

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 Capital Asset Replacement Plan
- Develop new Revenue Opportunities
- 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 Comprehensive Master Plan
- Create Development Options for City and Housing Authority Owned Vacant Property on Highway 111

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



- Entertainment Zone Development
- Explore Future Opportunities

Goal 4: Community Satisfaction and Priorities Survey

Understand the current needs of residents, determine overall satisfaction with city services, and learn resident priorities.

Action Items

- Request for Proposals
- Complete Survey
- Survey Results presented to Council

Goal 5: Modernize Fire Station 55

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

Action Items

- Complete Construction Improvements

Accomplishments

Financial

In conjunction with Goal 1: Long-term Fiscal Position

- Established a new program-based budget format
- Completed preliminary analysis to implement long-term capital asset reserve plan
- Reduced operating General Fund expenditures by \$1 million
- Completed sales tax audit at Indian Wells Tennis Gardens
- Established funding for resident amenities and discounts for: food & beverages, merchandise and golf
- Amended Municipal Code relating to claims and demands
- Sale of Rule 20A undergrounding utility credits for \$146,083
- Paid off all CalPERS unfunded liability
- Ranked #4 fiscally sound City in California by Senator John Moorlach
- Community Development Block Grant of \$75,000 received for ADA compliance at 8 bus stops along Hwy 111
- Emergency Management Performance Grant additional funding received for a total of \$25,463 to fund City Emergency Services Coordinator

- Reimbursement of \$120,000 for storm clean-up and repair costs from March 2017 heavy rain event
- Reimbursement of \$166,103 received from CJPIA for storm damage from January 2017 rain storm
- Rubberized Asphalt grant received \$111,663 for Cook Street reconstruction and overlay of Miles Avenue
- SB1 grant funding for FY 2017-18 received \$31,082
- Citywide Fee study completed and adopted with \$170,000 in annual fee collection anticipated
- Lien payment of \$17,000 received for property on Sky Mesa
- Resident Benefit Card policy established social and golf cards and received \$125,710 in renewal fees
- Auditor's issued unmodified opinion on City Comprehensive Annual Financial Report (CAFR)
- California Department of Tax and Fee Administration processed transfer of \$61,067 of local tax from BNP Tennis Tournament that was allocated to Riverside countywide pool

Economic Development

In conjunction with Goal 2: Economic Development Opportunities

- Co-sponsorship of IRONMAN 70.3 event with City of La Quinta and Palm Springs Convention & Visitors Bureau for three years
- Approved sponsorship of the Indian Wells Music Festival
- 139-room luxury hotel at the corner of Highway 111 and Miles Avenue approved including public infrastructure improvements
- Negotiated and approved sale of 10.6 acres of land to Indian Wells Tennis Garden
- Sands Hotel remodel of 46 guest rooms including a new wedding garden, pool area and restaurant, spa facility, exterior paint, and landscaping
- Finalized the sale of the City owned property at 45-200 Club Drive for \$1,560,000 including a 20-year note in the amount of \$1,248,000 bearing an above market interest rate of 5.5%
- Warner Trail property sold for \$916,760 for an 18 single-family home development
- Master planning process of Northeast corner of the City with Moule & Polzoides discussions held with Council
- Miramonte Indian Wells Resort & Spa interior remodel completed
- Indian Wells Resort Hotel adult-only pool plans submitted
- Discussions with MIG relating to new tenant for Ralph's at Village Shopping Center
- Notice of Default issued to Brixton Capital for east of Miles and Hwy 111 property

- Extended Tennis Garden title and marketing sponsorships through 2042, and \$20,000 annually for Warner Trail parking lot usage starting in 2027
- Secured Association of California Water Agencies' annual conference for 2020 and 2021
- Secured California Narcotics Officers Associations to come back for 2022 annual conference

Housing Authority

In conjunction with Goal 2: Economic Development Opportunities

- City purchased 17 acres of land South of Miles for \$2,771,960
- Sale Agreement for 4.2 acres of land on Warner Trail for The Huntley single-family development
- New Senior Property Manager Jacquelyn Karre and Property Manager Linda Esposito hired
- Annual tenant satisfaction survey results ranged from 4.3 to 4.8 out of 5 including rating of WinnResidential
- Applicant Appeal Process created to address complaints from prospective tenants denied tenancy
- Expand partnership with FIND food bank to offer dry goods in addition to the fresh fruits and vegetables offered currently
- Updated Emergency Preparedness Program for both properties
- Concrete repairs to spa deck at Indian Wells Villas
- Flooring and kitchen counter remodel project test units completed at Indian Wells Villas
- Installed new landscaping throughout Indian Wells Villas
- 20th anniversary celebration of Indian Wells Villas with 70 residents in attendance
- Indian Wells Villas Clubhouse improvements including tile flooring
- Energy improvements of LED lights at Clubhouse, LED address lighting, and LED walkway lights at Indian Wells Villas
- Slurry seal project at Mountain View Villas
- Stucco repair, exterior painting, landscaping, lighting improvements at Mountain View Villas
- Mountain View Villas Clubhouse improvements including LED lighting, ceiling fans, furnishings, and painting

Indian Wells Tennis Garden

In conjunction with Goal 2: Economic Development Opportunities

- Large shade structure improvements including removal blacktop, installation of grass, trees, landscaping, and pavers

Indian Wells Golf Resort

In conjunction with Goal 3: Indian Wells Golf Resort Strategic Plan

- Pavilion green room project completed
- Pavilion launch event attended by 13 meeting planners, 40+ wedding planners, and The Wedding Chicks social media influencers
- Nighttime lighted targets for the driving range for special events
- NextLinks laser system added to putting course for nighttime entertainment
- Event lawn constructed to accommodate a group of 700 adjacent to the Pavilion
- Implemented sustainable over seeding practices on Player's Course
- Established "Operation Pollinator" advancing sustainable golf course management and improving natural habitats
- Resident celebration of 50th anniversary of Indian Wells Golf Resort
- Conducted thorough food and beverage audit of restaurant operations
- Received 2017 California Golf Course Owners Association's Community Environmental Award

Capital Improvements

In conjunction with Goal 4: Highway 111/Cook Street Improvements and with Goal 5: Modernize Fire Station 55

- Highway 111 and Cook Street Date Gove improvements including sidewalks, City Indian Head logo mosaic, connect irrigation to Mid-Valley pipeline and install LED programable color palm tree lighting
- Fire Station 55 remodel and seismic retrofit project underway
- Highway 111 and Eldorado Drive signal modifications to allow a protected left turn and replacement of handicap ramp at southwest corner
- Slurry seal project at Wells Golf Resort Parking Lot and Maintenance Yard
- Indian Wells Lane median improvements consisting of artificial turf and accent palms
- Citywide tree health assessment completed and implementation of tree planting plan including a GIS layer identifying the location of each tree within the City and a status report on each tree's risk and health

- Develop strategy relating to wayfinding at the resort campus including signage and circulation improvements for pedestrians and motorists
- Upgraded traffic signal wiring along Highway 111 at Mountain Cove Drive, Club Drive, and Eldorado Drive
- Slurry seal of Washington Street from Miles Avenue to the Whitewater River Bridge
- Slurry seal of Eldorado Drive from Fairway Drive to Fred Waring Drive
- Slurry seal of Fairway Drive and Rancho Palmeras Drive
- Slurry seal of Indian Wells Lane and various streets between Eldorado Drive and Indian Wells Lane north of Fairway Drive
- Slurry seal of Fred Waring Drive, Rancho Palmeras, and Fairway Drive in conjunction with the City of Palm Desert
- Storm drain improvement to remove standing water on Highway 111 near Mountain Cove
- Washington Street sidewalk constructed to complete link between Tennis Garden and Highway 111
- Whitewater Channel improvements to assist drainage and decorative rock siding on bridge between holes 16 and 17 of Player's Course
- Handicap ramp modification and restriping of parking lot at City Hall
- City maintenance yard modified to stage green waste
- Handicap ramp and sidewalk repair at Hwy 111 and Rancho Palmeras
- Landscape improvements along south side of Hwy 111 between Indian Wells Lane and Club Drive including removal of dying trees and shrubs, minor grading, new ground cover and shrubs, and row of Tocomas as screening for parking lot
- Gerald Ford elementary school traffic circulation patterns analyzed and developed strategies to facilitate smooth, efficient student drop-off and pick-up, improve overall traffic circulation, and promote public safety
- Whitewater Channel drop structure study evaluated existing conditions and recommendations to minimize sediment deposit, increase efficacy of water flow and minimize maintenance

Conservation

- Adopted an Environmentally Preferable Purchases and Practices Policy to qualify for grant funding
- Received Mobile Source Air Pollution Reduction Review Committee grant of \$50,000 for electric vehicle charging stations at City Hall and Indian Wells Golf Resort parking lots project
- City reached 100% compliance with Mandatory Commercial Recycling program with 355 tons of material diverted from the landfill

- City reached 100% compliance with Mandatory Commercial Organics recycling program with 23 tons of organic material from the BNP Tennis Tournament diverted from the landfill

Legal

- Lawellin/Rohlin federal litigation relating to alleged civil rights violations and the City's hedge height ordinance 9th Circuit Court of Appeal ruled in City's favor
- Beal et al. v. Indian Wells (FAMD flood litigation) settlement reached with all parties the Superior Court dismissed case, the City's portion of settlement is \$2.1 million with no obligation to construct any flood mitigation improvements

Personnel

- Merit Based Pay program annual wrap-up and new goals conversations
- Selected Ruby Walla as Assistant Finance Director
- Selected Michael Parmer as Management Analyst II for Public Works Department
- Revised Personnel Policies and Procedures Manual

Other Accomplishments

- Community needs survey conducted
- Approved funding for CV Rescue Mission
- Amended Municipal Code to ensure compliance regarding massage practitioner provisions
- Amended Municipal Code related to permitting and regulations of tobacco retailers
- Grants in Aid Committee review 29 applications for total \$291,190 in funding, Committee recommended \$130,000 in funding for 17 applicants
- Established policy on use of Personal Devices and Accounts for City business communication
- Revisions to Short-Term Rental program
- IW Plaza Parking Agreement mutually agreed by property owners and recorded
- Amended Municipal Code related to temporary permitting for special events
- Amended Municipal Code to streamline business signage approvals
- Palm Tree trimming video produced by staff on available on City website
- First-Aid/CPR/AED training provided to staff
- CJPIA training on vendor insurance requirements and contractual risk transfer provided to staff
- First annual file clean-up day held on August 11, 2017 with Staff filling 2 four-yard dumpsters of recycled material

- Amy Dallosta nominated for CJPIA Capstone award for work on the City's LossCap program
- Americans with Disabilities Act (ADA) transition plan self-assessment and compliance plan created
- Reviewed commercial plan sets in City possession, prepared plans for digital scanning, and selected vendor to begin process of digitalizing commercial plans
- Approved two AT&T cell towers installed at the Vintage CC
- Partnered with Sunline Transit Agency and other agencies in free Disadvantaged Business Enterprise workshop to encourage small business owners
- Updated the City's property insured by CJPIA and coverage amounts
- Partnership with Desert Recreation District to offer programs at Indian Wells Golf Resort such as Tai Chi, 5K walk,
- Donation site for Senior Gift Drive offered by Riverside County Office on Aging during the holiday season, Indian Wells collected the most items
- Launched Voluntary emergency operations radio system program established with Homeowners Associations
- Stop the Bleed training offered to staff
- City staff partnered with Salvation Army and CVRM to adopt 3 families in need
- Taste of Tennis event held prior to tennis tournament with Citi Bank as corporate sponsor
- Received classification of 2 with 1 being best from Building Insurance Services Office (ISO) which rates building code enforcement and how structures will fare in an earthquake, fire or other natural disaster
- Updated the parking bail schedule

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 providing the total net position of the City including infrastructure, and the Statement of Activities displaying 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 and 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, 2018 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, 2017. 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 27 consecutive years.

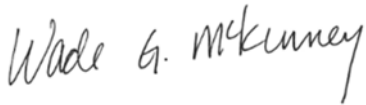
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both Generally Accepted Accounting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

The Comprehensive Annual Financial Report of the City of Indian Wells for the fiscal year ended June 30, 2018 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,



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

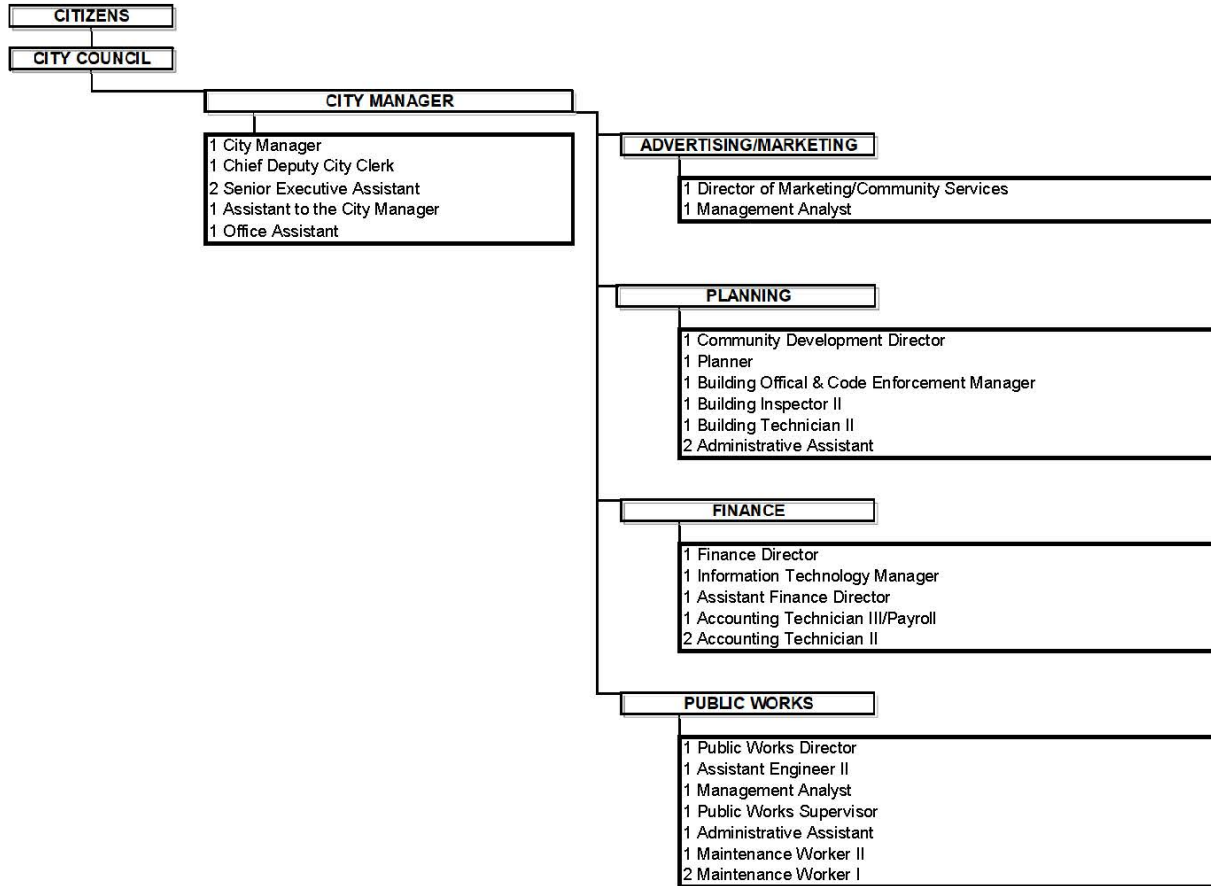
June 30, 2017

Christopher P. Morrell

Executive Director/CEO

**CITY OF INDIAN WELLS
ORGANIZATION CHART**

JUNE 30, 2018



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2018

Council – Manager Form of Government

City Council

Kimberly Muzik
Mayor

Ted J. Mertens
Mayor Pro Tem

Dana Reed
Council Member

Richard Balocco
Council Member

Ty Peabody
Council Member

City Administration

Wade G. McKinney
City Manager

Kevin McCarthy, Finance Director
Ken Seumalo, Public Works Director
David Gassaway, Community Development Director



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. This resulted in a restatement of beginning net position as disclosed in note 17 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 21, schedule of proportionate share of net pension liability on page 81, schedule of plan contributions on page 82, schedule of changes in the net OPEB liability and related ratios on page 83, schedule of OPEB contributions on page 84, budgetary comparison information on pages 85 through 87 and related notes on page 89, 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 December 5, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Riverside, California

December 5, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the City of Indian Wells, we offer readers of the financial statements this overview and analysis of the City's financial activities for the fiscal year ended June 30, 2018. 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-xv, and the accompanying basic financial statements found on pages 23-38 of the report.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded liabilities by \$310.9 million at the close of the most recent fiscal year. The net position breaks down as follows: \$223.2 million represents investment in capital assets, \$62.9 million represents unrestricted net position, and \$24.8 million is subject to legal restrictions on their use.
- Governmental Activities capital assets net of depreciation decreased \$0.5 million from \$172.5 million to \$172.0 million. The City acquired \$2.9 million in new capital assets during the fiscal year. Construction in progress was \$0.6 million and depreciation expense was \$4.0 million.
- Capital assets from Business-type Activities net of depreciation decreased \$1.6 million from \$52.8 million to \$51.2 million. The Indian Wells Golf Resort acquired \$1.4 million in new capital assets during the fiscal year. Construction in progress was \$0.5 million, deletions totaled \$1.4 and depreciation expense was \$2.1 million.
- The City reported a \$1.5 million net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2018.
- Governmental fund balances ended the year totaling \$84.1 million. Of this amount, \$17.7 million constitutes non-spendable fund balances, \$24.8 million are restricted, which are the result of external limitations on spending, \$0.1 million are committed, and \$23.3 are assigned. The remaining \$18.1 million represents unassigned fund balances.
- At the end of the most recent fiscal year, the fund balance in the City's General Fund was \$37.1 million. The fund balance breaks down as follows: non-spendable assets comprise \$17.7 million in notes and loans and \$19.4 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 and expenses 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. The City of Indian Wells Fire Access Maintenance District No. 1, although 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 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, 2018 and 2017.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and restricted assets	\$ 90.0	\$ 91.3	\$ 2.1	\$ 2.3	\$ 92.1	\$ 93.6
Capital assets	172.0	172.5	51.2	52.8	223.2	225.3
Total Assets	262.0	263.8	53.3	55.1	315.3	318.9
Deferred Outflows of Resources	3.3	5.0	-	0.1	3.3	5.1
Current Liabilities	4.0	2.9	1.1	0.7	5.1	3.6
Proportionate share of collective net pension liability	1.5	4.2	-	-	1.5	4.2
Non-current Liabilities	0.8	0.5	-	-	0.8	0.5
Total Liabilities	6.3	7.6	1.1	0.7	7.4	8.3
Deferred Inflows of Resources	0.3	0.2	-	-	0.3	0.2
Net Position:						
Net investment in capital assets	172.0	172.5	51.2	52.8	223.2	225.3
Restricted						
Community development	2.7	2.4	-	-	2.7	2.4
Housing	14.6	12.9	-	-	14.6	12.9
Public safety	5.3	6.0	-	-	5.3	6.0
Public works	2.2	2.1	-	-	2.2	2.1
Unrestricted	61.9	65.2	1.0	1.6	62.9	66.8
Total Net Position	\$ 258.7	\$ 261.1	\$ 52.2	\$ 54.4	\$ 310.9	\$ 315.5

The City's assets exceeded liabilities by \$310.9 million at the close of the most recent fiscal year. Of the total net position, the City's net investment in capital assets is \$223.2 million and \$62.9 million represents unrestricted net position available for meeting the City's ongoing obligations to citizens and creditors.

