



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

City of Indian Wells, California

CITY OF INDIAN WELLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

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**CITY OF INDIAN WELLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

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November 27, 2019

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, 2019. 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 analysis of the City's financial position as of June 30, 2019.

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, 2019.

Eide Bailly LLP, Certified Public Accountants issued an unmodified opinion on the City of Indian Wells financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is located in 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.

In addition to the annual audit, Eide Bailly LLP performs a number of Agreed Upon Procedures (AUPs) reviews at the Indian Wells Golf Resort, the Housing Authority communities, the Tennis Stadium, the Indian Wells hotel partners.

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, economic development, planning and community development, building and safety, arts and culture, and recreational activities.

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. The budget is 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 Association of Tennis Professionals (ATP) World Tour and the Women's Tennis Association (WTA) combined two-week event in the world, held at the Indian Wells Tennis Garden, Ironman 70.3, Desert Town Hall, and the Indian Wells Arts Festival. The Living Desert Zoo and Gardens was recently named the Best Zoo in America by 24/7 Wall Street, 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

Indian Wells' economy remains strong, and the budget projects moderate growth in all of the City's five Major General Fund revenue categories – Transient Occupancy Tax (TOT), Admissions Tax, Property Tax, Sales Tax, and Franchise Fees. Most major revenues are advancing along with the overall economy. Building activity has returned, 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 3.8% 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.

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 four 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 in order to identify the revenue necessary to maintain the high-quality standards of Indian Wells.

Action Items

- Report on key indicators and long-term cash flows

Goal 2: Encourage and Expand Economic Development Opportunities

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

Action Items

- Support approved/pending projects
- Seek new development opportunities
- Expand tourism as economic development and build business opportunities

Goal 3: Golf Resort Strategic Plan

Increase revenues at the Indian Wells Golf Resort to cover a portion of the Resident subsidy and capital costs within the next 3-5 years.

Action Items

- Expand banquet capacity and efficiency to improve financial performance
- Deliver a more consistent and favorable a la cart guest experience

Goal 4: Palm Tree Safety Program

Ensure public safety related to private palm trees throughout the City.

Action Items

- Develop an education campaign to inform the public of safety factors related to palm trees

Accomplishments

Financial

In conjunction with Goal 1: Long-term Fiscal Position

- Paid off all CalPERS unfunded liability
- 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
- 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
- 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

- Sponsorship of 2019 Margaritaville USA Pickleball National Championships, the City and Indian Wells Tennis Garden partnered to bring the first National Pickleball Championship to Indian Wells
- 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 completed
- 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 Palمراس 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 Palمراس, 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 the 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
- 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 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 Eide Bailly 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, 2019 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, 2018. 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 28 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, 2019 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, Eide Bailly LLP, Certified Public Accountants for their work and 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,

A handwritten signature in black ink, appearing to read "Cofe", written in a cursive style.

Chris Freeland
City Manager



Government Finance Officers Association

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

Presented to

**City of Indian Wells
California**

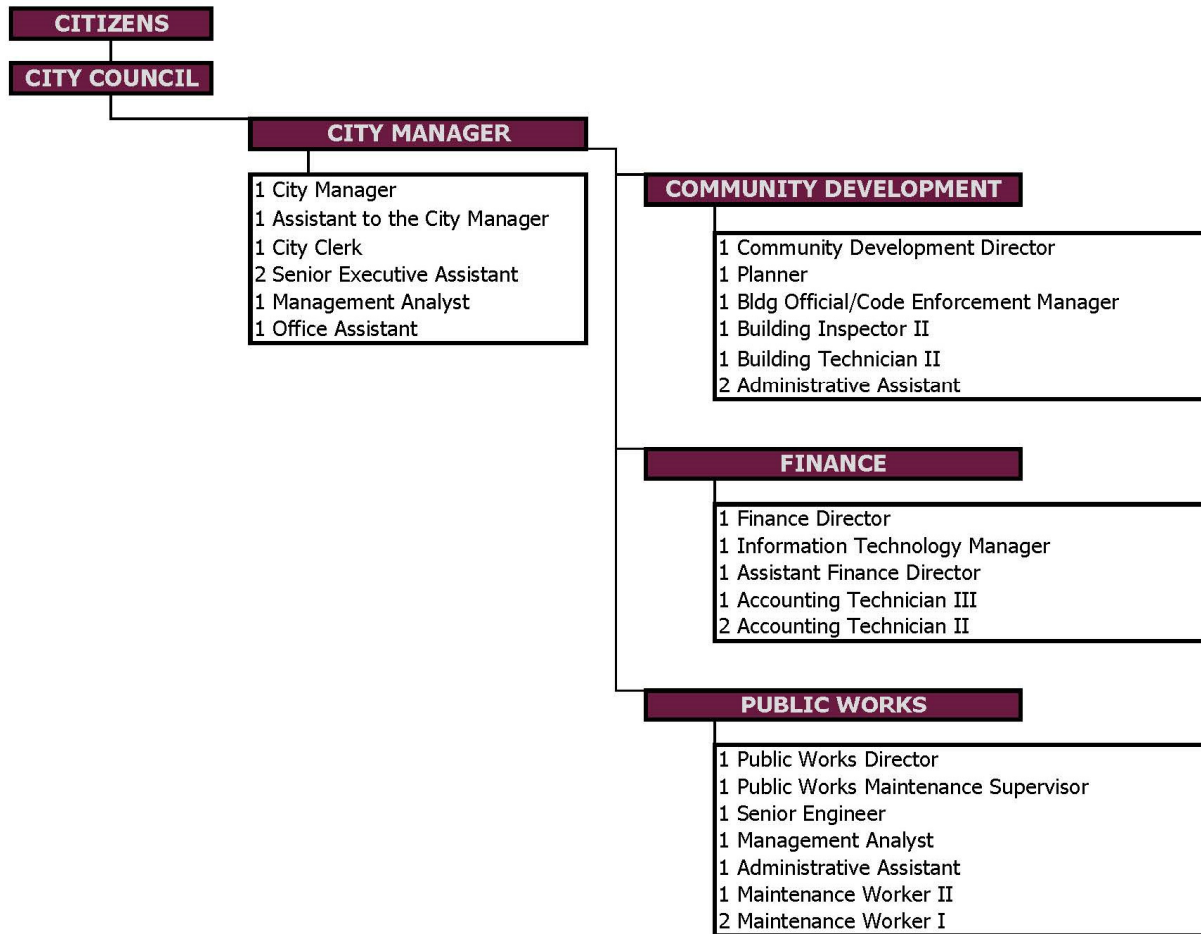
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

ORGANIZATION CHART
JUNE 30, 2019



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2019

Council – Manager Form of Government

City Council

Ted J. Mertens
Mayor

Ty Peabody
Mayor Pro Tem

Dana Reed
Council Member

Richard Balocco
Council Member

Kimberly Muzik
Council Member

City Administration

Christopher J. Freeland
City Manager

Kevin McCarthy, Finance Director



Independent Auditor's 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, 2019, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Riverside, California
November 26, 2019

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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, 2019.

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 \$311.9 million at the close of the most recent fiscal year. The net position breaks down as follows: \$216.8 million represents investment in capital assets, \$70.0 million represents unrestricted net position, and \$25.1 million is subject to legal restrictions on their use.
- Governmental Activities capital assets net of depreciation decreased \$5.0 million from \$172.0 million to \$167.0 million. The City acquired \$4.4 million in new capital assets during the fiscal year. Deletions totaled \$5.4 million and depreciation expense was \$4.0 million.
- Governmental fund balances ended the year totaling \$95.1 million. Of this amount, \$19.0 million constitutes non-spendable reserves; an additional \$25.1 million are restricted fund balances because of external limitations on spending. Approximately \$5.7 million of the governmental fund balances are committed for capital projects. In partnership with a Developer, the City has committed \$5.5 million for capital infrastructure towards the future development of the Delano Project. Assigned fund balances total \$30.5 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 \$14.8 million representing unassigned fund balances.
- The City reported a \$73,946 net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2019.
- At the end of the most recent fiscal year, the fund balance in the City's General Fund was \$40.5 million. The fund balance breaks down as follows: non-spendable assets comprise \$19.0 million in notes and loans, approximately \$5.5 million of the governmental fund balances are committed for capital projects, and \$16.0 million is unassigned. The unassigned fund balance included \$2.3 million of emergency reserves.

- As a result of this year's business activities, the Indian Wells Golf Resort collected \$15.1 million in operating revenues. Expenses at the Indian Wells Golf Resort totaled \$17.3 million. Operating costs totaled \$14.8 million, general and administrative costs totaled \$0.4 million, and depreciation totaled \$2.1 million.
- Capital assets from Business-type Activities net of depreciation decreased \$1.4 million from \$51.2 million to \$49.8 million. The Indian Wells Golf Resort acquired \$1.1 million in new capital assets during the fiscal year. Construction in progress was \$0.1 million, deletions totaled \$0.5 and depreciation expense was \$2.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Indian Wells basic financial statements. The City of Indian Wells basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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 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 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, 2019 and 2018.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and restricted assets	\$ 100.8	\$ 90.0	\$ (0.8)	\$ 2.1	\$ 100.0	\$ 92.1
Capital assets	167.0	172.0	49.8	51.2	216.8	223.2
Total Assets	267.8	262.0	49.0	53.3	316.8	315.3
Deferred Outflows of Resources	2.9	3.3	0.1	-	3.0	3.3
Current Liabilities	4.1	4.0	1.0	1.1	5.1	5.1
Proportionate share of collective net pension liability	0.1	1.5	-	-	0.1	1.5
Non-current Liabilities	0.9	0.8			0.9	0.8
Total Liabilities	5.1	6.3	1.0	1.1	6.1	7.4
Deferred Inflows of Resources	1.7	0.3	0.1	-	1.8	0.3
Net Position:						
Net investment in capital assets	167.0	172.0	49.8	51.2	216.8	223.2
Restricted						
Community development	3.1	2.7	-	-	3.1	2.7
Housing	13.9	14.6	-	-	13.9	14.6
Public safety	5.7	5.3	-	-	5.7	5.3
Public works	2.4	2.2	-	-	2.4	2.2
Unrestricted	71.8	61.9	(1.8)	1.0	70.0	62.9
Total Net Position	\$ 263.9	\$ 258.7	\$ 48.0	\$ 52.2	\$ 311.9	\$ 310.9

The City's assets exceeded liabilities by \$311.9 million at the close of the most recent fiscal year. Of the total net position, the City's net investment in capital assets is \$216.8 million and \$70.0 million represents unrestricted net position available for meeting the City's ongoing obligations to citizens and creditors.

The City restricted \$25.1 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, 2019 and 2018.

Table 2
Statement of Activities
(in Millions)

	Governmental Activities		Business -Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for services	\$ 1.7	\$ 1.3	\$ 15.1	\$ 13.8	\$ 16.8	\$ 15.1
Operating contributions and grants	8.3	7.8	-	-	8.3	7.8
Capital contributions and grants	0.2	0.2	-	-	0.2	0.2
General Revenues:						
Taxes						
Property taxes	3.4	3.3	-	-	3.4	3.3
Transient occupancy taxes	8.8	7.9	-	-	8.8	7.9
Sales taxes	1.5	1.1	-	-	1.5	1.1
Franchise taxes	1.0	0.9	-	-	1.0	0.9
Business licenses taxes	0.1	0.1	-	-	0.1	0.1
Admission taxes	3.6	3.4	-	-	3.6	3.4
Investment income	4.3	1.9	-	-	4.3	1.9
Other	0.8	0.9	-	0.4	0.8	1.3
Total Revenues	33.7	28.8	15.1	14.2	48.8	43.0
Expenses:						
General government	5.7	8.1	-	-	5.7	8.1
Public safety	9.1	9.9	-	-	9.1	9.9
Community development	6.1	2.9	-	-	6.1	2.9
Public works	9.6	6.7	-	-	9.6	6.7
Golf resort	-	-	17.3	16.4	17.3	16.4
Club Drive Building	-	-	-	-	-	-
Total Expenses	30.5	27.6	17.3	16.4	47.8	44.0
Transfers	2.0	-	(2.0)	-	-	-
Change in Net Position	\$ 5.2	\$ 1.2	\$ (4.2)	\$ (2.2)	\$ 1.0	\$ (1.0)
Net Position at Beginning of Year	258.7	261.1	52.2	54.4	310.9	315.5
Restatement of Net Position		(3.6)	-	-	-	(3.6)
Net Position, as Restated	258.7	257.5	52.2	54.4	310.9	311.9
Net Position at End of Year	\$ 263.9	\$ 258.7	\$ 48.0	\$ 52.2	\$ 311.9	\$ 310.9

Revenues:

Governmental Activities

The City collected \$33.7 million during fiscal year 2018/19 compared to \$28.8 million the previous year. The growth in revenue is primarily due to the following:

- The City collected \$18.4 million in general taxes during fiscal year 2018/19 representing an increase of \$1.7 million (+10%) compared to the prior year. Revenue growth in this category is primarily due to a 1% increase in the transient occupancy tax rate and robust tourism receipts.
- The City collected \$4.3 million of investment income during fiscal year 2018/19. Investment income increased \$2.4 million compared to the prior year primarily due to rising interest rates in the investment markets and favorable market adjustments (GASB).
- The City received \$8.3 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 \$15.1 million in operating revenues. Revenues from operations include golf fees, merchandise sales, food & beverage receipts, and event sales.