The City restricted \$24.8 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, 2018 and 2017.

Table 2
Statement of Activities
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for services	\$ 1.3	\$ 1.2	\$ 13.8	\$ 13.0	\$ 15.1	\$ 14.2
Operating contributions and grants	7.8	7.9	-	-	7.8	7.9
Capital contributions and grants	0.2	0.1	-	-	0.2	0.1
General Revenues:						
Taxes						
Property taxes	3.3	3.1	-	-	3.3	3.1
Transient occupancy taxes	7.9	7.8	-	-	7.9	7.8
Sales taxes	1.1	1.3	-	-	1.1	1.3
Franchise taxes	0.9	0.9	-	-	0.9	0.9
Business licenses taxes	0.1	0.2	-	-	0.1	0.2
Admission taxes	3.4	3.1	-	-	3.4	3.1
Investment income	1.9	1.8	-	-	1.9	1.8
Other	0.9	0.7	0.4	8.4	1.3	9.1
Total Revenues	28.8	28.1	14.2	21.4	43.0	49.5
Expenses:						
General government	8.1	7.5	-	-	8.1	7.5
Public safety	9.9	7.8	-	-	9.9	7.8
Community development	2.9	4.4	-	-	2.9	4.4
Public works	6.7	6.6	-	-	6.7	6.6
Golf resort			16.4	20.0	16.4	20.0
Club Drive Building			-	0.1	-	0.1
Total Expenses	27.6	26.3	16.4	20.1	44.0	46.4
Transfers	-	6.2	-	(6.2)	-	-
Change in Net Position	\$ 1.2	\$ 8.0	\$ (2.2)	\$ (4.9)	\$ (1.0)	\$ 3.1
Net Position at Beginning of Year	261.1	253.1	54.4	59.3	315.5	312.4
Restatement of Net Position	(3.6)	-	-	-	(3.6)	-
Net Position, as Restated	257.5	253.1	54.4	59.3	311.9	312.4
Net Position at End of Year	\$ 258.7	\$ 261.1	\$ 52.2	\$ 54.4	\$ 310.9	\$ 315.5

Revenues:

Governmental Activities

The City collected \$28.8 million during fiscal year 2017/18 compared to \$28.1 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 \$16.7 million in general taxes during fiscal year 2017/18 representing an increase of \$0.3 million (+2%) compared to the prior year. Revenue growth in this category is primarily due to property tax collections and tourism receipts.
- The City collected \$1.9 million of investment income during fiscal year 2017/18. Investment income increased \$0.1 million compared to the prior year primarily due to rising interest rates in the investment markets.
- The City received \$7.8 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 \$13.8 million in operating revenues. Revenues from operations include golf fees, merchandise sales, food & beverage receipts, and event sales.
- In March 2018, the City sold the 45-200 Club Drive to the WellMax medical practice. WellMax plans to convert the building into a state-of-the-art medical center including the development of a surgical center. The Club Drive sold for \$1,560,000. The City intends to remove Club Drive from Business Type Activities beginning in fiscal year 2018/19.
- Non-operating revenues reached \$0.4 million during the fiscal year primarily due to the receipt of insurance proceeds from a storm damage claim and a gain on sale arising from the Club Drive property.

Expenses:

Governmental Activities

- Expenses for all governmental activities totaled \$27.6 million, a (+4.9%) 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 operating costs reached \$16,386,499 as follows:
 - Operations \$13,853,044
 - General and Administration \$404,093
 - Depreciation \$2,129,362

- Club Drive operating costs reached \$31,781 as follows:
 - Operations \$6,811
 - General and Administration \$24,970

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 \$84.1 million as follows:

**Table 3
Fund Balances by Category
Fiscal Year Ending 6/30/2018**

	<u>General Fund</u>	<u>All Other Funds</u>	<u>Total Funds</u>
Nonspendable:			
Prepaid costs	1,911	-	1,911
Notes and loans	17,739,192	-	17,739,192
Restricted for:			
Community development	-	17,294,122	17,294,122
Public safety	-	5,308,643	5,308,643
Public works	-	2,223,810	2,223,810
Committed for:			
Capital projects	-	144,213	144,213
Assigned To:			
Capital projects	-	23,325,122	23,325,122
Unassigned:	19,397,674	(1,306,134)	18,091,540
Total Fund Balances	<u>\$ 37,138,777</u>	<u>\$ 46,989,776</u>	<u>\$ 84,128,553</u>

Governmental fund balances ended the year totaling \$84.1 million. Of this amount, \$17.7 million constitutes non-spendable reserves; an additional \$24.8 million are restricted fund balances, which are the result of external limitations on spending.

Approximately \$0.2 million of the governmental fund balances are committed fund balances. Assigned fund balances total \$23.3 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 \$18.1 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 6/30/2018**

	Golf Resort Operations	Club Drive Property	Total
Operating Revenues:			
Charges for services	\$ 13,738,178	\$ 82,142	\$ 13,820,320
Total Revenues	13,738,178	82,142	13,820,320
Operating Expenses:			
Operations	13,853,044	6,811	13,859,855
General and Administration	404,093	24,970	429,063
Depreciation	2,129,362	-	2,129,362
Total Expenditures	16,386,499	31,781	16,418,280
Operating Income (loss)	(2,648,321)	50,361	(2,597,960)
Non-operating Revenues (Expenses)			
Investment Income (loss)	-	11,541	11,541
Gain on Sale of Property	-	202,166	202,166
Insurance Proceeds	191,240	-	191,240
Total Non-operating Revenues (Expenses)	191,240	213,707	404,947
Changes in Net Position	(2,457,081)	264,068	(2,193,013)
Net Position, Beginning of the Year	52,676,386	1,739,537	54,415,923
Net Position at End of Year	\$ 50,219,305	\$ 2,003,605	\$ 52,222,910

As a result of this year’s business activities, the Indian Wells Golf Resort collected \$13.7 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. In March 2018, the City sold the 45-200 Club Drive to the WellMax medical practice for \$1,560,000. Non-operating revenues reached \$0.4 million during the fiscal year primarily due to the receipt of insurance proceeds from a storm damage claim and a gain on sale arising from the Club Drive property.

Expenses at the Indian Wells Golf Resort totaled \$16.4 million. Operating costs totaled \$13.9 million, general and administrative costs totaled \$0.4 million, and depreciation totaled \$2.1 million. Operating expenses at the Club Drive Property totaled \$31,781.

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 \$37.1 million of which \$17.7 million is non-spendable notes and loans and \$19.4 million of unassigned fund balance.

Table 5
General Fund Financial Summary

	2018	2017	\$ Change	% Change
Revenues:				
Taxes	\$ 16,353,573	\$ 16,137,074	\$ 216,499	1.3%
Licenses and permits	462,426	641,628	(179,202)	-27.9%
Intergovernmental	444,372	483,456	(39,084)	-8.1%
Charges for services	576,143	480,245	95,898	20.0%
Interest income	56,257	12,838	43,419	338.2%
Fines and forfeitures	39,584	35,473	4,111	11.6%
Other income	609,054	502,271	106,783	21.3%
Total Revenues	18,541,409	18,292,985	248,424	1.4%
Expenditures:				
General government	7,025,621	7,347,657	(322,036)	-4.4%
Public safety	3,479,352	3,528,045	(48,693)	-1.4%
Community development	1,429,142	1,387,624	41,518	3.0%
Public works	1,970,241	2,132,082	(161,841)	-7.6%
Total Expenditures	13,904,356	14,395,408	(491,052)	-3.4%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,637,053	\$ 3,897,577	\$ 739,476	19.0%
Other Financing Sources (Uses)				
Transfer in	-	6,500,000	(6,500,000)	-100.0%
Transfer out	(4,121,960)	(2,396,324)	(1,725,636)	72.0%
Total Transfers	(4,121,960)	4,103,676	(8,225,636)	-200.4%
Net Change in Fund Balance	515,093	8,001,253	(7,486,160)	-93.6%

General Fund revenues increased 1.4% during fiscal year 2017/18 compared to the prior year primarily due to strong property tax and tourism tax collections. Total taxes climbed 1.3% with property taxes, transient occupancy taxes and admissions taxes experiencing most of the growth. Investment income increased 338.2% compared to the prior year primarily due to the GASB 31 market valuation adjustment in the prior fiscal year.

General Fund expenditures decreased \$0.5 million (-3.4%) during fiscal year 2017/18 primarily due to active financial leadership consistent with Council’s strategic goals. 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 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.

Table 6
Net Cost of Governmental Activities
(in Millions)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Government Activities				
General government	\$ 8.1	\$ 7.5	\$ (7.6)	\$ (7.0)
Public safety	9.9	7.8	(4.9)	(3.1)
Community development	2.9	4.4	(1.8)	(3.1)
Public works	6.7	6.6	(3.9)	(3.8)
Total Governmental Activities	<u>27.6</u>	<u>26.3</u>	<u>(18.2)</u>	<u>(17.0)</u>
Business-Type Activities				
Golf resort	16.4	20.0	(2.6)	(7.2)
Other	-	0.1	-	-
Total Business-Type Activities	<u>16.4</u>	<u>20.1</u>	<u>(2.6)</u>	<u>(7.2)</u>
Total Primary Government	<u>\$ 44.0</u>	<u>\$ 46.4</u>	<u>\$ (20.8)</u>	<u>\$ (24.2)</u>

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 buildings, bridges, streets, storm drains, equipment, traffic signals, and vehicles. 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, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 48.7	\$ -	\$ -	\$ 48.7
Construction in progress	0.2	0.6	-	0.8
Total capital assets not being depreciated	48.9	0.6	-	49.5
Capital assets, being depreciated:				
Intangible	2.5	-	-	2.5
Buildings and improvements	64.1	1.1	-	65.2
Equipment	1.6	-	-	1.6
Infrastructure	110.6	1.8	-	112.4
Total capital assets being depreciated	178.8	2.9	-	181.7
Less accumulated depreciation for:				
Intangible	(1.1)	(0.3)	-	(1.4)
Buildings and improvements	(23.4)	(1.6)	-	(25.0)
Equipment	(1.4)	(0.1)	-	(1.5)
Infrastructure	(29.3)	(2.0)	-	(31.3)
Total accumulated depreciation	(55.2)	(4.0)	-	(59.2)
Total capital assets being depreciated, net	123.6	(1.1)	-	122.5
Total capital assets, net	\$ 172.5	\$ (0.5)	\$ -	\$ 172.0

The City completed \$2.9 million in new capital assets during the fiscal year. Construction in process was \$0.6 million. The City spent \$0.5 million on fire station improvements, an additional \$0.5 million in building repairs at Mountain View Villas. The City spent \$1.8 million for street improvements along Highway 111 and \$0.1 million for landscaping improvements installed throughout the City. Total depreciation is \$4.0 million. The net investment in capital assets decreased \$0.5 million from \$172.5 million to \$172.0 million.

Business-Type Activities

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

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 14.5	\$ -	\$ (0.6)	\$ 13.9
Construction in progress		0.5		0.5
Total capital assets not being depreciated	14.5	0.5	(0.6)	14.4
Capital assets, being depreciated:				
Buildings and improvements	83.1	0.8	(1.0)	82.9
Equipment	5.1	0.6		5.7
Infrastructure	0.4	-		0.4
Total capital assets being depreciated	88.6	1.4	(1.0)	89.0
Less accumulated depreciation for:				
Buildings and improvements	(45.2)	(2.0)	0.2	(47.0)
Equipment	(5.0)	(0.1)	-	(5.1)
Infrastructure	(0.1)	-	-	(0.1)
Total accumulated depreciation	(50.3)	(2.1)	0.2	(52.2)
Total capital assets being depreciated, net	38.3	(0.7)	(0.8)	36.8
Total capital assets, net	\$ 52.8	\$ (0.2)	\$ (1.4)	\$ 51.2

The Indian Wells Golf Resort completed \$1.4 million in new capital assets during the fiscal year including enhancements to the Pavilion, installation of a new nighttime entertainment experience, and purchase of new golf course equipment. Construction in process was \$0.5 million. Total depreciation is \$2.1 million and deletion (net) was \$1.4 million. The net investment in capital assets decreased \$1.6 million from \$52.8 million to \$51.2 million. Details of the City's capital assets can be found in Note 7 Capital Assets on page 57-58 of the Notes to Basic Financial Statements.

General Fund Budgetary Highlights

The final budget for General Fund expenditures and transfers out was \$329,495 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.

Actual revenues received in the General Fund were \$331,169 higher than budgeted primarily attributed to the following:

- Strong property tax and tourism tax collections outpaced budgeted expectations.

Actual expenditures for the General Fund were \$383,653 before transfers out under budget primarily attributed to the following:

- Savings across programs attributable to prepaid pension contributions.

Long-term Liabilities

At year-end, the City governmental activities had \$1.9 million of long-term liabilities.

Table 9
Summary of Changes in Long-Term Liabilities

Description	2018	2017	\$ Change	% Change
Net Pension Liability	\$ 1,526,915	\$ 4,152,019	\$ (2,625,104)	-63.2%
Net OPEB Liability	839,000	1,144,000	(305,000)	-26.7%
Compensated absences	431,513	467,017	(35,504)	-7.6%
Total Long Term Debt	<u>\$ 2,797,428</u>	<u>\$ 5,763,036</u>	<u>\$ (2,965,608)</u>	<u>-51.5%</u>

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2018, in the amount of \$1.5 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, 2016 and 2017, was as follows:

Proportion - June 30, 2016	0.0480%
Proportion - June 30, 2017	<u>0.0154%</u>
Change - Increase/(Decrease)	-0.0326%

The City has established a Retiree Healthcare Plan (HC Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the HC Plan are established by City contracts with the employee associations. The City participates in the California Employers' Retiree Benefit Fund (CERBT). The City reported a net liability of \$0.8 million as of June 30, 2018.

The City reported \$0.4 million in compensated absences liability as of June 30, 2018. 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 58, Note 9 Defined Benefit Pension Plan, and Note 12 Other Post Employment Benefit Plan 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 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 3.2% 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 3.7% per year. Cost increases reference historical trends and are inflationary in nature.

Development of new revenues is extremely important to the long-term financial health of the City. Consistent with its number one strategic goal, the City submitted a tax Measure K increasing the Transient Occupancy (Hotel) Tax rate from 11.25% to 12.25% at the statewide general election. On November 6 2018, voters overwhelmingly approved Measure K increasing the Transient Occupancy (Hotel) Tax rate to 12.25%. The new Transient Occupancy Tax Rate will generate an additional \$700,000 in new revenues annually further supporting governmental 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

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CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 61,270,714	\$ 1,277,148	\$ 62,547,862
Restricted cash and investments	350,020	-	350,020
Receivables:			
Accounts	1,346,178	101,792	1,447,970
Notes and loans	148,975	1,242,257	1,391,232
Accrued interest	166,717	2,080	168,797
Prepaid costs	1,911	745,644	747,555
Inventories	-	196,170	196,170
Internal balances	1,481,355	(1,481,355)	-
Due from Successor Agency	25,289,192	-	25,289,192
Capital assets not being depreciated	49,506,221	14,395,249	63,901,470
Capital assets, net of depreciation	122,501,404	36,803,160	159,304,564
Total Assets	262,062,687	53,282,145	315,344,832
Deferred Outflows of Resources			
Deferred amounts related to pensions	2,758,804	22,055	2,780,859
Deferred amounts related to OPEB	573,377	-	573,377
Total Deferred Outflows of Resources	3,332,181	22,055	3,354,236
Liabilities			
Accounts payable	3,031,494	804,610	3,836,104
Accrued liabilities	72,699	3,443	76,142
Deposits payable	462,895	-	462,895
Noncurrent liabilities:			
Due within one year	99,225	-	99,225
Due in more than one year	332,288	-	332,288
Proportionate share of net pension liability	1,514,805	12,110	1,526,915
Net OPEB liability	839,000	-	839,000
Total Liabilities	6,352,406	820,163	7,172,569
Deferred Inflows of Resources			
Deferred amounts related to pensions	266,368	2,130	268,498
Deferred amounts related to OPEB	57,000	-	57,000
Total Deferred Inflows of Resources	323,368	2,130	325,498
Net Position			
Net investment in capital assets	172,007,625	51,198,409	223,206,034
Restricted for:			
Community development projects	2,661,415	-	2,661,415
Housing	14,632,707	-	14,632,707
Public safety	5,308,643	-	5,308,643
Public works	2,223,810	-	2,223,810
Unrestricted	61,884,894	1,024,501	62,909,395
Total Net Position	\$ 258,719,094	\$ 52,222,910	\$ 310,942,004

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Government Activities				
General government	\$ 8,102,188	\$ 39,584	\$ 444,372	\$ -
Public safety	9,918,617	199,095	4,864,606	-
Community development	2,867,417	1,038,569	-	-
Public works	6,685,611	21,064	2,505,914	215,870
Total Governmental Activities	27,573,833	1,298,312	7,814,892	215,870
Business-type Activities				
Golf Resort Operations	16,386,499	13,738,178	-	-
Club Drive Property	31,781	82,142	-	-
Total Business-type Activities	16,418,280	13,820,320	-	-
Total Primary Government	\$ 43,992,113	\$ 15,118,632	\$ 7,814,892	\$ 215,870

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

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at Beginning of Year, as restated

Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (7,618,232)	\$ -	\$ (7,618,232)
(4,854,916)	-	(4,854,916)
(1,828,848)	-	(1,828,848)
(3,942,763)	-	(3,942,763)
(18,244,759)	-	(18,244,759)
-	(2,648,321)	(2,648,321)
-	50,361	50,361
-	(2,597,960)	(2,597,960)
(18,244,759)	(2,597,960)	(20,842,719)
3,255,668	-	3,255,668
7,943,017	-	7,943,017
1,111,159	-	1,111,159
929,551	-	929,551
140,017	-	140,017
3,334,227	-	3,334,227
1,861,285	-	1,861,285
909,895	404,947	1,314,842
19,484,819	404,947	19,889,766
1,240,060	(2,193,013)	(952,953)
261,059,861	54,415,923	315,475,784
(3,580,827)	-	(3,580,827)
257,479,034	54,415,923	311,894,957
\$ 258,719,094	\$ 52,222,910	\$ 310,942,004

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
Assets			
Cash and investments	\$ 17,174,331	\$ 7,414,896	\$ 3,630,585
Receivables:			
Accounts	1,109,519	-	16,599
Notes	-	-	-
Accrued interest	46,827	20,349	9,963
Prepaid costs	1,911	-	-
Due from other funds	2,794,852	-	-
Due from Successor Agency	17,739,192	7,550,000	-
Total Assets	<u>\$ 38,866,632</u>	<u>\$ 14,985,245</u>	<u>\$ 3,657,147</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,286,115	\$ 347,659	\$ 612,813
Accrued liabilities	65,873	4,879	1,883
Deposits payable	375,867	-	-
Due to other funds	-	-	-
Total Liabilities	<u>1,727,855</u>	<u>352,538</u>	<u>614,696</u>
Fund Balances			
Nonspendable			
Prepaid costs	1,911	-	-
Notes and loans	17,739,192	-	-
Restricted for			
Community development	-	14,632,707	-
Public safety	-	-	3,042,451
Public works	-	-	-
Committed to			
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	19,397,674	-	-
Total Fund Balance	<u>37,138,777</u>	<u>14,632,707</u>	<u>3,042,451</u>
Total Liabilities and Fund Balances	<u>\$ 38,866,632</u>	<u>\$ 14,985,245</u>	<u>\$ 3,657,147</u>

See accompanying notes to basic financial statements.