Expenses:

Governmental Activities

- Expenses for all governmental activities totaled \$30.5 million. 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 \$17.3 million as follows:
 - Operations \$14.8 million
 - General and Administration \$0.4 million
 - Depreciation \$2.1 million

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 \$95.1 million as follows:

Table 3
Fund Balances by Category
Fiscal Year Ending 6/30/2019

	<u>General Fund</u>	<u>All Other Funds</u>	<u>Total Funds</u>
Nonspendable:			
Prepaid costs	7,738	-	7,738
Notes and loans	18,945,867	-	18,945,867
Restricted for:			
Community development	-	16,978,265	16,978,265
Public safety	-	5,737,133	5,737,133
Public works	-	2,412,413	2,412,413
Committed for:			
Capital projects	5,500,000	159,190	5,659,190
Assigned To:			
Capital projects		30,525,572	30,525,572
Unassigned:	16,039,794	(1,254,477)	14,785,317
Total Fund Balances	<u>\$ 40,493,399</u>	<u>\$ 54,558,096</u>	<u>\$ 95,051,495</u>

Governmental fund balances ended the year totaling \$95.1 million. Of this amount, \$19.0 million constitutes non-spendable reserves; an additional \$25.1 million are restricted fund balances because of external limitations on spending.

Approximately \$5.7 million of the governmental fund balances are committed for capital projects. In partnership with a Developer, the City has reserved \$5.5 million for capital infrastructure towards the future development of the Delano Project.

Assigned fund balances total \$30.5 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 \$14.8 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 6/30/2019

	Golf Resort Operations	Club Drive Property	Total
Operating Revenues:			
Charges for services	\$ 15,108,397	\$ -	\$ 15,108,397
Total Revenues	15,108,397	-	15,108,397
Operating Expenses:			
Operations	14,819,685	-	14,819,685
General and Administration	352,342	7,000	359,342
Depreciation	2,143,751	-	2,143,751
Total Expenditures	17,315,778	7,000	17,322,778
Operating Income (loss)	(2,207,381)	(7,000)	(2,214,381)
Non-operating Revenues (Expenses)			
Investment Income (loss)	-	8,006	8,006
Income (Loss) before transfers	(2,207,381)	1,006	(2,206,375)
Transfers in			
Transfers out		(2,004,611)	(2,004,611)
Changes in Net Position	(2,207,381)	(2,003,605)	(4,210,986)
Net Position, Beginning of the Year	50,219,305	2,003,605	52,222,910
Net Position at End of Year	\$ 48,011,924	\$ -	\$ 48,011,924

As a result of this year's business activities, the Indian Wells Golf Resort collected \$15.1 million in operating revenues. Revenues from operations include golf fees, food & beverage receipts, and event sales.

Expenses at the Indian Wells Golf Resort totaled \$17.3 million. Operating costs totaled \$14.8 million, general and administrative costs totaled \$0.4 million, and depreciation totaled \$2.1 million.

In March 2018, the City sold the Club Drive Property to a medical practice and in fiscal year 2018/19, the Club Drive Property Fund was closed.

The General Fund

The General Fund is the primary operating fund of the City. At the end of the most recent fiscal year, the fund balance in the City's General Fund was \$40.1 million. The fund balance breaks down as follows: non-spendable assets comprise \$19.0 million in notes and loans, approximately \$5.5 million of the governmental fund balances are committed for capital projects, and \$16.0 million is unassigned. The unassigned fund balance included \$2.3 million of emergency reserves.

Table 5
General Fund Financial Summary

	2019	2018	\$ Change	% Change
Revenues:				
Taxes	\$ 18,057,355	\$ 16,353,573	\$ 1,703,782	10.4%
Licenses and permits	504,326	462,426	41,900	9.1%
Intergovernmental	478,269	444,372	33,897	7.6%
Charges for services	485,714	576,143	(90,429)	-15.7%
Interest income	747,096	56,257	690,839	1228.0%
Fines and forfeitures	43,100	39,584	3,516	8.9%
Other income	479,349	609,054	(129,705)	-21.3%
Total Revenues	20,795,209	18,541,409	2,253,800	12.2%
Expenditures:				
General government	7,023,498	7,025,621	(2,123)	0.0%
Public safety	3,646,539	3,479,352	167,187	4.8%
Community development	1,401,939	1,429,142	(27,203)	-1.9%
Public works	2,160,868	1,970,241	190,627	9.7%
Total Expenditures	14,232,844	13,904,356	328,488	2.4%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,562,365	\$ 4,637,053	\$ 1,925,312	41.5%
Other Financing Sources (Uses)				
Transfer in	1,242,257	-	1,242,257	100.0%
Transfer out	(4,450,000)	(4,121,960)	(328,040)	8.0%
Total Transfers	(3,207,743)	(4,121,960)	914,217	-22.2%
Net Change in Fund Balance	3,354,622	515,093	2,839,529	551.3%

General Fund revenues increased 12.2% during fiscal year 2018/19 compared to the prior year primarily due to strong property tax and tourism tax collections. Total taxes climbed 10.4% with property taxes, transient occupancy taxes and admissions taxes experiencing most of the growth.

Investment income increased compared to the prior year primarily due to a favorable GASB 31 market valuation adjustment in the current fiscal year. General Fund expenditures increased \$1.9 million (2.4%) during fiscal year 2018/19 primarily due to increases to public safety costs and robust public works projects. See Fund Financial Statements tab page 26-32.

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)

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Government Activities				
General government	\$ 5,701,156	\$ 8,102,188	\$ (5,179,787)	\$ (7,618,232)
Public safety	9,115,680	9,918,617	(3,372,127)	(4,854,916)
Community development	6,117,322	2,867,417	(5,127,282)	(1,828,848)
Public works	9,598,922	6,685,611	(6,644,779)	(3,942,763)
Total Governmental Activities	30,533,080	27,573,833	(20,323,975)	(18,244,759)
Business-Type Activities				
Golf resort	17,315,778	16,386,499	(2,207,381)	(2,648,321)
Other	7,000	31,781	(7,000)	50,361
Total Business-Type Activates	17,322,778	16,418,280	(2,214,381)	(2,597,960)
Total Primary Government	\$ 47,855,858	\$ 43,992,113	\$ (22,538,356)	\$ (20,842,719)

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, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 48,706,246	\$ -	\$ (4,487,463)	\$ 44,218,783
Construction in progress	799,975	5,717	(720,765)	84,927
Total capital assets not being depreciated	49,506,221	5,717	(5,208,228)	44,303,710
Capital assets, being depreciated:				
Intangible	2,500,000	-	-	2,500,000
Buildings and improvements	65,264,734	2,802,995	(890,336)	67,177,393
Equipment	1,530,699	20,492	-	1,551,191
Infrastructure	112,405,945	1,587,649	-	113,993,594
Total capital assets being depreciated	181,701,378	4,411,136	(890,336)	185,222,178
Less accumulated depreciation for:				
Intangible	(1,375,000)	(250,000)	-	(1,625,000)
Buildings and improvements	(24,986,851)	(1,664,577)	694,347	(25,957,081)
Equipment	(1,449,655)	(34,223)	-	(1,483,878)
Infrastructure	(31,388,468)	(2,069,275)	-	(33,457,743)
Total accumulated depreciation	(59,199,974)	(4,018,075)	694,347	(62,523,702)
Total capital assets being depreciated, net	122,501,404	393,061	(195,989)	122,698,476
Total capital assets, net	\$ 172,007,625	\$ 398,778	\$ (5,404,217)	\$ 167,002,186

The City completed \$4.4 million in new capital assets during the fiscal year. Construction in process was \$0.1 million. The City spent \$2.8 million in buildings and improvements including \$0.7 million on fire station improvements, an additional \$0.2 million on traffic safety improvements, and \$1.3 million in building repairs at Mountain View Villas. The City spent \$0.7 million for street improvements along Cook Street and \$0.8 million for roadway improvements throughout the City. Drainage improvements accounted for an additional \$0.1 million.

Deletions totaled \$5.4 million and depreciation expense was \$4.0 million. The net investment in capital assets decreased \$5.0 million from \$172.0 million to \$167.0 million.

Business-Type Activities

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 13,910,956	\$ -	\$ -	\$ 13,910,956
Construction in progress	484,293	133,938	(484,293)	133,938
Total capital assets not being depreciated	14,395,249	133,938	(484,293)	14,044,894
Capital assets, being depreciated:				
Buildings and improvements	82,908,997	834,131	-	83,743,128
Equipment	5,679,893	282,864	(702,461)	5,260,296
Infrastructure	433,389	-	-	433,389
Total capital assets being depreciated	89,022,279	1,116,995	(702,461)	89,436,813
Less accumulated depreciation for:				
Buildings and improvements	(47,017,820)	(1,955,418)	-	(48,973,238)
Equipment	(5,114,622)	(181,110)	702,461	(4,593,271)
Infrastructure	(86,677)	(7,223)	-	(93,900)
Total accumulated depreciation	(52,219,119)	(2,143,751)	702,461	(53,660,409)
Total capital assets being depreciated, net	36,803,160	(1,026,756)	-	35,776,404
Total capital assets, net	\$ 51,198,409	\$ (892,818)	\$ (484,293)	\$ 49,821,298

The Indian Wells Golf Resort completed \$1.1 million in new capital assets during the fiscal year including enhancements to the driving range, VUE Grill and Bar, and the purchase of a new food truck. Construction in process was \$0.1 million. Total depreciation is \$2.1 million and deletions (net) was \$0.4 million.

The net investment in capital assets decreased \$1.4 million from \$51.2 million to \$49.8 million. Details of the City's capital assets can be found in Note 7 Capital Assets on page 56-57 of the Notes to Basic Financial Statements.

General Fund Budgetary Highlights

Actual revenues received in the General Fund were \$3.3 million higher than budgeted primarily attributed to the following:

- Strong property tax and tourism tax collections outpaced budgeted expectations.
- Favorable GASB 31 market valuation adjustment to investment income in the current fiscal year.
- Transfers in due to closure of Club Drive enterprise fund.

The final budget for General Fund expenditures and transfers out was \$2.2 million higher than the original budget due to increases/(decreases) in appropriations primarily attributed to the following:

- Transfers to the City Capital Improvement Fund for capital acquisitions and improvements.

Long-term Liabilities

At year-end, the City governmental activities had \$1.1 million of long-term liabilities.

Table 9
Summary of Changes in Long-Term Liabilities

Description	2019	2018	\$ Change	% Change
Net Pension Liability	\$ 73,946	\$ 1,526,915	\$ (1,452,969)	-95.2%
Net OPEB Liability	621,813	839,000	(217,187)	-25.9%
Compensated absences	420,081	431,513	(11,432)	-2.6%
Total Long Term Debt	<u>\$ 1,115,840</u>	<u>\$ 2,797,428</u>	<u>\$ (1,681,588)</u>	<u>-60.1%</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, 2019, in the amount of \$0.1 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, 2017 and 2018, was as follows:

Proportion - June 30, 2017	0.0154%
Proportion - June 30, 2018	0.0008%
Change - Increase/(Decrease)	-0.0146%

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 \$0.6 million as of June 30, 2019.

The City reported \$0.4 million in compensated absences liability as of June 30, 2019. 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, 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

Indian Wells' economy remains strong, and the budget projects moderate growth in all of the City's five Major General Fund revenue categories – Transient Occupancy Tax (TOT), Admissions Tax, Property Tax, Sales Tax, and Franchise Fees. Most major revenues are advancing along with the overall economy. Building activity has returned, 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 3.8% per year. Cost increases reference historical trends and are inflationary in nature.