Capital Projects Funds

Park Facilities In Lieu	Infrastructure Capital Replacement	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 11,382,971	\$ 19,664,028	\$ 59,266,811
-	-	220,060	1,346,178
-	-	148,975	148,975
-	31,238	52,842	161,219
-	-	-	1,911
-	-	-	2,794,852
-	-	-	25,289,192
\$ -	\$ 11,414,209	\$ 20,085,905	\$ 89,009,138
\$ -	\$ -	\$ 784,907	\$ 3,031,494
-	-	64	72,699
-	-	87,028	462,895
1,274,655	-	38,842	1,313,497
1,274,655	-	910,841	4,880,585
-	-	-	1,911
-	-	-	17,739,192
-	-	2,661,415	17,294,122
-	-	2,266,192	5,308,643
-	-	2,223,810	2,223,810
-	-	144,213	144,213
-	11,414,209	11,910,913	23,325,122
(1,274,655)	-	(31,479)	18,091,540
(1,274,655)	11,414,209	19,175,064	84,128,553
\$ -	\$ 11,414,209	\$ 20,085,905	\$ 89,009,138

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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, 2018**

Fund Balances of Governmental Funds	\$ 84,128,553
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	172,007,625
Compensated absences are not considered due and payable and therefore have not been included in the governmental funds	(431,513)
Deferred outflows related to pensions	2,758,804
Deferred inflows related to pensions	(266,368)
Proportionate share of net pension liability has not been included in governmental fund activity	(1,514,805)
Internal service funds are used by management to charge the costs of certain activities, such as employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities of the statement of net position	<u>2,036,798</u>
Net Position of Governmental Activities	<u>\$ 258,719,094</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
Revenues			
Taxes	\$ 16,353,573	\$ -	\$ 3,111,773
Licenses and permits	462,426	-	-
Intergovernmental	444,372	-	-
Charges for services	576,143	-	196,194
Investment income	55,432	32,691	13,090
Fines and forfeitures	39,584	-	-
Rental income	825	-	-
Assessments	-	-	610,177
Developer fees	-	-	-
Other income	609,054	3,800	7,026
Total Revenues	<u>18,541,409</u>	<u>36,491</u>	<u>3,938,260</u>
Expenditures			
Current:			
General government	7,025,621	944,933	-
Public safety	3,479,352	-	3,696,932
Community development	1,429,142	73,000	-
Public works	1,970,241	-	-
Capital outlay	-	-	574,671
Total Expenditures	<u>13,904,356</u>	<u>1,017,933</u>	<u>4,271,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,637,053</u>	<u>(981,442)</u>	<u>(333,343)</u>
Other Financing Sources (Uses)			
Transfers in	-	2,771,960	-
Transfers out	(4,121,960)	-	-
Total Other Financing Sources (Uses)	<u>(4,121,960)</u>	<u>2,771,960</u>	<u>-</u>
Net change in fund balances	515,093	1,790,518	(333,343)
Fund Balances, Beginning of Year	<u>36,623,684</u>	<u>12,842,189</u>	<u>3,375,794</u>
Fund Balances, End of Year	<u>\$ 37,138,777</u>	<u>\$ 14,632,707</u>	<u>\$ 3,042,451</u>

See accompanying notes to basic financial statements.

Capital Projects			
Park Facilities In Lieu	Infrastructure Capital Replacement	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 360,044	\$ 19,825,390
-	-	2,901	465,327
-	-	653,961	1,098,333
-	-	-	772,337
-	44,201	66,607	212,021
-	-	21,064	60,648
-	-	1,638,816	1,639,641
-	-	3,255,854	3,866,031
40,376	-	109,255	149,631
-	-	290,015	909,895
40,376	44,201	6,398,517	28,999,254
-	-	166,065	8,136,619
-	-	1,311,839	8,488,123
-	-	1,388,564	2,890,706
-	-	2,486,087	4,456,328
-	-	3,336,515	3,911,186
-	-	8,689,070	27,882,962
40,376	44,201	(2,290,553)	1,116,292
-	1,350,000	84,626	4,206,586
-	-	(84,626)	(4,206,586)
-	1,350,000	-	-
40,376	1,394,201	(2,290,553)	1,116,292
(1,315,031)	10,020,008	21,465,617	83,012,261
\$ (1,274,655)	\$ 11,414,209	\$ 19,175,064	\$ 84,128,553

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, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$	1,116,292
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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</p>		
Capital expenditures (net of disposals)	\$	3,456,064
Depreciation expense		<u>(3,943,235)</u>
		(487,171)
<p>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</p>		
		35,504
<p>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</p>		
		306,404
<p>Revenues previously reported as unavailable revenue in the governmental funds are recognized as revenues in the current year, and recognized as revenues in the statement of activities in the prior year</p>		
		(195,008)
<p>Internal service funds are used by management to charge the costs of certain activities, such as employee benefits, to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities</p>		
		<u>464,039</u>
Change in net position of governmental activities	\$	<u>1,240,060</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Assets				
Current Assets				
Cash and investments	\$ 519,281	\$ 757,867	\$ 1,277,148	\$ 2,003,903
Restricted cash and investments	-	-	-	350,020
Receivables:				
Accounts	101,792	-	101,792	-
Accrued interest	-	2,080	2,080	5,498
Prepaid costs	745,644	-	745,644	-
Inventories	196,170	-	196,170	-
Total Current Assets	1,562,887	759,947	2,322,834	2,359,421
Noncurrent Assets				
Notes receivable	-	1,242,257	1,242,257	-
Capital assets, not being depreciated	14,395,249	-	14,395,249	-
Capital assets, net of depreciation	36,803,160	-	36,803,160	-
Total Noncurrent Assets	51,198,409	1,242,257	52,440,666	-
Total Assets	52,761,296	2,002,204	54,763,500	2,359,421
Deferred Outflows of Resources				
Deferred amounts related to pension	17,260	4795	22,055	-
Deferred amounts related to OPEB	-	-	-	573,377
Total Deferred Outflows of Resources	17,260	4,795	22,055	573,377
Liabilities				
Current Liabilities				
Accounts payable	804,521	89	804,610	-
Accrued liabilities	3,234	209	3,443	-
Deposits payable	258,997	-	258,997	-
Due to other funds	1,481,355	-	1,481,355	-
Total Current Liabilities	2,548,107	298	2,548,405	-
Noncurrent Liabilities				
Proportionate share of net pension liability	9,477	2,633	12,110	-
Net OPEB liability	-	-	-	839,000
Total Noncurrent Liabilities	9,477	2,633	12,110	839,000
Total Liabilities	2,557,584	2,931	2,560,515	839,000
Deferred Inflows of Resources				
Deferred amounts related to pension	1,667	463	2,130	-
Deferred amounts related to OPEB	-	-	-	57,000
Total Deferred Inflows of Resources	1,667	463	2,130	57,000
Net Position				
Net investment in capital assets	51,198,409	-	51,198,409	-
Restricted Section 115 Trust	-	-	-	350,020
Unrestricted	(979,104)	2,003,605	1,024,501	1,686,778
Total Net Position	\$ 50,219,305	\$ 2,003,605	\$ 52,222,910	\$ 2,036,798

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, 2018

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Operating Revenues				
Charges for services	\$ 13,738,178	\$ 82,142	\$ 13,820,320	\$ -
Interdepartmental charges	-	-	-	1,799,775
Total Operating Revenues	13,738,178	82,142	13,820,320	1,799,775
Operating Expenses				
Operations	13,853,044	6,811	13,859,855	-
General and administration	404,093	24,970	429,063	1,345,383
Depreciation	2,129,362	-	2,129,362	-
Total Operating Expenses	16,386,499	31,781	16,418,280	1,345,383
Operating Income (Loss)	(2,648,321)	50,361	(2,597,960)	454,392
Nonoperating Revenues (Expenses)				
Interest income	-	11,541	11,541	9,647
Insurance proceeds	191,240	-	191,240	-
Gain on sale of property	-	202,166	202,166	-
Total Nonoperating Revenues (Expenses)	191,240	213,707	404,947	9,647
Changes in Net Position	(2,457,081)	264,068	(2,193,013)	464,039
Net Position at Beginning of Year	52,676,386	1,739,537	54,415,923	5,153,586
Restatement of Net Position	-	-	-	(3,580,827)
Net Position, Beginning of the Year, as restated	52,676,386	1,739,537	54,415,923	1,572,759
Net Position, End of Year	\$ 50,219,305	\$ 2,003,605	\$ 52,222,910	\$ 2,036,798

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities			Governmental
				Activities
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 12,553,012	\$ 82,142	\$ 12,635,154	\$ -
Cash received from interfund service provided	-	-	-	1,449,756
Cash payments to suppliers for goods and services	(12,411,620)	(1,249,419)	(13,661,039)	(1,552,759)
Cash payments to employees for services	(403,560)	(25,423)	(428,983)	-
Net cash provided by (used for) operating activities	(262,168)	(1,192,700)	(1,454,868)	(103,003)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,927,350)	-	(1,927,350)	-
Interfund borrowings	1,481,355	-	1,481,355	-
Insurance proceeds	191,240	1,357,834	1,549,074	-
Net cash provided by capital and related financing activities	(254,755)	1,560,000	1,305,245	-
Cash flows from investing activities:				
Interest received on investments	285	10,245	10,530	8,472
Net increase (decrease) in cash and cash equivalents	(516,638)	377,545	(139,093)	(94,531)
Cash and cash equivalents at beginning of year	1,035,919	380,322	1,416,241	-
Cash and cash equivalents at end of year	\$ 519,281	\$ 757,867	\$ 1,277,148	\$ 2,003,903

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS, (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018**

	Business-Type Activities			Governmental Activities
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (2,648,321)	\$ 50,361	\$ (2,597,960)	\$ 454,392
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,129,362	-	2,129,362	-
(Increase) decrease in accounts receivable	37,192	-	37,192	-
(Increase) decrease in notes receivable	-	(1,242,257)	(1,242,257)	-
(Decrease) in prepaids	(585,608)	-	(585,608)	-
(Decrease) in inventory	420,823	-	420,823	-
(Increase) decrease in net OPEB liability	-	-	-	(557,395)
Payments related to deferred outflows for contributions subsequent to measurement date	13,900	3,861	17,761	-
Increase in accounts payable	124,854	(351)	124,503	-
Increase in accrued liabilities	2,450	79	2,529	-
Increase in deposits payable	258,997	-	258,997	-
Decrease in net pension liability	(16,294)	(4,526)	(20,820)	-
Payments related to deferred inflows related to pension subsequent to measurement date	477	133	610	-
Net cash provided by (used for) operating activities	<u>\$ (262,168)</u>	<u>\$ (1,192,700)</u>	<u>\$ (1,454,868)</u>	<u>\$ (103,003)</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets	
Cash and investments	\$ 9,627,848
Receivables:	
Accrued interest	26,421
Prepaid costs	154,550
Restricted assets:	
Cash and investments with fiscal agents	788,784
Total Assets	10,597,603
Deferred Outflows of Resources	
Deferred loss on refunding	451,449
Liabilities	
Accrued interest	1,260,637
Due to City	17,739,192
Long-term liabilities:	
Due in one year	5,545,000
Due in more than one year	95,690,571
Total Liabilities	120,235,400
Net Position (deficit)	
Held in trust for other purposes	\$ (109,186,348)

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, 2018

	<u>Private-Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions	
Taxes	\$ 11,651,917
Deductions	
Administrative expenses	316,595
Interest and fiscal charges	3,156,670
Total Deductions	<u>3,473,265</u>
Changes in Net Position	8,178,652
Net Position (deficit) - Beginning of the Year	<u>(117,365,000)</u>
Net Position (deficit) - End of the Year	<u>\$ (109,186,348)</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

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.

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. 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. Even though the FAMD No. 1 is a legally separate entity, it is reported as if it were part of the City because the City Council serves as the governing board and there is a financial benefit or burden relationship between the primary government and the component unit. 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. Even though the Housing Authority is a legally separate entity, it is reported as if it were part of the City because the City Council appoints a voting majority of the Housing Authority's Board. Additionally, there is a financial benefit or burden relationship between the primary government and the component unit. Separate financial statements are not prepared for the Housing Authority.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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, deferred outflows (inflows), 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, 2018**

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. 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, expenditures, 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 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 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, 2018

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, expenditures 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.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 employee benefit 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 within the Section 115 trust, amounts held by fiscal agents, and amounts held by 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, 2018**

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. Restricted Section 115 Trust Cash and Investments:

During fiscal year 2017-18 the City Council approved the creation of a Section 115 Trust (“Trust”). All assets in the Trust are irrevocably dedicated to funding obligations of the City’s pension beneficiaries, other post-employment beneficiaries or costs of administering the Trust. The funds are not considered plan assets of either the pension plan or OPEB plan and are therefore considered restricted assets of the City.

g. 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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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

h. Deferred Outflows/Inflows of Resources

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

The City reports deferred outflows and inflows of resources related to pensions and other post employment benefits 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 Notes 10 and 13 for items identified as deferred inflows and outflows related to pension and other post employment benefits, respectively, as of June 30, 2018.

i. Property Taxes:

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

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

j. Inventory:

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

k. Prepaid Costs:

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

l. Compensated Absences:

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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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

m. Fund Balances:

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

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

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

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

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

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

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

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

n. Net Position and Fund Balance Flow Assumptions:

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

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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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

o. Use of Estimates:

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

p. Pension:

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

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

For purposes of measuring the net pension liability and deferred outflows/inflows 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.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

q. Other Post Employment Benefits (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information with certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

r. New Accounting Pronouncements:

Adopted in the Current Year

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for reporting periods beginning after June 15, 2017. The City implemented this Statement effective July 1, 2017.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement is effective for reporting periods beginning after December 15, 2016. The City has determined that the requirements of this Statement had no material impact to the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for reporting periods beginning after June 15, 2017. The City has determined that the requirements of this Statement had no material impact to the financial statements.

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The 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. This Statement is effective for reporting periods beginning after June 15, 2017. The City has determined that the requirements of this Statement had no material impact to the financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

Effective in Future Years

The City is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards.

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement is effective for reporting periods beginning after June 15, 2018.

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. This Statement is effective for reporting periods beginning after December 15, 2018.

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; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88 – In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve consistency in the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90 – In September 2018, the GASB issues Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2018, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Activities	Total
Cash and investments	\$ 61,270,714	\$ 1,277,148	\$ 9,627,848	\$ 72,175,710
Restricted assets:				
Restricted cash and investments	350,020	-	-	350,020
Cash and investments with fiscal agent	-	-	788,784	788,784
	<u>\$ 61,620,734</u>	<u>\$ 1,277,148</u>	<u>\$ 10,416,632</u>	<u>\$ 73,314,514</u>

Cash and investments at June 30, 2018, consisted of the following:

Petty cash	\$ 1,400
Demand accounts	972,615
Investments	<u>72,340,499</u>
Total Cash and Investments	<u>\$ 73,314,514</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

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 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.

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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Investments Authorized by the City Section 115 Trust

Investments of the Trust are governed by the provisions of the City of Indian Wells Section 115 Trust Agreement, rather than the general provisions of the California Government Code or the City’s investment policy. Investments authorized for funds held in the Section 115 Trust include, Equity and Fixed Income Mutual Funds. The maximum percentage allowed for Equity and Fixed Income Mutual Funds is 60% and 35%, respectively. There are no limitations on the maximum amount that can be invested in one issuer or the maximum maturity of an investment.