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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 71,048,266	\$ 325,585	\$ 71,373,851
Restricted cash and investments	733,924	-	733,924
Receivables:			
Accounts	1,572,801	748,181	2,320,982
Accrued interest	267,964	-	267,964
Prepaid costs	7,738	550,878	558,616
Inventories	-	132,350	132,350
Other assets	108,955	-	108,955
Internal balances	2,598,570	(2,598,570)	-
Notes receivable	1,333,850	-	1,333,850
Due from Successor Agency	23,212,777	-	23,212,777
Capital assets not being depreciated	44,303,710	14,044,894	58,348,604
Capital assets, net of depreciation	122,698,476	35,776,404	158,474,880
Total Assets	267,887,031	48,979,722	316,866,753
Deferred Outflows of Resources			
Deferred amounts related to pensions	2,511,619	74,746	2,586,365
Deferred amounts related to OPEB	389,962	-	389,962
Total Deferred Outflows of Resources	2,901,581	74,746	2,976,327
Liabilities			
Current liabilities:			
Accounts payable	3,439,420	967,654	4,407,074
Accrued liabilities	74,801	3,392	78,193
Deposits payable	522,761	19,299	542,060
Compensated absences	93,744	-	93,744
Total current liabilities	4,130,726	990,345	5,121,071
Noncurrent liabilities:			
Compensated absences	326,337	-	326,337
Proportionate share of net pension liability	71,809	2,137	73,946
Net OPEB liability	621,813	-	621,813
Total noncurrent liabilities	1,019,959	2,137	1,022,096
Total Liabilities	5,150,685	992,482	6,143,167
Deferred Inflows of Resources			
Deferred amounts related to pensions	1,682,181	50,062	1,732,243
Deferred amounts related to OPEB	39,191	-	39,191
Total Deferred Inflows of Resources	1,721,372	50,062	1,771,434
Net Position			
Net investment in capital assets	167,002,186	49,821,298	216,823,484
Restricted for:			
Community development projects	3,108,085	-	3,108,085
Housing	13,870,180	-	13,870,180
Public safety	5,737,133	-	5,737,133
Public works	2,412,413	-	2,412,413
Unrestricted	71,786,558	(1,809,374)	69,977,184
Total Net Position	\$ 263,916,555	\$ 48,011,924	\$ 311,928,479

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

<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	\$ 5,701,156	\$ 43,100	\$ 478,269	\$ -
Public safety	9,115,680	600,091	5,143,462	-
Community development	6,117,322	990,040	-	-
Public works	9,598,922	12,124	2,705,844	236,175
Total Governmental Activities	30,533,080	1,645,355	8,327,575	236,175
Business-type Activities				
Golf Resort Operations	17,315,778	15,108,397	-	-
Club Drive Property	7,000	-	-	-
Total Business-type Activities	17,322,778	15,108,397	-	-
Total Primary Government	\$ 47,855,858	\$ 16,753,752	\$ 8,327,575	\$ 236,175

General Revenues

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Admission taxes

Investment income

Other

Transfers

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

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
\$ (5,179,787)	\$ -	\$ (5,179,787)
(3,372,127)	-	(3,372,127)
(5,127,282)	-	(5,127,282)
(6,644,779)	-	(6,644,779)
(20,323,975)	-	(20,323,975)
-	(2,207,381)	(2,207,381)
-	(7,000)	(7,000)
-	(2,214,381)	(2,214,381)
(20,323,975)	(2,214,381)	(22,538,356)
3,398,657	-	3,398,657
8,835,433	-	8,835,433
1,493,254	-	1,493,254
992,865	-	992,865
134,691	-	134,691
3,540,094	-	3,540,094
4,336,032	8,006	4,344,038
785,799	-	785,799
2,004,611	(2,004,611)	-
25,521,436	(1,996,605)	23,524,831
5,197,461	(4,210,986)	986,475
258,719,094	52,222,910	310,942,004
\$ 263,916,555	\$ 48,011,924	\$ 311,928,479

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
Assets			
Cash and investments	\$ 19,206,352	\$ 8,500,779	\$ 3,075,935
Receivables:			
Accounts	1,111,069	-	197,074
Accrued interest	71,154	32,313	11,692
Prepaid costs	7,738	-	-
Other assets	108,955	-	-
Due from other funds	3,853,047	-	-
Notes receivable	1,206,675	-	-
Due from Successor Agency	17,739,192	5,473,585	-
Total Assets	<u>\$ 43,304,182</u>	<u>\$ 14,006,677</u>	<u>\$ 3,284,701</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,318,271	\$ 132,142	\$ 227,427
Accrued liabilities	68,239	4,355	2,017
Deposits payable	424,273	-	-
Due to other funds	-	-	-
Total Liabilities	<u>2,810,783</u>	<u>136,497</u>	<u>229,444</u>
Fund Balances			
Nonspendable			
Prepaid costs	7,738	-	-
Notes and loans	18,945,867	-	-
Restricted for			
Community development	-	13,870,180	-
Public safety	-	-	3,055,257
Public works	-	-	-
Committed to			
Capital projects	5,500,000	-	-
Assigned			
Capital projects	-	-	-
Unassigned	<u>16,039,794</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>40,493,399</u>	<u>13,870,180</u>	<u>3,055,257</u>
Total Liabilities and Fund Balances	<u>\$ 43,304,182</u>	<u>\$ 14,006,677</u>	<u>\$ 3,284,701</u>

See accompanying notes to basic financial statements.

Capital Projects Funds

Park Facilities In Lieu	City Streets Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 18,124,283	\$ 21,082,396	\$ 69,989,745
-	-	264,658	1,572,801
-	68,895	79,887	263,941
-	-	-	7,738
-	-	-	108,955
-	-	-	3,853,047
-	-	127,175	1,333,850
-	-	-	23,212,777
\$ -	\$ 18,193,178	\$ 21,554,116	\$ 100,342,854
\$ -	\$ -	\$ 761,580	\$ 3,439,420
-	-	90	74,701
-	-	98,488	522,761
1,225,487	-	28,990	1,254,477
1,225,487	-	889,148	5,291,359
-	-	-	7,738
-	-	-	18,945,867
-	-	3,108,085	16,978,265
-	-	2,681,876	5,737,133
-	-	2,412,413	2,412,413
-	-	159,190	5,659,190
-	18,193,178	12,332,394	30,525,572
(1,225,487)	-	(28,990)	14,785,317
(1,225,487)	18,193,178	20,664,968	95,051,495
\$ -	\$ 18,193,178	\$ 21,554,116	\$ 100,342,854

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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, 2019**

Fund Balances of Governmental Funds \$ 95,051,495

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 167,002,186

Compensated absences are not considered due and payable and therefore have not been included in the governmental funds (420,081)

Deferred outflows related to pensions 2,511,619

Deferred inflows related to pensions (1,682,181)

Proportionate share of net pension liability has not been included in governmental fund activity (71,809)

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

1,525,326

Net Position of Governmental Activities \$ 263,916,555

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, 2019

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>Emergency Services Upgrade</u>
Revenues			
Taxes	\$ 18,057,355	\$ -	\$ 3,139,323
Licenses and permits	504,326	-	-
Intergovernmental	478,269	-	-
Charges for services	485,714	-	599,541
Investment income	747,096	312,958	104,103
Fines and forfeitures	43,100	-	-
Rental income	-	-	-
Assessments	-	-	617,839
Developer fees	-	-	-
Other income	479,349	-	13,576
Total Revenues	20,795,209	312,958	4,474,382
Expenditures			
Current:			
General government	7,023,498	1,783,077	-
Public safety	3,646,539	-	3,743,527
Community development	1,401,939	200,000	-
Public works	2,160,868	-	-
Capital outlay	-	-	718,049
Total Expenditures	14,232,844	1,983,077	4,461,576
Excess (deficiency) of revenues over (under) expenditures	6,562,365	(1,670,119)	12,806
Other Financing Sources (Uses)			
Proceeds from sale of land	-	907,592	-
Transfers in	1,242,257	-	-
Transfers out	(4,450,000)	-	-
Total Other Financing Sources (Uses)	(3,207,743)	907,592	-
Net change in fund balances	3,354,622	(762,527)	12,806
Fund Balances, Beginning of Year	37,138,777	14,632,707	3,042,451
Fund Balances, End of Year	\$ 40,493,399	\$ 13,870,180	\$ 3,055,257

See accompanying notes to basic financial statements.

Capital Projects			
Park Facilities In Lieu	City Streets Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 337,639	\$ 21,534,317
-	-	550	504,876
-	-	767,837	1,246,106
-	-	-	1,085,255
-	419,089	909,185	2,492,431
-	-	12,124	55,224
-	-	1,766,444	1,766,444
-	-	3,391,683	4,009,522
49,168	-	119,630	168,798
-	-	292,874	785,799
49,168	419,089	7,597,966	33,648,772
-	-	188,883	8,995,458
-	-	1,297,537	8,687,603
-	-	1,408,171	3,010,110
-	-	2,650,399	4,811,267
-	-	2,859,803	3,577,852
-	-	8,404,793	29,082,290
49,168	419,089	(806,827)	4,566,482
-	-	3,444,257	4,351,849
-	17,774,089	6,308,860	25,325,206
-	-	(18,870,595)	(23,320,595)
-	17,774,089	(9,117,478)	6,356,460
49,168	18,193,178	(9,924,305)	10,922,942
(1,274,655)	-	30,589,273	84,128,553
\$ (1,225,487)	\$ 18,193,178	\$ 20,664,968	\$ 95,051,495

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, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ 10,922,942
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital projects (outlays) as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. Adjustments for capital outlay, net of asset deletions and the net depreciation expense is reported in the governmental activities	(5,005,439)
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	11,432
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	(220,002)
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	(511,472)
Change in net position of governmental activities	<u>\$ 5,197,461</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Assets				
Current Assets				
Cash and investments	\$ 325,585	\$ -	\$ 325,585	\$ 1,058,521
Restricted cash and investments	-	-	-	733,924
Receivables:				
Accounts	748,181	-	748,181	-
Accrued interest	-	-	-	4,023
Prepaid costs	550,878	-	550,878	-
Inventories	132,350	-	132,350	-
Total Current Assets	<u>1,756,994</u>	<u>-</u>	<u>1,756,994</u>	<u>1,796,468</u>
Noncurrent Assets				
Notes receivable	-	-	-	-
Capital assets, not being depreciated	14,044,894	-	14,044,894	-
Capital assets, net of depreciation	35,776,404	-	35,776,404	-
Total Noncurrent Assets	<u>49,821,298</u>	<u>-</u>	<u>49,821,298</u>	<u>-</u>
Total Assets	<u>51,578,292</u>	<u>-</u>	<u>51,578,292</u>	<u>1,796,468</u>
Deferred Outflows of Resources				
Deferred amounts related to pension	74,746	-	74,746	-
Deferred amounts related to OPEB	-	-	-	389,962
Total Deferred Outflows of Resources	<u>74,746</u>	<u>-</u>	<u>74,746</u>	<u>389,962</u>
Liabilities				
Current Liabilities				
Accounts payable	967,654	-	967,654	-
Accrued liabilities	3,392	-	3,392	100
Deposits payable	19,299	-	19,299	-
Due to other funds	2,598,570	-	2,598,570	-
Total Current Liabilities	<u>3,588,915</u>	<u>-</u>	<u>3,588,915</u>	<u>100</u>
Noncurrent Liabilities				
Proportionate share of net pension liability	2,137	-	2,137	-
Net OPEB liability	-	-	-	621,813
Total Noncurrent Liabilities	<u>2,137</u>	<u>-</u>	<u>2,137</u>	<u>621,813</u>
Total Liabilities	<u>3,591,052</u>	<u>-</u>	<u>3,591,052</u>	<u>621,913</u>
Deferred Inflows of Resources				
Deferred amounts related to pension	50,062	-	50,062	-
Deferred amounts related to OPEB	-	-	-	39,191
Total Deferred Inflows of Resources	<u>50,062</u>	<u>-</u>	<u>50,062</u>	<u>39,191</u>
Net Position				
Net investment in capital assets	49,821,298	-	49,821,298	-
Restricted Section 115 Trust	-	-	-	112,111
Unrestricted	(1,809,374)	-	(1,809,374)	1,413,215
Total Net Position	<u>\$ 48,011,924</u>	<u>\$ -</u>	<u>\$ 48,011,924</u>	<u>\$ 1,525,326</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Business-Type Activities			Governmental Activities
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Operating Revenues				
Charges for services	\$ 15,108,397	\$ -	\$ 15,108,397	\$ -
Interdepartmental charges	-	-	-	1,696,794
Total Operating Revenues	15,108,397	-	15,108,397	1,696,794
Operating Expenses				
Operations	14,819,685	-	14,819,685	-
General and administration	352,342	7,000	359,342	2,285,424
Depreciation	2,143,751	-	2,143,751	-
Total Operating Expenses	17,315,778	7,000	17,322,778	2,285,424
Operating Income (Loss)	(2,207,381)	(7,000)	(2,214,381)	(588,630)
Nonoperating Revenues (Expenses)				
Interest income	-	8,006	8,006	77,158
Income (Loss) before transfers	(2,207,381)	1,006	(2,206,375)	(511,472)
Transfers in	-	-	-	-
Transfers out	-	(2,004,611)	(2,004,611)	-
Total Transfers	-	(2,004,611)	(2,004,611)	-
Changes in Net Position	(2,207,381)	(2,003,605)	(4,210,986)	(511,472)
Net Position, Beginning of the Year	50,219,305	2,003,605	52,222,910	2,036,798
Net Position, End of Year	\$ 48,011,924	\$ -	\$ 48,011,924	\$ 1,525,326