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	\$ 1,998,898	\$ 20,516,340	\$ 17,107,055	\$ 39,622,293
US Treasuries	-	1,982,660	-	1,982,660
Negotiable Certificates of Deposit	249,968	2,474,612	4,117,707	6,842,287
Local Agency Investment Fund	18,330,809	-	-	18,330,809
Medium Term Corporate Notes	996,940	2,950,010	-	3,946,950
Local Agency Bonds	-	-	476,696	476,696
Section 115 Trust				
Equity Mutual Funds	212,112	-	-	212,112
Fixed Income Mutual Funds	127,477	-	-	127,477
Money Market Mutual Funds	10,431	-	-	10,431
Held by Fiscal Agent				
Money Market Mutual Funds	788,784	-	-	788,784
Total	\$ 22,715,419	\$ 27,923,622	\$ 21,701,458	\$ 72,340,499

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 the market approach using quoted market prices.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Investments' fair value measurements are as follows as of June 30, 2018

	Fair Value	Level 1	Level 2	Level 3
Federal Agency Securities	\$ 39,622,293		\$ 39,622,293	
Medium Term Corporate Notes	3,946,950		3,946,950	
US Treasuries	1,982,660		1,982,660	
Negotiable Certificates of Deposit	6,842,287		6,842,287	
Local Agency Bonds	476,696		476,696	
Section 115 Trust				
Equity Mutual Funds	212,112	212,112		
Fixed Income Mutual Funds	127,477	127,477		
Total Levelled Investments	<u>52,870,886</u>	<u>\$ 339,589</u>	<u>\$ 52,870,886</u>	
Local Agency Investment Fund	18,330,809			
Section 115 Trust				
Money Market Mutual Funds	10,431			
Held by Fiscal Agent				
Money Market Mutual Funds	788,784			
Total Investment Portfolio	<u>\$ 72,340,499</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, 2018	Not Rated	AAA	AA	A
Federal Agency Securities	n/a	\$ 39,622,293	\$ -	\$ -	\$ 39,622,293	\$ -
US Treasuries	n/a	1,982,660	1,982,660	-	-	-
Negotiable Certificates of Deposit	n/a	6,842,287	6,842,287	-	-	-
Local Agency Investment Fund	n/a	18,330,809	18,330,809	-	-	-
Medium Term Corporate Notes	A	3,946,950	-	-	1,961,870	1,985,080
Local Agency Bonds	A	476,696	-	-	476,696	-
Section 115 Trust						
Equity Mutual Funds	n/a	212,112	212,112	-	-	-
Fixed Income Mutual Funds	n/a	127,477	127,477	-	-	-
Money Market Mutual Funds	n/a	10,431	-	10,431	-	-
Held by Fiscal Agent						
Money Market Mutual Funds	A	788,784	-	-	788,784	-
Total		<u>\$ 72,340,499</u>	<u>\$ 27,495,345</u>	<u>\$ 10,431</u>	<u>\$ 42,849,643</u>	<u>\$ 1,985,080</u>

*n/a - not applicable

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Concentration of Credit Risk:

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Portfolio</u>
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 9,786,180	14%
Federal National Mortgage Association	Federal Agency Securities	7,830,830	11%
Federal Farm Credit Bank	Federal Agency Securities	7,778,940	11%
Federal Farm Loan Bank	Federal Agency Securities	14,226,345	20%

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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2018, are composed of the following:

	Other Receivable	Taxes Receivable	Total
Governmental Activities:			
General	\$ 116,936	\$ 992,583	\$ 1,109,519
Emergency Services Operations	16,599	-	16,599
Nonmajor Governmental Funds	151,265	68,795	220,060
Total Governmental Activities	<u>\$ 284,800</u>	<u>\$ 1,061,378</u>	<u>\$ 1,346,178</u>
Business-type Activities:			
Golf Resort Operations	<u>\$ 101,792</u>	<u>\$ -</u>	<u>\$ 101,792</u>

NOTE 4 – NOTES RECEIVABLE

	Outstanding at June 30, 2018
Governmental Activities:	
Indian Wells Village Utility Undergrounding	\$ 141,975
WM Medical Management Improvement Allowance	7,000
Total	<u>\$ 148,975</u>
Business-Type Activities:	
Club Drive Property Sale	<u>\$ 1,242,257</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.

The note issued relating to the Club Drive Property sale at 45200 Club Drive to Indian Wells Medical Offices, LLC is amortized over 20 years commencing on May 1, 2018. Final payment of the note is due and payable on April 1, 2038. Payments are due monthly in the amount of \$8,584. Prepayment in full of principal sum plus \$50,000 premium is allowed within the five years following the date of this note. No penalty or premium due for prepayment following the initial five years of the note. The note is secured by a deed of trust against the property.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – DUE TO AND DUE FROM OTHER FUNDS

Current interfund receivables and payable balances at June 30, 2018, are as follows:

Due to Other Funds	Due From Other Funds	Amount
Park Facilities in Lieu	General Fund	\$ 1,274,655
Golf Resort	General Fund	1,481,355
Non-major Governmental Funds	General Fund	38,842
		<u>\$ 2,794,852</u>

The General Fund Receivable from the Park Facilities in Lieu Fund of \$1,274,655 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.

The General Fund Receivable from the Golf Resort Operations Fund of \$1,481,355 represent monies advances to the Golf Resort Operations Fund for certain construction at the Golf Resort. The advance is estimated to be paid as funds become available, anticipated to be within 10 years.

NOTE 6 – INTERFUND TRANSFERS

Transfers in and out for the year ended June 30, 2018, are as follows:

Transfer Out of Fund	Transfer In to Fund	Amount
General Fund	Infrastructure Capital Replacement Fund	\$ 1,350,000
General Fund	Housing Authority Fund	2,771,960
Non-major Governmental Funds	Non-major Governmental Funds	84,626
		<u>\$ 4,206,586</u>

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

The General Fund transferred \$2,771,960 to the Housing Authority for the purchase of land.

The Non-major Governmental Fund- City-Wide Public Improvement Fund transferred \$84,626 to the Non-major Governmental Fund- Capital Improvement Fund for the Miles Bridge Project.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 48,706,246	\$ -	\$ -	\$ 48,706,246
Construction in progress	227,498	572,477	-	799,975
Total Capital Assets Not Being Depreciated	<u>48,933,744</u>	<u>572,477</u>	<u>-</u>	<u>49,506,221</u>
Capital assets, being depreciated:				
Intangible	2,500,000	-	-	2,500,000
Buildings and improvements	64,137,186	1,127,548	-	65,264,734
Equipment	1,530,699	-	-	1,530,699
Infrastructure	110,649,906	1,756,039	-	112,405,945
Total Capital Assets Being Depreciated	<u>178,817,791</u>	<u>2,883,587</u>	<u>-</u>	<u>181,701,378</u>
Less accumulated depreciation for:				
Intangible	(1,125,000)	(250,000)	-	(1,375,000)
Buildings and improvements	(23,379,365)	(1,607,486)	-	(24,986,851)
Equipment	(1,416,291)	(33,364)	-	(1,449,655)
Infrastructure	(29,336,083)	(2,052,385)	-	(31,388,468)
Total Accumulated Depreciation	<u>(55,256,739)</u>	<u>(3,943,235)</u>	<u>-</u>	<u>(59,199,974)</u>
Total Capital Assets Being Depreciated, Net	<u>123,561,052</u>	<u>(1,059,648)</u>	<u>-</u>	<u>122,501,404</u>
Governmental Activities Capital Assets, Net	<u>\$ 172,494,796</u>	<u>\$ (487,171)</u>	<u>\$ -</u>	<u>\$ 172,007,625</u>
	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,456,425	\$ -	\$ (545,469)	\$ 13,910,956
Construction in progress	-	484,293	-	484,293
Total Capital Assets Not Being Depreciated	<u>14,456,425</u>	<u>484,293</u>	<u>(545,469)</u>	<u>14,395,249</u>
Capital assets, being depreciated:				
Buildings and improvements	83,110,695	832,085	(1,033,783)	82,908,997
Equipment	5,068,922	610,971	-	5,679,893
Infrastructure	433,389	-	-	433,389
Total Capital Assets Being Depreciated	<u>88,613,006</u>	<u>1,443,056</u>	<u>(1,033,783)</u>	<u>89,022,279</u>
Less accumulated depreciation for:				
Buildings and improvements	(45,248,339)	(1,990,899)	221,418	(47,017,820)
Equipment	(4,983,383)	(131,239)	-	(5,114,622)
Infrastructure	(79,454)	(7,223)	-	(86,677)
Total Accumulated Depreciation	<u>(50,311,176)</u>	<u>(2,129,361)</u>	<u>221,418</u>	<u>(52,219,119)</u>
Total Capital Assets Being Depreciated, Net	<u>38,301,830</u>	<u>(686,305)</u>	<u>(812,365)</u>	<u>36,803,160</u>
Business-type Activities Capital Assets, Net	<u>\$ 52,758,255</u>	<u>\$ (202,012)</u>	<u>\$ (1,357,834)</u>	<u>\$ 51,198,409</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – CAPITAL ASSETS, (CONTINUED)

The City’s General Fund purchased land with a book value of \$2,771,960 from the Housing Authority fund in the current year. The asset is reported within the Governmental Activities capital assets.

The City sold its Club Drive Property land and building with a book value of \$1,357,834 to a third party in the current year. The assets were previously recorded in the Business-Type Activities.

Depreciation Expense:

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

Governmental Activities		
General government		\$ 325,513
Community development		1,413,187
Public safety		41,801
Public works		<u>2,162,734</u>
Total Governmental Activities		<u><u>\$ 3,943,235</u></u>
Business-type Activities		
Golf resort operations		<u><u>\$ 2,129,361</u></u>

NOTE 8 – LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2018, were as follows:

	Balance at July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within One year
Compensated absences	<u>\$ 467,017</u>	<u>\$ 403,352</u>	<u>\$ (438,856)</u>	<u>\$ 431,513</u>	<u>\$ 99,225</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
JUNE 30, 2018**

NOTE 9 – 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.

The Plans’ provisions and benefits in effect at June 30, 2018 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	8.00%	6.50%
Required employer contribution rates	12.47%	6.91%

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

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 \$1,334,875 for the year ended June 30, 2018.

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, 2018, in the amount of \$1,526,915.

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, 2017, 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, 2016, rolled forward to June 30, 2017, 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, 2016 and 2017 measurement dates was as follows:

Proportion - June 30, 2016	0.0480%
Proportion - June 30, 2017	0.0154%
Change - Increase/(Decrease)	<u><u>-0.0326%</u></u>

For the year ended June 30, 2018, the City recognized pension expense of \$1,026,022 for the Miscellaneous Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,334,875	\$ -
Changes in proportion and difference between City's contributions and proportionate share of contributions	128,090	137,083
Net difference between projected and actual earnings on pension plan investments	257,393	-
Difference between expected and actual experience	9,173	131,415
Changes in assumptions	1,051,328	-
Total	<u><u>\$ 2,780,859</u></u>	<u><u>\$ 268,498</u></u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

The amount of \$1,334,875 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, 2019. 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,	
2019	\$ 326,258
2020	434,365
2021	352,515
2022	64,348
	<u>\$ 1,177,486</u>

Actuarial Assumptions:

The total pension liabilities in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
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, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Change of Assumptions:

The discount rate of 7.15 percent used for the June 30, 2017 measurement date was decreased from 7.65 percent used for the June 30, 2016 measurement date.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 9– DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Discount Rate:

The discount rate used to measure the total pension liability was 7.15 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.

In determining the long-term expected 7.50 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees’ Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47%	4.90%	5.38%
Global Debt Securities	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
Total	100%		

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

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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

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 7.15 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 (6.15 percent), or 1-percentage point higher (8.15 percent), than the current rate:

	Discount Rate - 1% <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	Discount Rate +1% <u>(8.15%)</u>
City's Proportionate Share of the Plan's Net Pension Liability/(Assets)	\$ 2,321,615	\$ 1,526,915	\$ 873,635

Pension Plan Fiduciary Net Position:

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

NOTE 10 – DEFINED CONTRIBUTION PLAN

The City contributes to the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust, a defined contribution plan 401(a). The plan is a multiple-employer public employee retirement program. The reportable payroll for the employees covered by the plan is \$3,115,341 compared with a total payroll of \$3,407,214 for the fiscal year ended June 30, 2018. 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 \$77,884. Contributions are established and amended by State Law and City Resolution.

NOTE 11 – 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 \$18,500 in any year, as amended from time to time by the Internal Revenue Service (IRS). The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)

The City participates in the California Employers’ Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees’ Retirement System (CalPERS). A summary of the OPEB amounts for the City’s plan is shown below:

Net OPEB Liability	\$ 839,000
Deferred Outflows related to OPEB	573,377
Deferred Inflows related to OPEB	57,000
OPEB Expense	366,000

Plan Description:

The City has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the HC Plan are established by City contracts with the employee associations. CalPERS issues a publicly available financial report that can be found on the CalPERS website.

Benefits Provided:

Benefits are provided to employees who retire directly from the City under CalPERS rules and regulations. The City has three separate benefit tier programs:

- Tier A- Employees hired before December 31, 2008, City’s contribution is 100% of the premium for Public Employees’ Medical & Hospital Care Act (PEMHCA) plan.
- Tier B- Employees hired after January 1, 2009, City’s contribution is up to 100% of the premium for the highest PEMHCA HMO in accordance with the CalPERS vesting.
- Tier C- Employees hired after July 1, 2017, City’s contribution is the minimum PEMHCA amount.

Employees Covered by Benefit Terms

At June 30, 2017, the most recent valuation date, the following current and former employees were covered by the benefit terms of the plan:

Active employees	28
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to, but not yet receiving benefits	0
Total	<u>57</u>

Contributions

The HC Plan and its contribution requirements are established through contracts between the City and the employee associations and may be amended by agreements between the City and the employee association. The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Contributions recognized by the HC Plan from the employer for the year ended June 30, 2018 were \$573,377.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Net OPEB Liability:

The City’s net OPEB liability for the HC Plan was measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability of the HC Plan was measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	6.25%
Mortality	(1)
Healthcare Trend Rate	Non-Medicare- 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare- 6.5% for 2019, decreasing to an ultimate 4% in 2076 and later years

(1) Derived using CalPERS Membership Data for all Funds

Mortality rates were based on the CalPERS 1997-2011 Experience Study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale BB. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25 percent for the HC Plan. 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 Authority’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the HC 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, 2018**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Net OPEB Liability, (Continued):

The long-term expected rate of return on the HC Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	40%	4.82%
Fixed Income	39%	1.47%
TIPS	10%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	<u>100%</u>	

Changes in Net OPEB Liability:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2017	<u>\$ 7,194,000</u>	<u>\$ 6,050,000</u>	<u>\$ 1,144,000</u>
Changes in the year:			
Service cost	305,000	-	305,000
Interest on the total OPEB liability	459,000	-	459,000
Changes in assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	614,000	(614,000)
Contribution - employee	-	-	-
Net investment income	-	459,000	(459,000)
Differences between projected and actual earning on plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(331,000)	(331,000)	-
Administrative expenses	-	(4,000)	4,000
Net changes	<u>433,000</u>	<u>738,000</u>	<u>(305,000)</u>
Balance at June 30, 2018	<u>\$ 7,627,000</u>	<u>\$ 6,788,000</u>	<u>\$ 839,000</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate– The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 1,909,000	\$ 839,000	\$ (35,000)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3 percent) or 1-percentage-point higher (8.5 percent decreasing to 5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 3%)	Trend Rate (7.5% Decreasing to 4%)	1% Increase (8.5% Decreasing to 5%)
Net OPEB Liability	\$ (118,000)	\$ 839,000	\$ 2,024,000

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:

For the year ended June 30, 2018, the City recognized OPEB expense of \$366,000. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 573,377	\$ -
Differences between actual and expected experience	-	57,000
Total	<u>\$ 573,377</u>	<u>\$ 57,000</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, (Continue):

\$573,377 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Amortization
2019	\$ (14,000)
2020	(14,000)
2021	(14,000)
2022	(15,000)
Total	<u>\$ (57,000)</u>

NOTE 13 – SECTION 115 TRUST

In June 2018, the City Council approved the creation of a Section 115 Trust Agreement with U.S. Bank National Association, and Public Agency Retirement Services (PARS), Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the City’s pension and OPEB obligations. Contributions to the Section 115 Trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the City. The purpose of the creation of the Section 115 Trust was to address the City’s pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the City rather than pension plan assets. Accordingly, the Section 115 Trust’s assets are recorded as restricted for pension benefits in the City’s Employee Benefits Internal Service Fund rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

At the time the Trust was created, the City deposited \$350,000 into the Trust. During the fiscal year, the Trust earned \$19 in interest income.

The City currently funds its OPEB obligations through the CERBT program, and although the newly established Section 115 Trust is able to accept OPEB funds, the District has no immediate plans to fund OPEB obligations through the Section 115 Trust.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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 2017-18 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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14 – RISK MANAGEMENT, (CONTINUED)

Workers' Compensation, (Continued)

For 2017-18, 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.

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, 2017 through July 1, 2020. 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 \$10,000 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 2017-18.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14 – RISK MANAGEMENT, (CONTINUED)

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, 2018, had a retrospective refund due in the liability program of \$19,076, and a retrospective refund due in the workers' compensation program of \$13,593.

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

NOTE 15 – OTHER REQUIRED DISCLOSURES

Deficit Fund Balance and Net Position:

The following funds reported a deficit fund balance at June 30, 2018:

Park Facilities in Lieu Capital Projects Fund	\$ 1,274,655
Hwy 111 Circulation Improvement Capital Projects Fund	28,990
Citywide Public Improvement Fund	2,489
Successor Agency of the Former RDA Private Purpose Trust Fund	109,186,348

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 Citywide Public Improvement 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 and 19 for additional information.

NOTE 16 – 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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

As discussed under Note 1, the City implemented GASB 75 effective July 1, 2017. Refer to Note 13 for further disclosures related to the plan and related balances. As a result of the implementation; the City restated beginning net position for the fiscal year 2018 Employee Benefits Internal Service Fund as noted below:

	Employee Benefits	Governmental Activities
Beginning of the year, as previously reported		
Net Position	\$ 4,590,024	\$ 261,059,861
Remove previously reported OPEB Asset	(3,050,827)	(3,050,827)
Contributions after the June 30, 2017 measurement date- deferred outflows of resources	614,000	614,000
Net OPEB Liability as of the measurement date of June 30, 2017	(1,144,000)	(1,144,000)
Beginning of the year, as restated		
Net Position	\$ 1,009,197	\$ 257,479,034

Following is a pro forma effect of the retroactive application:

	June 30, 2017		June 30, 2017
	Previously Presented	Restatement	Restated
Net OPEB Asset	\$ 3,050,827	\$ (3,050,827)	\$ -
Net OPEB Liability	-	1,144,000	1,144,000
Deferred outflows of resources	-	614,000	614,000

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
JUNE 30, 2018**

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	\$ 9,627,848
Cash and investments with fiscal agent	788,784
	<u>\$ 10,416,632</u>

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
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, 2018**

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

b. Long-Term Debt

The following debt is recorded in the Successor Agency:

Project Area 1	Balance at July 1, 2017	Additions	Repayments	Balance June 30, 2018	Due within One year
2010 A Tax Allocation Bonds	\$ 9,115,000	\$ -	\$ 340,000	\$ 8,775,000	\$ 355,000
SERAF Loan	10,050,526	-	2,500,526	7,550,000	-
2014A Tax Allocation Bonds	6,505,000	-	-	6,505,000	-
2014A-T Tax Allocation Bonds	16,845,000	-	3,595,000	13,250,000	3,675,000
2015 Refunding Tax Allocation Bonds	19,710,000	-	900,000	18,810,000	1,425,000
2016 A Tax Allocation Bonds	37,470,000	-	515,000	36,955,000	90,000
Total	<u>\$ 99,695,526</u>	<u>\$ -</u>	<u>\$ 7,850,526</u>	91,845,000	<u>\$ 5,545,000</u>
Adjustments:					
Unamortized net original issue (discount) or premium				9,390,571	
Net Long-term Debt				<u>\$ 101,235,571</u>	

A description of long-term debt outstanding of the Successor Agency as of June 30, 2018, 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 \$2,500,526 was made to the Housing Authority in the current year.

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, 2018, were \$8,775,000.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

c. Long-Term Debt (Continued)

2010A Tax Allocation Bonds, (Continued):

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	415,000	350,376	765,376
2024-2028	2,390,000	1,437,216	3,827,216
2029-2033	3,020,000	774,943	3,794,943
2034-2035	1,440,000	76,388	1,516,388
	<u>\$ 8,775,000</u>	<u>\$ 4,209,789</u>	<u>\$ 12,984,789</u>

2014A 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 percent per annum. Bonds outstanding at June 30, 2018, were \$6,505,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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>607,725</u>	<u>7,112,725</u>
Add deferred amounts: Bond Premium	328,930	-	328,930
	<u>\$ 6,833,930</u>	<u>\$ 607,725</u>	<u>\$ 7,441,655</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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

c. Long-Term Debt, (Continued)

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, 2018, were \$13,250,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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
	\$ 13,250,000	\$ 1,538,559	\$ 14,788,559

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 percent per annum. Bonds outstanding at June 30, 2018 were \$18,810,000.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018

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

c. Long-Term Debt, (Continued)

2015 A Tax Allocation Refunding Bonds, (Continued):

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,695,000	595,625	2,290,625
2024-2028	11,065,000	1,437,375	12,502,375
	<u>18,810,000</u>	<u>5,176,500</u>	<u>23,986,500</u>
Add deferred amounts:			
Bond Premium	2,248,367	-	2,248,367
	<u>\$ 21,058,367</u>	<u>\$ 5,176,500</u>	<u>\$ 26,234,867</u>

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 percent per annum. Bonds outstanding at June 30, 2018 were \$36,955,000.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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
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	115,000	1,691,225	1,806,225
2024-2028	5,300,000	7,804,750	13,104,750
2029-2033	21,285,000	4,745,975	26,030,975
2034-2035	9,850,000	498,750	10,348,750
	<u>36,955,000</u>	<u>21,559,225</u>	<u>58,514,225</u>
Add deferred amounts:			
Bond Premium	6,813,274	-	6,813,274
	<u>\$ 43,768,274</u>	<u>\$ 21,559,225</u>	<u>\$ 65,327,499</u>

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, 2018.

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.

NOTE 20 – SUBSEQUENT EVENT

On November 6, 2018, Indian Wells voters approved Measure K: Hotel Tax Increase. The measure is a transient occupancy tax increase of one percent, which would bring the City’s transient occupancy tax from 11.25% to 12.25%. The approval of the rate increase is projected to provide an additional \$700,000 in revenues to pay for general City services and programs.

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 Schedule of Changes in the Net OPEB Liability in accordance with GASB 75. The Schedule of OPEB Contributions in accordance with GASB 75.

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0154%	0.0480%	0.0695%	0.1456%
Proportionate share of the net pension liability	\$ 1,526,915	\$ 4,152,019	\$ 4,769,476	\$ 3,597,324
Covered payroll	2,812,372	2,902,571	2,814,500	2,673,595
Proportionate share of the net pension liability as a percentage of covered payroll	54.29%	143.05%	169.46%	134.55%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	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 four years are shown.

Changes of Assumption

The discount rate changed from 7.65 percent used for the June 30, 2016 measurement date to 7.15 percent used for the June 30, 2017 measurement date.

CITY OF INDIAN WELLS, CALIFORNIA

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

	2018	2017	2016	2015
Actuarially determined contributions - Miscellaneous	\$ 974,198	\$ 544,107	\$ 566,489	\$ 455,850
Contributions in relation to the actuarially determined contribution	<u>(1,334,875)</u>	<u>(3,731,723)</u>	<u>(2,566,489)</u>	<u>(455,850)</u>
Contribution deficiency (excess)	<u>\$ (360,677)</u>	<u>\$ (3,187,616)</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>
Covered payroll	\$ 2,943,396	\$ 2,812,372	\$ 2,902,571	\$ 2,814,500
Contributions as a percentage of covered payroll	45.35%	132.69%	88.42%	16.20%

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

CITY OF INDIAN WELLS, CALIFORNIA

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2018*</u>
Total OPEB Liability	
Service cost	\$ 305,000
Interest on the total OPEB liability	459,000
Changes in benefit terms	(331,000)
Net change in total OPEB liability	<u>433,000</u>
Total OPEB liability - beginning	<u>7,194,000</u>
Total OPEB liability - ending (a)	<u><u>\$ 7,627,000</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 614,000
Net investment income	459,000
Benefit payments	(331,000)
Administrative expenses	(4,000)
Net change in plan fiduciary net position	<u>738,000</u>
Plan fiduciary net position - beginning	<u>6,050,000</u>
Plan fiduciary net position - ending (b)	<u><u>6,788,000</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$ 839,000</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	89.00%
Covered-employee payroll	\$ 3,237,969
Net OPEB liability as percentage of covered payroll	26%

Notes to Schedule:

* - Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

CITY OF INDIAN WELLS, CALIFORNIA

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

	<u>2018*</u>
Actuarially determined contribution	\$ 614,000
Contributions in relation to the actuarially determined contributions	<u>573,377</u>
Contribution deficiency (excess)	<u>\$ 40,623</u>
 Covered-employee payroll	 \$ 3,407,214
 Contributions as a percentage of covered payroll	 17%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated as of June 30 one year prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Amortization period	10 years
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	Non-Medicare- 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare- 6.5% for 2019, decreasing to an ultimate 4% in 2076 and later years
Investment rate of return	6.25%
Retirement age	55
Mortality	Based on CalPERS Experience Study

* - Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 36,623,684	\$ 36,623,684	\$ 36,623,684	\$ -
Resources (Inflows):				
Taxes	15,897,843	15,897,843	16,353,573	455,730
Licenses and permits	529,075	529,075	462,426	(66,649)
Intergovernmental	457,500	457,500	444,372	(13,128)
Charges for services	509,300	509,300	576,143	66,843
Investment income	175,000	175,000	55,432	(119,568)
Fines and forfeitures	44,500	44,500	39,584	(4,916)
Rental income	-	-	825	825
Other income	597,022	597,022	609,054	12,032
Amounts Available for Appropriations	54,833,924	54,833,924	55,165,093	331,169
Charges to Appropriation (Outflows):				
General government				
Legislation and policy	176,666	148,166	144,774	3,392
City manager	684,661	663,940	650,559	13,381
City clerk	281,079	281,079	268,099	12,980
City attorney	301,224	301,224	297,292	3,932
Financial services	885,423	864,723	858,283	6,440
Central services	668,594	1,768,366	1,772,618	(4,252)
Community & cultural events	2,571,610	2,589,710	2,489,062	100,648
Human resources	212,658	173,358	168,479	4,879
Technology	382,735	384,735	376,455	8,280
Public safety				
Administration	3,909,491	3,495,107	3,479,352	15,755
Public services	-	-	-	-
Emergency preparedness	-	-	-	-
Community development				
Administration	242,948	241,948	232,863	9,085
Inspections and examinations	747,835	740,335	629,974	110,361
Current and advanced planning	364,680	322,680	262,266	60,414
Code enforcement	447,593	346,393	304,039	42,354
Public works				
Administration	-	-	-	-
City engineering	559,510	525,010	502,902	22,108
Maintenance services	762,622	710,950	685,438	25,512
Traffic signals program	-	-	-	-
City parkway landscape	759,185	730,285	781,901	(51,616)
Transfers out	1,350,000	1,350,000	4,121,960	(2,771,960)
Total Charges to Appropriations	15,308,514	15,638,009	18,026,316	(2,388,307)
Budgetary Fund Balance, June 30	\$ 39,525,410	\$ 39,195,915	\$ 37,138,777	\$ 2,719,476

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,374,600	\$ 9,298,510	\$ 12,842,189	\$ 3,543,679
Resources (InFlows):				
Investment income	35,000	35,000	32,691	(2,309)
Other Income	-	3,800	3,800	-
Transfer In	-	2,771,960	2,771,960	-
Amounts Available for Appropriations	9,409,600	12,109,270	15,650,640	3,541,370
Charges to Appropriation (OutFlows):				
General government	-	-	944,933	(944,933)
Community development	-	-	73,000	(73,000)
Total Charges to Appropriations	-	-	1,017,933	(1,017,933)
Budgetary Fund Balance, June 30	\$ 9,409,600	\$ 12,109,270	\$ 14,632,707	\$ 2,523,437

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES UPGRADE
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,159,634	\$ 1,870,917	\$ 3,375,794	\$ 1,504,877
Resources (InFlows):				
Taxes	2,853,450	2,853,450	3,111,773	258,323
Charges for services	280,000	280,000	196,194	(83,806)
Investment income	55,000	55,000	13,090	(41,910)
Assessments	600,000	600,000	610,177	10,177
Other income	-	-	7,026	7,026
Amounts Available for Appropriations	5,948,084	5,659,367	7,314,054	1,654,687
Charges to Appropriation (OutFlows):				
Public safety	4,116,438	4,126,666	3,696,932	429,734
Capital outlay	1,350,000	1,454,636	574,671	879,965
Total Charges to Appropriations	5,466,438	5,581,302	4,271,603	1,309,699
Budgetary Fund Balance, June 30	\$ 481,646	\$ 78,065	\$ 3,042,451	\$ 2,964,386

See accompanying note to the required supplementary information.

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CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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, 2018 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.

The following funds had expenditures in excess of appropriations for the year ended June 30, 2018:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Over Appropriations</u>
General Fund	\$ 15,638,009	\$ 18,026,316	\$ (2,388,307)
Housing Authority Fund	-	1,017,933	(1,017,933)
Fire Access Maintenance Fund	1,449,535	1,965,808	(516,273)
Solid Waste	911,831	938,040	(26,209)

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

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, 2018**

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 FF&E 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.

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.

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, 2018

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
Assets					
Cash and investments	\$ 1	\$ 4,674	\$ -	\$ 2,253,873	\$ 5,894
Receivables:					
Accounts	837	1,624	62,730	30,670	1,794
Notes	-	-	-	-	-
Accrued interest	-	13	-	6,185	16
Total Assets	\$ 838	\$ 6,311	\$ 62,730	\$ 2,290,728	\$ 7,704
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 102,245	\$ -
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	-	102,245	-
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	6,311	-	2,188,483	-
Public works	838	-	62,730	-	7,704
Committed to					
Capital projects	-	-	-	-	-
Assigned					
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	838	6,311	62,730	2,188,483	7,704
Total Liabilities and Fund Balances	\$ 838	\$ 6,311	\$ 62,730	\$ 2,290,728	\$ 7,704

Special Revenue Funds

Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations
\$ 46,327	\$ 28,068	\$ 471,587	\$ 569,048	\$ 1,582,784	\$ 8,913	\$ 2,814,135
25,000	4,739	7,733	20,707	39,995	95	12,399
-	-	-	-	-	-	-
127	77	-	2,856	4,345	24	6,600
<u>\$ 71,454</u>	<u>\$ 32,884</u>	<u>\$ 479,320</u>	<u>\$ 592,611</u>	<u>\$ 1,627,124</u>	<u>\$ 9,032</u>	<u>\$ 2,833,134</u>
\$ 56	\$ -	\$ -	\$ 371,017	\$ 207,500	\$ -	\$ 84,691
-	-	-	64	-	-	-
-	-	-	-	-	-	87,028
-	-	-	-	9,852	-	-
<u>56</u>	<u>-</u>	<u>-</u>	<u>371,081</u>	<u>217,352</u>	<u>-</u>	<u>171,719</u>
-	-	-	-	-	-	2,661,415
71,398	-	-	-	-	-	-
-	32,884	479,320	221,530	1,409,772	9,032	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>71,398</u>	<u>32,884</u>	<u>479,320</u>	<u>221,530</u>	<u>1,409,772</u>	<u>9,032</u>	<u>2,661,415</u>
<u>\$ 71,454</u>	<u>\$ 32,884</u>	<u>\$ 479,320</u>	<u>\$ 592,611</u>	<u>\$ 1,627,124</u>	<u>\$ 9,032</u>	<u>\$ 2,833,134</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 JUNE 30, 2018

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	FF&E and Rolling Stock Capital Replacement	Capital Improvements
Assets					
Cash and investments	\$ -	\$ -	\$ 145,403	\$ 2,384,793	\$ 616,616
Receivables:					
Accounts	-	-	-	-	11,737
Notes	-	-	-	-	148,975
Accrued interest	-	-	399	6,545	1,692
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,802</u>	<u>\$ 2,391,338</u>	<u>\$ 779,020</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 2,489	\$ 1,589	\$ -	\$ 15,320
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	28,990	-	-	-	-
Total Liabilities	<u>28,990</u>	<u>2,489</u>	<u>1,589</u>	<u>-</u>	<u>15,320</u>
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Committed to					
Capital projects	-	-	144,213	-	-
Assigned					
Capital projects	-	-	-	2,391,338	763,700
Unassigned	<u>(28,990)</u>	<u>(2,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(28,990)</u>	<u>(2,489)</u>	<u>144,213</u>	<u>2,391,338</u>	<u>763,700</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,802</u>	<u>\$ 2,391,338</u>	<u>\$ 779,020</u>

Capital Projects Funds			
Golf Resort Capital Replacement	Buildings & Structures Capital Replacement	Facilities Capital Replacement	Total Governmental Funds
\$ 2,903,193	\$ 3,443,858	\$ 2,384,861	\$ 19,664,028
-	-	-	220,060
-	-	-	148,975
7,967	9,451	6,545	52,842
<u>\$ 2,911,160</u>	<u>\$ 3,453,309</u>	<u>\$ 2,391,406</u>	<u>\$ 20,085,905</u>
\$ -	\$ -	\$ -	\$ 784,907
-	-	-	64
-	-	-	87,028
-	-	-	38,842
-	-	-	910,841
-	-	-	2,661,415
-	-	-	2,266,192
-	-	-	2,223,810
-	-	-	144,213
2,911,160	3,453,309	2,391,406	11,910,913
-	-	-	(31,479)
<u>2,911,160</u>	<u>3,453,309</u>	<u>2,391,406</u>	<u>19,175,064</u>
<u>\$ 2,911,160</u>	<u>\$ 3,453,309</u>	<u>\$ 2,391,406</u>	<u>\$ 20,085,905</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast AQMD Vehicle Registration
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 360,044	\$ -
Licenses and permits	-	-	-	2,901	-
Intergovernmental	-	21,565	253,043	2,064	6,791
Investment income	-	47	-	10,030	19
Fines and forfeitures	21,064	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	1,174,618	-
Developer fees	-	-	-	-	-
Other income	-	-	-	6,229	-
Total Revenues	21,064	21,612	253,043	1,555,886	6,810
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	30,000	-	1,167,993	-
Community development	-	-	-	-	-
Public works	20,529	-	210,833	-	5,065
Capital outlay	-	-	-	797,815	-
Total Expenditures	20,529	30,000	210,833	1,965,808	5,065
Excess (deficiency) of revenues over (under) expenditures	535	(8,388)	42,210	(409,922)	1,745
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (uses)	-	-	-	-	-
Net Change in Fund Balances	535	(8,388)	42,210	(409,922)	1,745
Fund Balances, Beginning of Year	303	14,699	20,520	2,598,405	5,959
Fund Balances, End of Year	\$ 838	\$ 6,311	\$ 62,730	\$ 2,188,483	\$ 7,704

Special Revenue Funds

Citizens Option for Public Safety Program	Gas Tax	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Affordable Housing Operations
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
139,416	139,675	-	-	-	-	-
203	-	-	1,715	4,137	25	9,254
-	-	-	-	-	-	-
-	-	-	-	-	-	1,638,816
-	-	107,093	925,751	1,047,048	1,344	-
-	-	-	-	-	-	-
-	-	-	2,243	135,460	-	-
<u>139,619</u>	<u>139,675</u>	<u>107,093</u>	<u>929,709</u>	<u>1,186,645</u>	<u>1,369</u>	<u>1,648,070</u>
-	-	-	-	-	-	-
113,846	-	-	-	-	-	-
-	-	-	-	-	-	1,388,564
-	135,167	35,000	938,040	1,141,277	176	-
-	-	-	-	71,304	-	-
<u>113,846</u>	<u>135,167</u>	<u>35,000</u>	<u>938,040</u>	<u>1,212,581</u>	<u>176</u>	<u>1,388,564</u>
25,773	4,508	72,093	(8,331)	(25,936)	1,193	259,506
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,773	4,508	72,093	(8,331)	(25,936)	1,193	259,506
<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>\$ 71,398</u>	<u>\$ 32,884</u>	<u>\$ 479,320</u>	<u>\$ 221,530</u>	<u>\$ 1,409,772</u>	<u>\$ 9,032</u>	<u>\$ 2,661,415</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2018

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	FF&E and Rolling Stock Capital Replacement	Capital Improvements
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	91,407
Investment income	-	-	1,287	8,678	9,022
Fines and forfeitures	-	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	-	-
Developer fees	1,949	82,137	25,169	-	-
Other income	-	-	-	-	146,083
Total Revenues	1,949	82,137	26,456	8,678	246,512
Expenditures:					
Current:					
General government	-	-	-	-	166,065
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	558,606	-	1,908,790
Total Expenditures	-	-	558,606	-	2,074,855
Excess (deficiency) of revenues over (under) expenditures	1,949	82,137	(532,150)	8,678	(1,828,343)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	84,626
Transfers out	-	(84,626)	-	-	-
Total Other Financing Sources (uses)	-	(84,626)	-	-	84,626
Net Change in Fund Balances	1,949	(2,489)	(532,150)	8,678	(1,743,717)
Fund Balances, Beginning of Year	(30,939)	-	676,363	2,382,660	2,507,417
Fund Balances, End of Year	\$ (28,990)	\$ (2,489)	\$ 144,213	\$ 2,391,338	\$ 763,700

Capital Projects Funds			
Golf Resort Capital Replacement	Buildings & Structures Capital Replacement	Facilities Capital Replacement	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 360,044
-	-	-	2,901
-	-	-	653,961
981	12,531	8,678	66,607
-	-	-	21,064
-	-	-	1,638,816
-	-	-	3,255,854
-	-	-	109,255
-	-	-	290,015
<u>981</u>	<u>12,531</u>	<u>8,678</u>	<u>6,398,517</u>
-	-	-	166,065
-	-	-	1,311,839
-	-	-	1,388,564
-	-	-	2,486,087
-	-	-	3,336,515
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,689,070</u>
<u>981</u>	<u>12,531</u>	<u>8,678</u>	<u>(2,290,553)</u>
-	-	-	84,626
<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,626)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
981	12,531	8,678	(2,290,553)
<u>2,910,179</u>	<u>3,440,778</u>	<u>2,382,728</u>	<u>21,465,617</u>
<u>\$ 2,911,160</u>	<u>\$ 3,453,309</u>	<u>\$ 2,391,406</u>	<u>\$ 19,175,064</u>