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	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	\$ 14,462,008	\$ -	\$ 14,462,008	\$ -
Cash received from interfund service provided	-	-	-	1,338,458
Cash payments to suppliers for goods and services	(14,397,966)	(89)	(14,398,055)	(2,327,464)
Cash payments to employees for services	(608,313)	(5,510)	(613,823)	-
Net cash provided by (used for) operating activities	(544,271)	(5,599)	(549,870)	(989,006)
Cash flows from non-capital financing activities:				
Cash paid to other funds	-	(762,354)	(762,354)	-
Cash recieved from other funds	1,117,215	-	1,117,215	-
Net cash provided by (used for) noncapital financing activities	1,117,215	(762,354)	354,861	-
Cash flows from capital and related financing activities:				
Purchase of capital assets	(766,640)	-	(766,640)	-
Net cash provided by capital and related financing activities	(766,640)	-	(766,640)	-
Cash flows from investing activities:				
Interest received on investments	-	10,086	10,086	43,624
Net cash provided by (used for) investing financing activities	-	10,086	10,086	43,624
Net increase (decrease) in cash and cash equivalents	(193,696)	(757,867)	(951,563)	(945,382)
Cash and cash equivalents at beginning of year	519,281	757,867	1,277,148	-
Cash and cash equivalents at end of year	\$ 325,585	\$ -	\$ 325,585	\$ 1,058,521

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

**STATEMENT OF CASH FLOWS, (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019**

	Business-Type Activities			Governmental
	Golf Resort Operations	Non Major Fund Club Drive Property Fund	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (2,207,381)	\$ (7,000)	\$ (2,214,381)	\$ (588,630)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,143,751	-	2,143,751	-
(Increase) decrease in accounts receivable	(646,389)	-	(646,389)	-
(Decrease) in prepaids	194,766	-	194,766	-
(Decrease) in inventory	63,820	-	63,820	-
Increase/(decrease) in net OPEB liability	-	-	-	(400,376)
Increase/(decrease) related to deferred outflows for contributions subsequent to measurement date	(57,486)	4,795	(52,691)	-
Increase/(decrease) in accounts payable	163,133	(89)	163,044	-
Increase/(decrease) in accrued liabilities	158	(209)	(51)	-
Increase/(decrease) in deposits payable	(239,698)	-	(239,698)	-
(Decrease) in net pension liability	(7,340)	(2,633)	(9,973)	-
Increase/(decrease) related to deferred inflows related to pension subsequent to measurement date	48,395	(463)	47,932	-
Net cash provided by (used for) operating activities	<u>\$ (544,271)</u>	<u>\$ (5,599)</u>	<u>\$ (549,870)</u>	<u>\$ (989,006)</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2019

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets	
Cash and investments	\$ 10,083,869
Receivables:	
Accrued interest	38,331
Prepaid costs	135,246
Restricted assets:	
Cash and investments with fiscal agents	796,965
Total Assets	11,054,411
Deferred Outflows of Resources	
Deferred loss on refunding	391,526
Liabilities	
Accrued interest	1,202,601
Due to City	17,739,192
Long-term liabilities:	
Due in one year	7,720,585
Due in more than one year	85,075,040
Total Liabilities	111,737,418
Net Position (deficit)	
Held in trust for other purposes	\$ (100,291,481)

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, 2019

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions	
Taxes	\$ 11,897,591
Deductions	
Administrative expenses	321,204
Interest and fiscal charges	2,681,520
Total Deductions	3,002,724
Changes in Net Position	8,894,867
Net Position (deficit) - Beginning of the Year	(109,186,348)
Net Position (deficit) - End of the Year	\$ (100,291,481)

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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 along with two appointed tenant commissioners serves as the governing board of the Housing Authority. 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, 2019**

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, 2019**

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, 2019**

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, 2019**

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

c. Fund Classifications, (Continued):

City Streets Capital Reserve– This fund establishes reserve funding for streets throughout the City. Funding allows for an array of maintenance projects to extend the city roadways’ life. The City follows the Pavement Management Program (PMP) to identify street projects in the categories of slurry seal, overlay and reconstruction.

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. In fiscal year 2017-18 the property was sold. In fiscal year 2018-19 this fund was closed and the account balances were transferred to the general fund and capital improvement fund.

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 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, 2019**

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:

All assets in the Section 115 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	5-60 years
Intangible assets	Depreciated over contractual life

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, 2019**

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 9 and 12 for items identified as deferred inflows and outflows related to pension and other post employment benefits, respectively, as of June 30.

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 annually. 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, 2019**

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 or 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, 2019**

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, 2019

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, 2018
Measurement Period	July 1, 2017 to June 30, 2018

r. **New Accounting Pronouncements:**

Adopted in the Current Year

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. The City has determined that the requirements of this statement had no material impact to the financial statements.

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. The City has determined that the requirements of this statement had no material impact to the financial statements.