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,004	\$ 1,004	\$ 303	\$ (701)
Resources (InFlows):				
Fines and forfeitures	27,500	27,500	21,064	(6,436)
Amounts Available for Appropriations	28,504	28,504	21,367	(7,137)
Charges to Appropriation (OutFlows):				
Public works	27,500	27,500	20,529	6,971
Budgetary Fund Balance, June 30	\$ 1,004	\$ 1,004	\$ 838	\$ (166)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY 1/2 % TAX
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,238	\$ 14,238	\$ 14,699	\$ 461
Resources (InFlows):				
Intergovernmental	20,000	20,000	21,565	1,565
Investment income	140	140	47	(93)
Amounts Available for Appropriations	34,378	34,378	36,311	1,933
Charges to Appropriation (OutFlows):				
Public safety	30,000	30,000	30,000	-
Budgetary Fund Balance, June 30	\$ 4,378	\$ 4,378	\$ 6,311	\$ 1,933

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE "A" TRANSPORTATION
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,441	\$ 18,441	\$ 20,520	\$ 2,079
Resources (InFlows):				
Intergovernmental	255,000	255,000	253,043	(1,957)
Investment income	100	100	-	(100)
Amounts Available for Appropriations	273,541	273,541	273,563	22
Charges to Appropriation (OutFlows):				
Public works	270,000	270,000	210,833	59,167
Budgetary Fund Balance, June 30	\$ 3,541	\$ 3,541	\$ 62,730	\$ 59,189

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE ACCESS MAINTENANCE DISTRICT NO. 1
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,334,293	\$ 2,090,474	\$ 2,598,405	\$ 507,931
Resources (InFlows):				
Taxes	320,608	320,608	360,044	39,436
Licenses and permits	750	750	2,901	2,151
Intergovernmental	3,000	3,000	2,064	(936)
Investment income	15,000	15,000	10,030	(4,970)
Assessments	1,200,000	1,200,000	1,174,618	(25,382)
Other income	750	750	6,229	5,479
Amounts Available for Appropriations	3,874,401	3,630,582	4,154,291	523,709
Charges to Appropriation (OutFlows):				
Public safety	1,280,723	1,280,723	1,167,993	112,730
Capital outlay	-	168,812	797,815	(629,003)
Total Charges to Appropriations	1,280,723	1,449,535	1,965,808	(516,273)
Budgetary Fund Balance, June 30	\$ 2,593,678	\$ 2,181,047	\$ 2,188,483	\$ 7,436

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOUTH COAST AQMD VEHICLE REGISTRATION
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,908	\$ 3,908	\$ 5,959	\$ 2,051
Resources (InFlows):				
Intergovernmental	6,300	6,300	6,791	491
Investment income	10	10	19	9
Amounts Available for Appropriations	10,218	10,218	12,769	2,551
Charges to Appropriation (OutFlows):				
Public works	6,300	6,300	5,065	1,235
Budgetary Fund Balance, June 30	\$ 3,918	\$ 3,918	\$ 7,704	\$ 3,786

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION FOR PUBLIC SAFETY PROGRAM
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,374	\$ 2,874	\$ 45,625	\$ 42,751
Resources (InFlows):				
Intergovernmental	100,000	100,000	139,416	39,416
Investment income	20	20	203	183
Amounts Available for Appropriations	107,394	102,894	185,244	82,350
Charges to Appropriation (OutFlows):				
Public safety	115,000	115,000	113,846	1,154
Budgetary Fund Balance, June 30	\$ (7,606)	\$ (12,106)	\$ 71,398	\$ 83,504

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE

GAS TAX

YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 46,294	\$ 46,294	\$ 28,376	\$ (17,918)
Resources (InFlows):				
Intergovernmental	150,768	150,768	139,675	(11,093)
Investment income	180	180	-	(180)
Amounts Available for Appropriations	197,242	197,242	168,051	(29,191)
Charges to Appropriation (OutFlows):				
Public works	144,000	144,000	135,167	8,833
Budgetary Fund Balance, June 30	\$ 53,242	\$ 53,242	\$ 32,884	\$ (20,358)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AB 939 RECYCLING
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 355,938	\$ 355,938	\$ 407,227	\$ 51,289
Resources (InFlows):				
Assessments	90,000	90,000	107,093	17,093
Other income	5,000	5,000	-	(5,000)
Amounts Available for Appropriations	450,938	450,938	514,320	63,382
Charges to Appropriation (OutFlows):				
Public works	35,000	35,000	35,000	-
Budgetary Fund Balance, June 30	\$ 415,938	\$ 415,938	\$ 479,320	\$ 63,382

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 216,961	\$ 216,961	\$ 229,861	\$ 12,900
Resources (InFlows):				
Investment income	6,000	6,000	1,715	(4,285)
Assessments	923,100	923,100	925,751	2,651
Other income	-	-	2,243	2,243
Amounts Available for Appropriations	1,146,061	1,146,061	1,159,570	13,509
Charges to Appropriation (OutFlows):				
Public works	911,831	911,831	938,040	(26,209)
Budgetary Fund Balance, June 30	\$ 234,230	\$ 234,230	\$ 221,530	\$ (12,700)

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CONSOLIDATED LLMD
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,172,506	\$ 898,506	\$ 1,435,708	\$ 537,202
Resources (InFlows):				
Investment income	12,330	12,330	4,137	(8,193)
Assessments	1,119,670	1,119,670	1,047,048	(72,622)
Other income	135,460	135,460	135,460	-
Amounts Available for Appropriations	2,439,966	2,165,966	2,622,353	456,387
Charges to Appropriation (OutFlows):				
Public works	1,211,222	1,213,922	1,141,277	72,645
Capital outlay	-	-	71,304	(71,304)
Total Charges to Appropriations	1,211,222	1,213,922	1,212,581	1,341
Budgetary Fund Balance, June 30	\$ 1,228,744	\$ 952,044	\$ 1,409,772	\$ 457,728

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT 2001-1
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,370	\$ 5,370	\$ 7,839	\$ 2,469
Resources (InFlows):				
Investment income	75	75	25	(50)
Assessments	1,480	1,480	1,344	(136)
Amounts Available for Appropriations	6,925	6,925	9,208	2,283
Charges to Appropriation (OutFlows):				
Public works	1,480	1,480	176	1,304
Budgetary Fund Balance, June 30	\$ 5,445	\$ 5,445	\$ 9,032	\$ 3,587

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING OPERATIONS
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 604,169	\$ 594,169	\$ 2,401,909	\$ 1,807,740
Resources (InFlows):				
Investment income	(30,000)	(30,000)	9,254	39,254
Assessments	(1,601,159)	(1,601,159)	1,638,816	3,239,975
Amounts Available for Appropriations	(1,026,990)	(1,036,990)	4,049,979	5,086,969
Charges to Appropriation (OutFlows):				
Community development	1,631,159	1,631,159	1,388,564	242,595
Budgetary Fund Balance, June 30	\$ (2,658,149)	\$ (2,668,149)	\$ 2,661,415	\$ 5,329,564

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARK FACILITIES IN LIEU
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,319,575)	\$ (1,319,575)	\$ (1,315,031)	\$ 4,544
Resources (InFlows):				
Developer fees	35,000	35,000	40,376	5,376
Amounts Available for Appropriations	(1,284,575)	(1,284,575)	(1,274,655)	9,920
Charges to Appropriation (OutFlows):				
Community development	-	-	-	-
Budgetary Fund Balance, June 30	\$ (1,284,575)	\$ (1,284,575)	\$ (1,274,655)	\$ 9,920

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
INFRASTRUCTURE CAPITAL REPLACEMENT
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 10,020,008	\$ 10,020,008
Resources (InFlows):				
Investment income	90,000	90,000	44,201	(45,799)
Transfers in	1,350,000	1,350,000	1,350,000	-
Amounts Available for Appropriations	1,440,000	1,440,000	11,414,209	9,974,209
Charges to Appropriation (OutFlows):				
Transfers out	1,100,000	1,100,000	-	1,100,000
Budgetary Fund Balance, June 30	\$ 340,000	\$ 340,000	\$ 11,414,209	\$ 11,074,209

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HIGHWAY 111 CIRCULATION IMPROVEMENT
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ (30,939)	\$ (30,939)
Resources (InFlows):				
Developer fees	-	-	1,949	1,949
Other income	250	250	-	(250)
Amounts Available for Appropriations	250	250	(28,990)	(29,240)
Budgetary Fund Balance, June 30	\$ 250	\$ 250	\$ (28,990)	\$ (29,240)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY WIDE PUBLIC IMPROVEMENTS
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Resources (InFlows):				
Developer fees	35,000	35,000	82,137	47,137
Amounts Available for Appropriations	70,000	70,000	82,137	12,137
Charges to Appropriation (OutFlows):				
Transfers out	-	-	84,626	(84,626)
Budgetary Fund Balance, June 30	\$ 70,000	\$ 70,000	\$ (2,489)	\$ (72,489)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ART IN PUBLIC PLACES
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,305)	\$ (446,415)	\$ 676,363	\$ 1,122,778
Resources (InFlows):				
Investment income	3,000	3,000	1,287	(1,713)
Developer fees	250,000	250,000	25,169	(224,831)
Amounts Available for Appropriations	239,695	(193,415)	702,819	896,234
Charges to Appropriation (OutFlows):				
Capital outlay	-	570,260	558,606	11,654
Budgetary Fund Balance, June 30	\$ 239,695	\$ (763,675)	\$ 144,213	\$ 907,888

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FF & E AND ROLLING STOCK CAPITAL REPLACEMENT
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 2,382,660	\$ 2,382,660
Resources (InFlows):				
Investment income	25,000	25,000	8,678	(16,322)
Budgetary Fund Balance, June 30	\$ 25,000	\$ 25,000	\$ 2,391,338	\$ 2,366,338

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (85,905)	\$ (1,272,617)	\$ 2,507,417	\$ 3,780,034
Resources (InFlows):				
Intergovernmental	75,000	75,000	91,407	16,407
Investment income	50,000	50,000	9,022	(40,978)
Other income	10,000	10,000	146,083	136,083
Transfers in	1,170,000	1,170,000	84,626	(1,085,374)
Amounts Available for Appropriations	1,219,095	32,383	2,838,555	2,806,172
Charges to Appropriation (OutFlows):				
General government	85,000	171,000	166,065	4,935
Capital outlay	1,125,000	3,674,426	1,908,790	1,765,636
Total Charges to Appropriations	1,210,000	3,845,426	2,074,855	1,770,571
Budgetary Fund Balance, June 30	\$ 9,095	\$ (3,813,043)	\$ 763,700	\$ 4,576,743

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and investments	\$ 1,439,837	\$ 564,066	\$ 2,003,903
Restricted Section 115 Trust cash and investments	350,020		350,020
Receivables:			
Accrued interest	3,950	1,548	5,498
 Total Assets	 <u>1,793,807</u>	 <u>565,614</u>	 <u>2,359,421</u>
Deferred Outflows of Resources:			
Deferred amounts related to OPEB	<u>573,377</u>	<u>-</u>	<u>573,377</u>
Liabilities:			
Noncurrent Liabilities:			
Net OPEB Liability	<u>839,000</u>	<u>-</u>	<u>839,000</u>
Deferred Inflows of Resources:			
Deferred amounts related to OPEB	<u>57,000</u>	<u>-</u>	<u>57,000</u>
Net Position:			
Restricted Section 115 Trust	350,020	-	350,020
Unrestricted	1,121,164	565,614	1,686,778
Total Net Position	<u>\$ 1,471,184</u>	<u>\$ 565,614</u>	<u>\$ 2,036,798</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Operating Revenues:			
Interdepartmental charges	\$ 1,799,775	\$ -	\$ 1,799,775
Total Operating Revenues	1,799,775	-	1,799,775
Operating Expenses:			
Administration and general	1,345,383	-	1,345,383
Total Operating Expenses	1,345,383	-	1,345,383
Operating Income (Loss)	454,392	-	454,392
Nonoperating Revenue (Expenses):			
Investment income	7,595	2,052	9,647
Total Nonoperating Revenues (Expenses)	7,595	2,052	9,647
Changes in Net Position	461,987	2,052	464,039
Net Position:			
Net Position at Beginning of Year	4,590,024	563,562	5,153,586
Restatement of Net Position	(3,580,827)	-	(3,580,827)
Net Position at Beginning of Year, as restated	1,009,197	563,562	1,572,759
End of Fiscal Year	\$ 1,471,184	\$ 565,614	\$ 2,036,798

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Compensated Absences	Totals
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 1,449,756	\$ -	\$ 1,449,756
Cash paid to suppliers for goods and services	(1,552,759)	-	(1,552,759)
Net Cash Provided (Used) by Operating Activities	(103,003)	-	(103,003)
Cash Flows from Investing Activities:			
Interest received	6,809	1,663	8,472
Net Cash Provided (Used) by Investing Activities	6,809	1,663	8,472
Net Increase (Decrease) in Cash and Cash Equivalents	(96,194)	1,663	(94,531)
Cash and Cash Equivalents at Beginning of Year	1,536,031	562,403	2,098,434
Cash and Cash Equivalents at End of Year	\$ 1,439,837	\$ 564,066	\$ 2,003,903
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:			
Operating income (loss)	\$ 454,392	\$ -	\$ 454,392
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
(Increase) decrease in net OPEB liability	(557,395)	-	(557,395)
Net Cash Provided (Used) by Operating Activities	\$ (103,003)	\$ -	\$ (103,003)

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STATISTICAL SECTION (UNAUDITED)

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

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

City of Indian Wells
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental activities:					
Net investment in capital assets	\$ 172,007,625	\$ 172,494,796	\$ 175,639,386	\$ 241,607,740	\$ 250,043,785
Restricted for:					
Community development	2,661,415	2,401,909	2,294,829	2,175,822	3,420,280
Housing	14,632,707	12,842,189	13,352,710	13,639,334	14,412,791
Public safety	5,308,643	6,034,523	9,535,112	5,680,112	5,558,075
Public works	2,223,810	2,135,793	2,201,769	2,138,313	1,967,998
Debt service	-	-	-	-	-
Unrestricted	<u>61,884,894</u>	<u>65,150,651</u>	<u>50,054,925</u>	<u>52,294,420</u>	<u>51,276,256</u>
Total governmental activities net position	<u>258,719,094</u>	<u>261,059,861</u>	<u>253,078,731</u>	<u>317,535,741</u>	<u>326,679,185</u>
Business-type activities:					
Net investment in capital assets	51,198,409	52,758,255	57,498,601	-	-
Unrestricted	<u>1,024,501</u>	<u>1,657,668</u>	<u>1,798,085</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>52,222,910</u>	<u>54,415,923</u>	<u>59,296,686</u>	<u>-</u>	<u>-</u>
Primary government:					
Net investment in capital assets	223,206,034	225,253,051	233,137,987	241,607,740	250,043,785
Restricted	24,826,575	23,414,414	27,384,420	23,633,581	25,359,144
Unrestricted	<u>62,909,395</u>	<u>66,808,319</u>	<u>51,853,010</u>	<u>52,294,420</u>	<u>51,276,256</u>
Total primary government net position	<u>\$ 310,942,004</u>	<u>\$ 315,475,784</u>	<u>\$ 312,375,417</u>	<u>\$ 317,535,741</u>	<u>\$ 326,679,185</u>

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

Fiscal Year				
2013	2012	2011	2010	2009
\$ 250,592,927	\$ 207,621,977	\$ 128,719,531	\$ 129,332,619	\$ 139,057,460
1,857,642	1,932,254	28,556,939	38,057,825	23,412,380
15,831,412	15,831,412			
5,074,097	4,870,005	4,651,489	4,570,215	4,014,475
1,832,508	1,709,638	1,641,967	308,322	252,873
-	-	817,671	-	-
<u>37,447,463</u>	<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>	<u>42,258,237</u>
<u>312,636,049</u>	<u>277,233,893</u>	<u>196,239,118</u>	<u>201,478,262</u>	<u>208,995,425</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
250,592,927	207,621,977	128,719,531	129,332,619	139,057,460
24,595,659	24,343,309	35,668,066	42,936,362	27,679,728
<u>37,447,463</u>	<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>	<u>42,258,237</u>
<u>\$ 312,636,049</u>	<u>\$ 277,233,893</u>	<u>\$ 196,239,118</u>	<u>\$ 201,478,262</u>	<u>\$ 208,995,425</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Expenses:					
Governmental activities:					
General government	\$ 8,102,188	\$ 7,501,991	\$ 7,151,865	\$ 9,338,294	\$ 8,528,905
Public safety	9,918,617	7,830,608	7,853,892	7,988,613	7,689,486
Community development	2,867,417	4,331,134	4,502,450	4,058,871	4,114,707
Public works	6,685,611	6,624,416	6,521,569	11,102,625	11,284,095
Golf resort	-	-	-	13,564,356	12,945,121
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>27,573,833</u>	<u>26,288,149</u>	<u>26,029,776</u>	<u>46,052,759</u>	<u>44,562,314</u>
Business-type activities:					
Golf resort	16,386,499	20,011,357	21,006,393	-	-
Club drive	31,781	60,715	65,142	-	-
Total business-type expenses	<u>16,418,280</u>	<u>20,072,072</u>	<u>21,071,535</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>43,992,113</u>	<u>46,360,221</u>	<u>47,101,311</u>	<u>46,052,759</u>	<u>44,562,314</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	39,584	35,873	48,263	35,971	46,282
Public safety	199,095	134	4,522	8,599	6,883
Community development	1,038,569	1,121,873	968,377	1,003,232	854,755
Public works	21,064	22,884	27,412	22,723	28,038
Golf resort	-	-	-	13,179,508	12,429,070
Operating grants and contributions:					
General government	444,372	430,718	456,491	524,526	386,696
Public safety	4,864,606	4,768,453	4,637,918	4,514,697	4,436,574
Community development	-	52,738	-	60,559	-
Public works	2,505,914	2,643,506	2,364,247	2,319,406	2,362,409
Capital grants and contributions:					
General government	-	-	-	1,050,000	500,000
Community development	-	-	-	-	-
Public works	215,870	143,993	104,869	775,943	2,352,481
Total governmental activities program revenue	<u>9,329,074</u>	<u>9,220,172</u>	<u>8,612,099</u>	<u>23,495,164</u>	<u>23,403,188</u>
Business-type activities:					
Charges for services:					
Golf resort	13,738,178	12,838,393	12,918,130	-	-
Club drive	82,142	111,241	108,476	-	-
Total business-type activities program revenue	<u>13,820,320</u>	<u>12,949,634</u>	<u>13,026,606</u>	<u>-</u>	<u>-</u>
Total primary government program revenue	<u>23,149,394</u>	<u>22,169,806</u>	<u>21,638,705</u>	<u>23,495,164</u>	<u>23,403,188</u>
Net revenues (expenses):					
Governmental activities	(18,244,759)	(17,067,977)	(17,417,677)	(22,557,595)	(21,159,126)
Business-type activities	(2,597,960)	(7,122,438)	(8,044,929)	-	-
Total net revenues (expenses)	<u>(20,842,719)</u>	<u>(24,190,415)</u>	<u>(25,462,606)</u>	<u>(22,557,595)</u>	<u>(21,159,126)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	3,255,668	3,115,910	3,039,371	2,915,229	2,820,856
Transient occupancy taxes	7,943,017	7,826,154	7,000,096	6,742,840	6,407,454
Sales taxes	1,111,159	1,347,804	1,217,570	1,121,191	1,016,141
Franchise taxes	929,551	941,938	922,074	924,869	886,891
Other taxes	3,474,244	3,227,361	2,968,981	2,887,538	2,375,414
Investment income	1,861,285	1,791,037	2,392,300	2,212,672	3,297,078
Gain on sale of asset	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	16,400,000
Other	909,895	659,280	908,638	1,082,274	1,012,035
Transfers	-	6,139,623	(831,713)	-	-
Total governmental activities	<u>19,484,819</u>	<u>25,049,107</u>	<u>17,617,317</u>	<u>17,886,613</u>	<u>34,215,869</u>
Business-type activities:					
Investment income	-	1,809	3,095	-	-
Other	404,947	8,379,489	1,850,156	-	-
Transfers	-	(6,139,623)	831,713	-	-
Total business-type activities	<u>404,947</u>	<u>2,241,675</u>	<u>2,684,964</u>	<u>-</u>	<u>-</u>
Total primary government	<u>19,889,766</u>	<u>27,290,782</u>	<u>20,302,281</u>	<u>17,886,613</u>	<u>34,215,869</u>
Changes in net position:					
Governmental activities	1,240,060	7,981,130	199,640	(4,670,982)	13,056,743
Business-type activities	(2,193,013)	(4,880,763)	(5,359,965)	-	-
Total primary government	<u>\$ (952,953)</u>	<u>\$ 3,100,367</u>	<u>\$ (5,160,325)</u>	<u>\$ (4,670,982)</u>	<u>\$ 13,056,743</u>

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

Fiscal Year				
2013	2012	2011	2010	2009
\$ 8,151,220	\$ 7,589,850	\$ 4,804,881	\$ 8,194,604	\$ 10,664,720
7,413,099	7,415,881	7,379,309	8,157,222	7,594,508
11,783,596	9,513,504	20,227,573	19,519,593	9,784,467
11,050,272	6,950,388	6,710,034	5,423,271	5,954,213
12,088,530	12,714,308	13,694,185	12,885,373	10,179,734
-	2,024,309	8,185,570	5,934,148	6,120,317
<u>50,486,717</u>	<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>	<u>50,297,959</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>50,486,717</u>	<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>	<u>50,297,959</u>
88,959	134,600	31,619	30,284	30,400
7,900	5,507	8,272	873,229	742,738
934,524	663,445	6,718,212	2,136,604	2,114,861
32,978	35,877	48,230	6,266	54,570
12,051,307	12,480,492	12,243,547	11,126,337	6,850,634
381,405	382,613	405,976	33,501	98,175
4,211,296	1,921,482	1,921,931	2,557,187	2,654,704
-	-	17,400	1,568,330	2,145,952
2,303,057	2,127,618	2,051,669	1,472,156	1,629,164
1,450,000	-	-	-	-
-	-	-	444,801	9,399,500
<u>119,513</u>	<u>2,839,642</u>	<u>573,206</u>	<u>4,750,952</u>	<u>291,250</u>
<u>21,580,939</u>	<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>	<u>26,011,948</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>21,580,939</u>	<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>	<u>26,011,948</u>
(28,905,778)	(25,616,964)	(36,981,490)	(35,114,564)	(24,286,011)
<u>(28,905,778)</u>	<u>(25,616,964)</u>	<u>(36,981,490)</u>	<u>(35,114,564)</u>	<u>(24,286,011)</u>
2,689,149	12,893,907	17,200,487	18,121,718	18,756,437
6,341,825	5,689,952	4,805,116	4,294,079	4,804,501
945,359	992,271	902,256	762,241	963,446
860,303	848,259	835,725	817,863	870,700
1,914,222	4,107,560	3,672,587	1,331,372	1,360,608
2,046,935	3,740,423	3,939,375	1,513,114	1,147,924
-	-	-	-	-
48,767,526	78,671,501	-	-	-
1,078,031	563,735	399,736	362,922	255,654
-	-	-	-	-
<u>64,643,350</u>	<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>	<u>28,159,270</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>64,643,350</u>	<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>	<u>28,159,270</u>
35,737,572	81,890,644	(5,226,208)	(7,911,255)	3,873,259
-	-	-	-	-
<u>\$ 35,737,572</u>	<u>\$ 81,890,644</u>	<u>\$ (5,226,208)</u>	<u>\$ (7,911,255)</u>	<u>\$ 3,873,259</u>

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

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
General fund:					
Nonspendable:					
Prepaid items	\$ 1,911	\$ 24,666	\$ 5,740	\$ 950	\$ 3,715
Notes and loans	17,739,192	17,739,192	17,889,192	17,889,192	17,889,192
Committed to:					
Emergency reserve	-	-	-	2,500,000	2,250,000
Unassigned	<u>19,397,674</u>	<u>18,859,826</u>	<u>10,727,499</u>	<u>7,442,635</u>	<u>5,841,717</u>
Total general fund	<u>\$ 37,138,777</u>	<u>\$ 36,623,684</u>	<u>\$ 28,622,431</u>	<u>\$ 27,832,777</u>	<u>\$ 25,984,624</u>
All other governmental funds					
Nonspendable					
Inventory	-	-	-	728,323	695,998
Prepaid items	-	-	-	230,059	108,542
Notes	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted for:					
Community development	17,294,122	15,244,098	15,647,539	15,815,156	16,414,450
Public safety	5,308,643	6,034,523	6,065,849	5,680,112	5,558,075
Parks and recreation	-	-	-	-	-
Public works	2,223,810	2,135,793	2,201,769	2,138,313	1,967,998
Debt service	-	-	-	-	-
Committed to:					
Emergency Reserve	-	-	-	-	-
Capital projects	144,213	676,363	354,335	22,913,539	23,805,825
Golf Resort	-	-	-	1,347,155	-
Assigned to:					
Capital projects	23,325,122	23,643,770	23,199,044	-	-
Unassigned	<u>(1,306,134)</u>	<u>(1,345,970)</u>	<u>(1,387,826)</u>	<u>(1,420,514)</u>	<u>(1,853,153)</u>
Total all other governmental funds	<u>\$ 46,989,776</u>	<u>\$ 46,388,577</u>	<u>\$ 74,703,141</u>	<u>\$ 47,432,143</u>	<u>\$ 46,697,735</u>

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

Fiscal Year				
2013	2012	2011	2010	2009
\$ 352,799	\$ 724,847	\$ 21,282	\$ 47,743	\$ 50,787
-	-	22,010,750	22,409,361	26,150,000
2,250,000	2,250,000	18,500,000	-	-
4,744,619	4,743,094	22,766,933	19,491,287	17,356,780
<u>\$ 7,347,418</u>	<u>\$ 7,717,941</u>	<u>\$ 63,298,965</u>	<u>\$ 41,948,391</u>	<u>\$ 43,557,567</u>
613,309	696,882	556,726	501,090	473,863
83,196	79,410	39,962	58,820	29,455
15,831,412	15,831,412	4,316,639	4,316,639	4,316,639
-	-	11,514,773	11,514,773	-
1,857,642	1,932,254	12,725,527	8,618,341	18,965,920
5,074,097	4,870,005	4,651,489	4,379,949	3,849,136
-	-	-	-	-
1,832,508	1,709,638	1,641,967	1,807,173	1,813,427
-	-	817,671	789,777	9,087
-	-	-	-	-
25,431,121	35,781,876	3,022,559	-	-
2,441,139	-	-	-	-
-	-	-	-	-
(1,499,190)	(1,539,173)	(43,424,063)	(10,039,594)	(11,754,777)
<u>\$ 51,665,234</u>	<u>\$ 59,362,304</u>	<u>\$ (4,136,750)</u>	<u>\$ 21,946,968</u>	<u>\$ 17,702,750</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues:					
Taxes	\$ 19,825,390	\$ 19,067,088	\$ 17,840,371	\$ 17,196,257	\$ 16,031,054
Licenses and permits	465,327	642,162	466,550	479,296	426,382
Intergovernmental	1,098,333	1,024,757	959,741	1,765,403	3,151,753
Contribution from property owners	-	-	-	1,050,000	500,000
Charges for services	772,337	480,245	503,429	13,705,848	12,857,977
Investment income	212,021	225,978	727,908	527,212	1,623,137
Fines and forfeitures	60,648	58,359	78,595	64,889	80,669
Rental income	1,639,641	1,561,169	1,629,432	1,660,396	1,651,498
Assessments	3,866,031	3,763,303	3,782,451	3,685,524	3,737,258
Development fees	149,631	448,419	129,054	139,614	124,851
Other	909,895	659,280	908,638	1,082,274	1,012,035
Total revenues	<u>28,999,254</u>	<u>27,930,760</u>	<u>27,026,169</u>	<u>41,356,713</u>	<u>41,196,614</u>
Expenditures					
Current:					
General government	8,136,619	7,836,296	8,008,297	9,424,603	8,573,662
Public safety	8,488,123	8,047,904	8,151,039	8,036,589	7,685,383
Community development	2,890,706	2,861,354	3,084,249	2,807,307	2,820,027
Parks and recreation	-	-	-	-	-
Public works	4,456,328	4,546,968	4,423,715	4,080,034	4,135,007
Golf resort	-	-	-	13,564,356	12,945,121
Pass-through	-	-	-	-	-
Capital outlay	3,911,186	1,305,125	559,912	861,263	8,678,100
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>27,882,962</u>	<u>24,597,647</u>	<u>24,227,212</u>	<u>38,774,152</u>	<u>44,837,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,116,292</u>	<u>3,333,113</u>	<u>2,798,957</u>	<u>2,582,561</u>	<u>(3,640,686)</u>
Other financing sources (uses):					
Transfers in	4,206,586	7,932,137	1,429,989	2,462,520	64,112
Transfers out	(4,206,586)	(2,956,130)	(2,261,702)	(2,462,520)	(140,112)
Contributions to other governments	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Premium (discount) on bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	16,400,000
Sale of property	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,976,007</u>	<u>(831,713)</u>	<u>-</u>	<u>16,324,000</u>
Net change in fund balances	<u>\$ 1,116,292</u>	<u>\$ 8,309,120</u>	<u>\$ 1,967,244</u>	<u>\$ 2,582,561</u>	<u>\$ 12,683,314</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)	3,456,064	588,717	(102,981)	695,864	8,627,428
Total governmental expenditures	27,882,962	24,597,647	24,227,212	38,774,152	44,837,300
Less: Principal	-	-	-	-	-
Less: Interest	-	-	-	-	-
Total	<u>27,882,962</u>	<u>24,597,647</u>	<u>24,227,212</u>	<u>38,774,152</u>	<u>44,837,300</u>
Less: Capital Asset Additions	(3,456,064)	(588,717)	102,981	(695,864)	(8,627,428)
Non Capital Expenditures	24,426,898	24,008,930	24,330,193	38,078,288	36,209,872
Total Debt Service Payments	-	-	-	-	-
Debt Service as % of Non Capital Exp.	0.0%	0.0%	0.0%	0.0%	0.0%

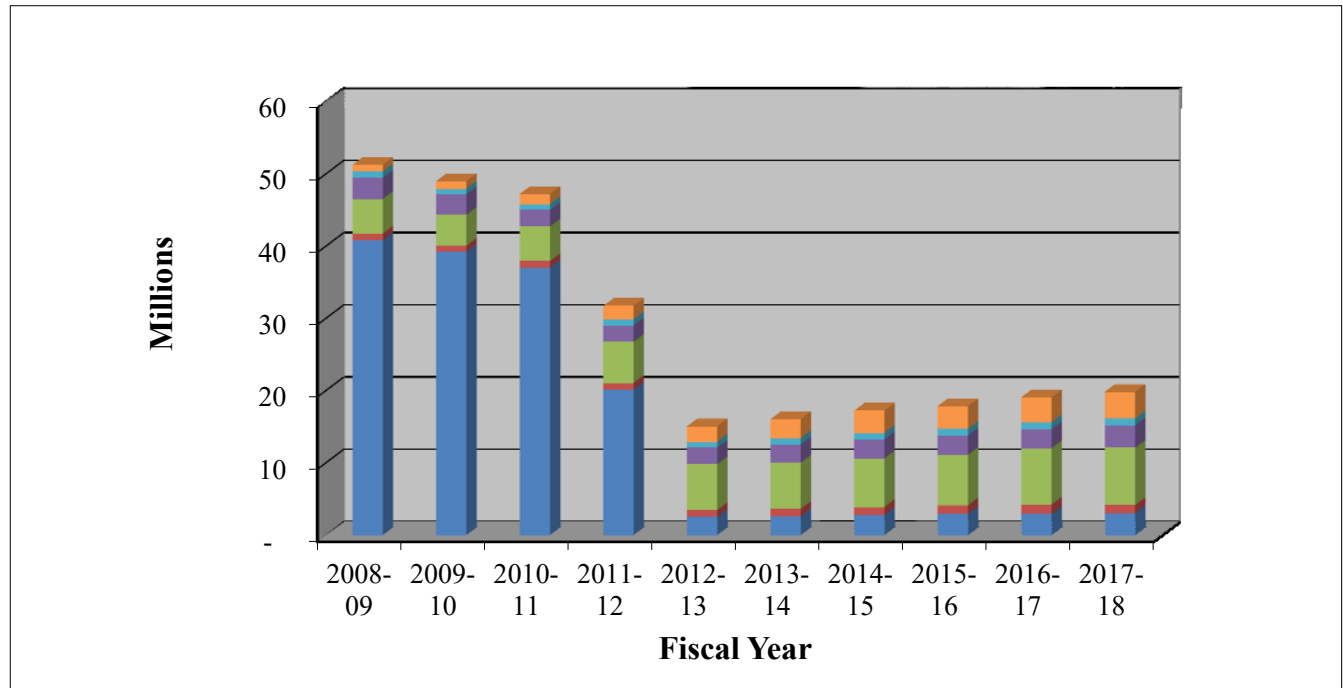
Fiscal Year				
2013	2012	2011	2010	2009
\$ 15,036,212	\$ 31,715,482	\$ 47,215,341	\$ 48,995,314	\$ 51,245,652
439,139	226,322	119,583	234,824	226,007
863,584	3,613,520	1,390,949	5,157,957	937,750
1,450,000				
12,548,294	12,918,149	12,657,977	11,476,745	7,478,699
400,607	2,157,135	3,256,904	2,732,580	4,162,047
128,235	175,450	87,320	84,582	52,762
1,633,036				
3,643,882	3,584,325	3,530,928	3,481,755	3,385,707
222,451	73,510	61,007	1,327,402	59,252
1,078,031	563,735	399,736	3,374,688	7,823,725
<u>37,443,471</u>	<u>55,027,628</u>	<u>68,719,745</u>	<u>76,865,847</u>	<u>75,371,601</u>
7,996,591	6,214,712	4,219,555	7,941,889	10,506,842
3,211,837	7,212,762	7,214,270	8,000,297	7,471,826
5,109,097	2,556,343	5,846,632	13,493,473	3,784,085
1,920,320				
3,866,883	3,913,539	3,763,936	2,959,775	3,278,386
12,088,530	12,714,308	13,694,185	12,885,373	10,179,734
-	7,183,533	21,778,115	21,138,998	22,107,922
3,330,510	9,197,818	4,464,499	5,954,982	12,361,227
-	4,460,000	4,020,106	3,860,000	3,720,000
	3,894,759	7,951,591	8,517,174	8,858,488
<u>37,523,768</u>	<u>57,347,774</u>	<u>72,952,889</u>	<u>84,751,961</u>	<u>82,268,510</u>
(80,297)	(2,320,146)	(4,233,144)	(7,886,114)	(6,896,909)
6,587,021	44,643,627	13,373,447	11,845,781	15,377,613
(6,716,791)	(46,425,808)	(13,873,447)	(12,595,781)	(16,377,613)
(7,522,110)	-	-	-	-
-	-	-	10,890,000	-
-	-	-	-	-
-	-	-	-	-
1,339,192	12,020,357	-	-	-
-	-	-	-	4,341,639
<u>(6,312,688)</u>	<u>10,238,176</u>	<u>(500,000)</u>	<u>10,140,000</u>	<u>3,341,639</u>
<u>\$ (6,392,985)</u>	<u>\$ 7,918,030</u>	<u>\$ (4,733,144)</u>	<u>\$ 2,253,886</u>	<u>\$ (3,555,270)</u>
0.0%	21.0%	21.2%	18.7%	21.7%
3,118,599	9,190,259	4,524,674	6,076,294	11,857,262
37,523,768	57,347,774	72,952,889	84,751,961	82,268,510
-	(4,460,000)	(4,020,106)	(3,860,000)	(3,720,000)
-	(3,894,759)	(7,951,591)	(8,517,174)	(8,858,488)
<u>37,523,768</u>	<u>48,993,015</u>	<u>60,981,192</u>	<u>72,374,787</u>	<u>69,690,022</u>
(3,118,599)	(9,190,259)	(4,524,674)	(6,076,294)	(11,857,262)
34,405,169	39,802,756	56,456,518	66,298,493	57,832,760
-	8,354,759	11,971,697	12,377,174	12,578,488
0.0%	21.0%	21.2%	18.7%	21.7%

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

Fiscal Year End	Property Tax	Sales	Transient Occupancy	Emergency Services	Franchise	Other	Total
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
2017-18	3,025,593	1,111,159	7,942,995	3,111,773	929,551	3,704,319	19,825,390

Percentage change:

2009-2018 -92.6% 15.3% 65.3% 6.4% 6.8% 305.9% -61.3%



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

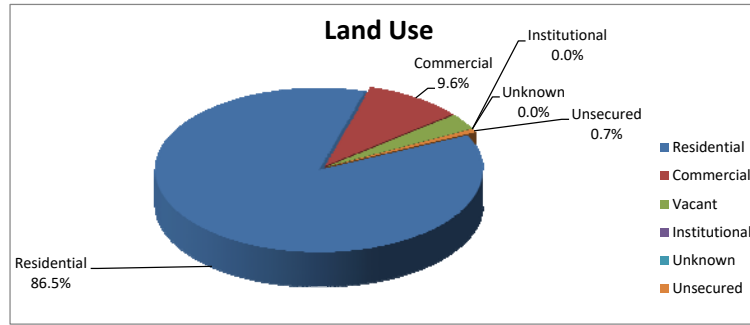
Fiscal Year Ended June 30	City (Excl. RDA)			Redevelopment Agency			City's Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2008-09	903,292,424	5,793,464	909,085,888	4,115,512,584	49,085,006	4,164,597,590	1.20985
2009-10	858,305,085	4,653,028	862,958,113	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
2017-18	1,216,459,774	7,719,195	1,224,178,969	4,356,466,470	17,947,116	4,374,413,586	1.21281

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	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15*	2015-16	2016-17	2017-18
Residential	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	4,787,212,021
Commercial	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	559,511,479
Vacant	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	172,148,781
Institutional	312,392	318,639	317,885	0	0	0	0	0	0	0
Unknown	267,717,856	176,890,276	167,423,018	315,812,049	411,623,758	362,409,067	0	0	0	0
Net Secured Value	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	5,518,872,281
Unsecured	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	25,666,311
Net Taxable Value	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	5,544,538,592



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

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
City Direct Rates:										
City Basic Rate	0.07000000	0.07000000	0.07000000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Agency Basic Rate	0.29688000	0.26604000	0.26686000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Low & Mod 20% Set-aside	0.20000000	0.20000000	0.20000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Total City Direct Rate	0.56688000	0.53604000	0.53686000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Overlapping Rates:										
General	0.00000000	0.00000000	0.00000000	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188
Riverside County General & Fire	0.28376000	0.28336000	0.28336000	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884
Coachella Valley Water District	0.05870000	0.05932000	0.05886000	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245
Desert Sands Unified School District	0.09851000	0.11489000	0.11498000	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065
Riverside County Superintendent of Schools	0.01114000	0.01299000	0.01300000	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713
College of Desert	0.02047000	0.02387000	0.02389000	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091
Coachella Valley Parks & Recreation District	0.01792000	0.02190000	0.02192000	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243
CV Mosquito & Vector Control District	0.01185000	0.01448000	0.01449000	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312
Riverside County Regional Park & Open Space	0.00026000	0.00088000	0.00088000	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930
Coachella Valley Public Cemetery	0.00022000	0.00072000	0.00072000	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659
Desert Regional Medical Center	0.00029000	0.00098000	0.00097000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Coachella Valley Resource Conservation	0.00000000	0.00000000	0.00000000	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170
Education Revenue Augmentation Fund	0.00002000	0.00006000	0.00006000	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749
TOTAL	0.50314000	0.53345000	0.53313000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000
Override Assessments										
Coachella Valley Water District	0.04000000	0.06000000	0.06000000	0.08000000	0.08000000	0.10000000	0.10000000	0.10000000	0.10000000	0.10000000
Desert Community College	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.02325000	0.02087000	0.02036000	0.04030000
Desert Sands Unified School District	0.07990000	0.08112000	0.10036000	0.11467000	0.11156000	0.10954000	0.10984000	0.10915000	0.08599000	0.07251000
TOTAL	0.13985000	0.16107000	0.18031000	0.21462000	0.21151000	0.22949000	0.23309000	0.23002000	0.20635000	0.21281000
TOTAL TAX RATE	1.20987000	1.23056000	1.25030000	1.21462000	1.21151000	1.22949000	1.23309000	1.23002000	1.20635000	1.21281000

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

Source: Riverside County Auditor data, MuniServices, LLC

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

(-) Indicates data unavailable.

City of Indian Wells

Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2017-18		2008-09	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Garden Of Champions	231,388,952	4.17%	65,445,996	1.28%
Bbc Esmeralda	70,756,575	1.28%		
Grand Champions LLC	56,870,099	1.03%	88,374,836	1.73%
Toscana Homes	50,973,343	0.92%	86,089,573	1.68%
Standard Pacific Corp	28,055,776	0.51%	36,426,826	0.71%
Rpcwg Miramonte Owner	23,409,560	0.42%		
Vintage Club	21,583,193	0.39%	66,104,591	1.29%
Eldorado Country Club	17,817,674	0.32%	21,231,492	0.41%
Village Shopping Center At Ind	16,841,866	0.30%		
Targoff Michael B	16,341,142	0.29%		
Schmid Inv	14,005,119	0.25%		
Cook Leo W	13,678,231	0.25%	12,085,672	0.24%
Marion Anne W	13,515,688	0.24%		
Iwcc Acquisition Corp	13,369,634	0.24%	19,079,672	0.37%
Kayne Richard A	13,119,551	0.24%		
Indian Wells Village Ii	12,622,748	0.23%	11,256,388	0.22%
Drw Desert Holdings	12,130,002	0.22%		
Smith Orin C	10,981,767	0.20%		
Adh Prop	10,883,570	0.20%		
Brinson Gary P	10,640,000	0.19%	13,000,000	0.25%
Kh Indian Wells	10,562,451	0.19%		
Neptune	9,757,000	0.18%		
Macmillan Donna J	9,327,574	0.17%		
Soret Ltd.	9,299,508	0.17%		
Argyros George L	9,242,348	0.17%		
Wsrh Indian Wells			67,110,187	1.31%
Lh Indian Wells Holding			32,365,736	0.63%
Bank Of Calif			20,828,145	0.41%
Reserve Club			19,837,651	0.39%
Coleman Sheldon C			17,997,727	0.35%
Ryan Oil Co			17,973,477	0.35%
Alexander & Baldwininc			16,582,653	0.32%
Sanderson J Ray Indian Wells			15,676,747	0.31%
Schneider Gene W			14,146,568	0.28%
Carletti Christopher M			12,500,000	0.24%
Windfohr Anne Burnett			11,942,042	0.23%
Gilleland Richard A			11,506,612	0.22%
Lowe Terraces Inc			11,037,788	0.22%
Gross William H			10,750,000	0.21%
Common Lot			10,122,442	0.20%
Total Top 25 Taxpayers	707,173,371	12.75%	709,472,821	13.86%
Total Taxable Value	5,544,538,592	100.00%	5,117,263,023	100.00%

Source: County Assessor data, Avenu Insights & Analytics

City of Indian Wells

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

2017-18		2008-09	
Taxpayer	Business Type	Taxpayer	Business Type
Audio Visual Services Group	Light Industry	Creative Pipe	Light Industry
Cafe Italia	Restaurants	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 Restaurante	Restaurants	Donna Schuler Design Studio	Furniture/Appliance
Eldorado Country Club	Miscellaneous Retail	Eldorado Country Club	Restaurants
Eureka!	Restaurants	Garden Of Champions	Miscellaneous Retail
Hyatt Hotel	Restaurants	Hyatt Grand Champions Resort	Restaurants
Indian Wells Country Club & Hotel	Miscellaneous Retail	Indian Wells Country Club	Restaurants
Indian Wells Golf Resort	Miscellaneous Retail	Indian Wells Golf Resort	Restaurants
Indian Wells Resort Hotel	Restaurants	Indian Wells Resort Hotel	Restaurants
Indian Wells Tennis Garden	Recreation Products	Indian Wells Tennis Garden	Miscellaneous Retail
IW Coffee	Restaurants	Le Saint Germain Restaurant	Restaurants
Karen Harlow For The Home	Miscellaneous Retail	Miramonte Resort & Spa	Restaurants
Miramonte Resort & Spa	Restaurants	Nest Restaurant	Restaurants
Renaissance Esmeralda Resort & Spa	Restaurants	Ralph's Grocery Company	Food Markets
Reserve Club	Restaurants	Renaissance Esmeralda Resort	Restaurants
Restaurant Associates Events	Light Industry	Swank Audio Visuals	Light Industry
SCH Enterprises	Heavy Industry	Terry Beardsley Golf Shop	Recreation Products
Tennis Warehouse	Recreation Products	The Golf Resort Indian Wells	Restaurants
Terry Beardsley Golf Shop	Recreation Products	The Reserve Club	Restaurants
The Nest Restaurant & Piano Bar	Restaurants	Toscana Country Club	Restaurants
The Vintage Club	Miscellaneous Retail	Venezia Gourmet Foods	Restaurants
Toscana Country Club	Miscellaneous Retail	Vicky's Of Santa Fe	Restaurants
Vickys Of Santa Fe	Restaurants	Vintage Club	Restaurants

Source: Avenu Insights & Analytics

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
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%
2018	2,494,755	2,965,260	118.86%	60,334	3,025,593	121.28%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. On February 1, 2012, all redevelopment agencies in California were dissolved. Fiscal year ending June 30, 2013 is reflective of the RDA dissolution resulting in a decrease in property tax collections.

City of Indian Wells
Transient Occupancy Tax Collections
Last Ten Fiscal Years

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Resort Hotels	4,804,501	4,294,079	4,805,116	5,677,939	6,318,721	6,374,616	6,625,288	6,719,057	7,626,203	7,716,357
Short-term Rentals	0	0	0	12,013	23,104	32,838	117,552	281,039	229,213	226,660
Total	4,804,501	4,294,079	4,805,116	5,689,952	6,341,825	6,407,454	6,742,840	7,000,096	7,855,416	7,943,017
Transient Occupancy Tax Rate in effect	9.25%	9.25%	9.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

Source: Published CAFR Reports

a. Specific revenue detail by operator is unavailable due to confidentiality.

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

Fiscal Year End	Governmental Activities			Percentage of Personal Income	Per Capita
	Tax Allocation Bonds	Notes Payable	Total		
2009	125,895,000	-	125,895,000	25.10%	25,641
2010	132,925,000	-	132,925,000	26.66%	26,870
2011	128,910,000	-	128,910,000	24.62%	25,371
2012	- ¹	-	-	0.00%	-
2013	- ¹	-	-	0.00%	-
2014	- ¹	-	-	0.00%	-
2015	- ¹	-	-	0.00%	-
2016	- ¹	-	-	0.00%	-
2017	- ¹	-	-	0.00%	-
2018	- ¹	-	-	0.00%	-

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

Fiscal Year End	Outstanding Tax Allocation Bonds	% of Assessed Value ¹	Per Capita	Less: Amounts Set Aside To Repay Debt	Total Net Debt Applicable To Debt Limit	Legal Debt Limit	Legal Debt Margin	Legal Debt Margin as a % of Limit
2009	132,925	2.6%	25,129	37,459	95,466	732,409	636,943	87.0%
2010	128,910	2.6%	26,400	38,487	90,423	761,053	670,630	88.1%
2011	-	2.6%	25,371	36,993	(36,993)	692,612	729,605	105.3%
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%
2018	-	0.0%	-	-	-	833,007	833,007	100.0%

Legal Debt Margin Calculation for Fiscal Year 2018:

Assessed Value (From Assessor's net 02-2441)	<u>FY 2017/18</u> \$ 5,553,377,964
Legal Debt limit (15% of total assessed value)	833,006,695

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

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

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

City of Indian Wells
Direct and Overlapping Debt
June 30, 2018

2017-18 Assessed Valuation: \$ 5,553,406,058

	Total Debt 6/30/2018	%	City Share of Debt 6/30/18
		Applicable (1)	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Desert Community College District	\$ 314,935,000	7.170%	\$ 22,580,840
Desert Sands Unified School District	294,895,000	14.377%	42,397,054
Desert Sands Unified School District Community Facilities District No. 1	1,030,000	11.088%	114,206
City of Indian Wells	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 65,092,100
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Riverside County General Fund Obligations	\$ 812,829,106	2.106%	\$ 17,118,181
Riverside County Pension Obligations	266,365,000	2.106%	5,609,647
Desert Sands Unified School District Certificates of Participation	43,550,000	14.377%	6,261,184
Coachella Valley Recreation and Park District Certificates of Participation	778,538	11.436%	89,034
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			29,078,046
Less: Riverside County Administrative Center Authority (100% self-supporting)			(70,621)
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 29,007,425
OVERLAPPING TAX INCREMENT DEBT:	319,440,000	.180-100%	\$ 84,718,261
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 178,888,407
TOTAL NET OVERLAPPING DEBT			\$ 178,817,786
GROSS COMBINED TOTAL DEBT			\$ 178,888,407 ⁽²⁾
NET COMBINED TOTAL DEBT			\$ 178,817,786

(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 2017-18 Assessed Valuation:

Direct Debt 0.00%
Total Direct and Overlapping Tax and Assessment Debt 1.17%
Gross Combined Total Debt 3.22%
Net Combined Total Debt 3.22%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$3,983,042,426):

Total Overlapping Tax Increment Debt 2.13%

AB:(\$500)

Source: MuniServices

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

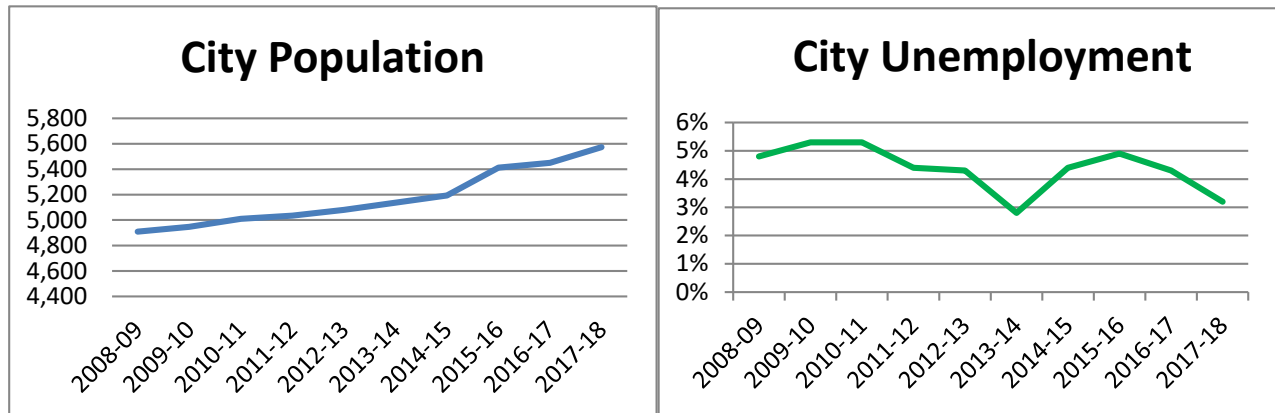
Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	<u>Debt Service</u>		Coverage
		Principal	Interest	
2009	38,486,642	3,720,000	5,838,334	4.03
2010	36,993,008	3,860,000	5,769,506	3.84
2011	34,788,614	4,015,000	5,999,053	3.47
2012	17,891,078	4,460,000	5,852,651	1.73
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-

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

City of Indian Wells

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age	Public School Enrollment (3)	City Unemployment Rate (%) (4)
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%
2017-18	5,574	513,911,206	92,198	68.5	28,708	3.2%



Source: Avenu Insights & Analytics

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**

Business Name	2017-18		2008-09	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Renaissance Esmeralda Resort	480	28.24%	525	23.69%
Hyatt Regency	415	24.41%	613	27.66%
Indian Wells Golf Resort (1)	230	13.53%	180	8.12%
Toscana Country Club	210	12.35%		0.00%
El Dorado Country Club (2)	173	10.18%	187	8.44%
Miramonte Resort and Spa	180	10.59%	235	10.60%
Indian Wells Country Club	120	7.06%	163	7.36%
Desert Horizons Country Club (1)	80	4.71%	79	3.56%
Indian Wells Resort Hotel	76	4.47%	58	2.62%
Merrill Lynch Wealth Mgmt	41	2.41%	98	4.42%
Windermer Real Estate			78	3.52%
Total Top Employers	2,005	117.94%	2,216	100%
Total City Employment (3)	1,700			

Source: Avenu Insights & Analytics

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.

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City of Indian Wells

**Full-time Equivalent City Government Employees
by Function**

Last Ten Fiscal Years

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City Manager/Clerk	6.75	6.75	4.75	4.75	4.75	4.75	4.52	4.48	4.48	5.05
Advertising/Marketing	3.00	3.00	2.00	2.00	2.00	2.00	1.97	1.97	1.97	-
Community Services	-	-	-	-	-	-	-	-	-	1.95
Risk Management	0.25	0.125	0.125	0.125	0.125	0.125	0.150	0.150	0.15	0.30
Personnel	0.25	0.125	0.125	0.125	0.125	0.125	0.450	0.450	0.45	0.55
City Attorney	0.25	0.25	0.25	0.25	0.25	0.25	0.05	0.09	0.09	0.20
Community										
Development	9.00	8.25	6.25	5.25	5.25	6.50	6.27	6.27	6.77	5.45
Finance Department	7.00	7.00	6.00	6.00	6.00	6.00	5.47	5.33	5.33	4.41
Public Safety	0.50	1.50	1.50	1.50	1.50	1.25	1.60	1.60	1.10	1.10
Public Works	8.00	8.00	8.00	8.00	8.00	8.00	7.53	7.44	7.44	7.44
Housing Authority	-	-	-	-	-	-	0.99	0.99	0.99	1.64
Golf Resort	-	-	-	-	-	-	-	0.18	0.18	0.84
Club Drive	-	-	-	-	-	-	-	0.05	0.05	0.07
Total	35.00	35.00	29.00	28.00	28.00	29.00	29.00	29.00	29.00	29.00

Source: City of Indian Wells Budget

City implemented program budgeting commencing with the 2017-2018 fiscal year

City of Indian Wells

**Operating Indicators
by Functions**

Last Ten Fiscal Years

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
-	-	3	6	6	2
141	97	87	91	96	89
66	39	29	45	39	34
88	125	136	104	116	98
838	1,251	971	1,101	1,248	1,231
704	659	751	794	818	934
118	90	102	76	79	69
4	4	4	3	1	5
-	-	-	-	2	2
774	914	845	887	774	764
3,862	4,927	5,438	4,607	3,319	3,686
35	33	37	32	33	39
3	3	4	2	4	-
3	3	5	4	1	3
66	84	59	70	82	71
2	-	1	-	-	-
82,712	81,696	78,829	77,613	74,358	74,828
21	20	18	15	8	10
11	23	18	14	15	11
53	53	49	42	49	41

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

<u>Function</u>	Units of Measure	Fiscal Year	
		2009	2010
Public safety			
Police Sub-Stations	Buildings	1.00	1.00
Fire Stations	Buildings	1.00	1.00
Highways, Streets, Bridges, & Infrastructure			
Pavement (Roadway)	Centerline Miles	25.80	25.80
Sidewalks	Miles	12.70	12.70
Bridges	Each	3.50	3.50
Traffic Signals	Each	15.25	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
Parks and recreation			
Parks	Each	1.00	1.00
18-Hole Public Golf Courses	Each	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00
City Vehicles			
City-Owned Fleet Motor Vehicles	Each	14.00	11.00
City-Owned Ambulances	Each	2.00	2.00
Affordable Housing			
Senior Affordable Housing Complexes	Each	2.00	2.00
Senior Affordable Housing Units	Each	218.00	218.00

Fiscal Year							
2011	2012	2013	2014	2015	2016	2017	2018
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	10.00	10.00	10.00	10.00	11.00	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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