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. 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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

r. New Accounting Pronouncements, (Continued):

Effective in Future Years, (Continued)

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. 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 issued 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.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for reporting periods beginning after December 15, 2020.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2019, are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Cash and investments	\$ 71,048,266	\$ 325,585	\$ 10,083,869	\$ 81,457,720
Restricted assets:				
Restricted cash and investments	733,924	-	-	733,924
Cash and investments with fiscal agent	-	-	796,965	796,965
	<u>\$ 71,782,190</u>	<u>\$ 325,585</u>	<u>\$ 10,880,834</u>	<u>\$ 82,988,609</u>

Cash and investments at June 30, 2019, consisted of the following:

Petty cash	\$ 1,400
Demand accounts	7,587,708
Investments	<u>75,399,501</u>
Total Cash and Investments	<u>\$ 82,988,609</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019**

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 strategic range allowed for Equity and Fixed Income Mutual Funds is 50-70% and 30-50%, 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	\$ 9,959,410	\$ 20,960,650	\$ 7,016,620	\$ 37,936,680
Negotiable Certificates of Deposit	-	3,491,629	4,058,946	7,550,575
Local Agency Investment Fund	15,899,170	-	-	15,899,170
Medium Term Corporate Notes	-	4,010,030	7,984,247	11,994,277
Local Agency Bonds	-	487,910	-	487,910
Section 115 Trust				
Equity Mutual Funds	435,508	-	-	435,508
Fixed Income Mutual Funds	274,784	-	-	274,784
Money Market Mutual Funds	23,632	-	-	23,632
Held by Fiscal Agent				
Money Market Mutual Funds	796,965	-	-	796,965
Total	\$ 27,389,469	\$ 28,950,219	\$ 19,059,813	\$ 75,399,501

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, 2019**

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Investments' fair value measurements are as follows as of June 30, 2019

	Fair Value	Level 1	Level 2
Federal Agency Securities	\$ 37,936,680	\$ -	\$ 37,936,680
Medium Term Corporate Notes	11,994,277	-	11,994,277
Negotiable Certificates of Deposit	7,550,575	-	7,550,575
Local Agency Bonds	487,910	-	487,910
Section 115 Trust			
Equity Mutual Funds	435,508	435,508	-
Fixed Income Mutual Funds	274,784	274,784	-
Total Levelled Investments	58,679,734	\$ 710,292	\$ 57,969,442
Local Agency Investment Fund	15,899,170		
Section 115 Trust			
Money Market Mutual Funds	23,632		
Held by Fiscal Agent			
Money Market Mutual Funds	796,965		
Total Investment Portfolio	\$ 75,399,501		

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, 2019	Not Rated	AAA	AA	A
Federal Agency Securities	n/a	\$ 37,936,680	\$ -	\$ -	\$ 37,936,680	\$ -
Negotiable Certificates of Deposit	n/a	7,550,575	7,550,575	-	-	-
Local Agency Investment Fund	n/a	15,899,170	15,899,170	-	-	-
Medium Term Corporate Notes	A	11,994,277	-	-	5,065,230	6,929,047
Local Agency Bonds	A	487,910	-	-	487,910	-
Section 115 Trust		-				
Equity Mutual Funds	n/a	435,508	435,508	-	-	-
Fixed Income Mutual Funds	n/a	274,784	274,784	-	-	-
Money Market Mutual Funds	n/a	23,632	-	23,632	-	-
Held by Fiscal Agent		-				
Money Market Mutual Funds	A	796,965	-	-	-	796,965
Total		\$ 75,399,501	\$ 24,160,037	\$ 23,632	\$ 43,489,820	\$ 7,726,012

*n/a - not applicable

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 Farm Credit Bank	Federal Agency Securities	\$ 9,991,800	13%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	11,012,710	15%
Federal Home Loan Bank	Federal Agency Securities	12,956,800	17%
Federal National Mortgage Association	Federal Agency Securities	3,975,370	5%

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, 2019**

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2019, are composed of the following:

	Other Receivable	Taxes Receivable	Total
Governmental Activities:			
General	\$ 183,975	\$ 927,094	\$ 1,111,069
Emergency Services Operations	23,679	173,395	197,074
Nonmajor Governmental Funds	44,689	219,969	264,658
Total Governmental Activities	<u>\$ 252,343</u>	<u>\$ 1,320,458</u>	<u>\$ 1,572,801</u>
Business-type Activities:			
Golf Resort Operations	<u>\$ 748,181</u>	<u>\$ -</u>	<u>\$ 748,181</u>

NOTE 4 – NOTES RECEIVABLE

	Outstanding at June 30, 2019
Governmental Activities:	
Indian Wells Village Utility Undergrounding	\$ 127,175
Club Drive Property Sale	1,206,675
Total	<u>\$ 1,333,850</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 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, 2019**

NOTE 5 – DUE TO AND DUE FROM OTHER FUNDS

Interfund receivables and payable balances at June 30, 2019, are as follows:

Due to Other Funds	Due From Other Funds	Amount
Park Facilities in Lieu	General Fund	\$ 1,225,487
Golf Resort	General Fund	2,598,570
Non-major Governmental Funds	General Fund	28,990
		<u>\$ 3,853,047</u>

The General Fund Receivable from the Park Facilities in Lieu Fund of \$1,225,487 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 \$2,598,570 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, 2019, are as follows:

Transfer Out of Fund	Transfer In to Fund	Amount
Club Drive Property Fund	General Fund	\$ 1,242,257
Club Drive Property Fund	Non-major Governmental Funds	762,354
General Fund	Non-major Governmental Funds	4,450,000
Non-major Governmental Funds	City Streets Capital Reserve	17,774,089
Non-major Governmental Funds	Non-major Governmental Funds	1,096,506
		<u>\$ 25,325,206</u>

The Club Drive Property Fund transferred \$1,242,257 to the General Fund related to the closing of the fund. The transfer consisted of the Notes Receivable relating to the Club Drive Property sale at 45200 Club Drive to Indian Wells Medical Offices, LLC in the fiscal year 2017-18.

The Club Drive Property Fund transferred \$762,354 to close out the remaining fund balance to the Non-major Governmental Fund - Capital Improvement.

The General Fund transferred \$3,100,000 to Non-Major Governmental Fund – Capital Improvement to fund approved Construction In Progress.

The General Fund transferred \$1,350,000 to Non-Major Governmental Fund – Buildings Capital Reserve for future capital replacement needs.

The Non-major Governmental Funds - Buildings Capital Reserve, Bridges Capital Reserve, Medians & Parkways Capital Reserve, Storm Drains Capital Reserve, and Traffic Signals Capital Reserve transferred \$17,774,089 to City Streets Capital Reserve Fund per the amended Capital Asset reserve reallocation.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – INTERFUND TRANSFERS, (CONTINUED)

The Non-major Governmental Funds - Buildings Capital Reserve, Bridges Capital Reserve, Medians & Parkways Capital Reserve, Storm Drains Capital Reserve, and Traffic Signals Capital Reserve transferred \$596,208 to Non-major Governmental Funds – Technology Capital Reserve and City Vehicles Capital Reserve per the amended Capital Asset reserve reallocation.

The Non-major Governmental Fund - Buildings Capital Reserve transferred \$398,249 to the Non-major Governmental Fund- Capital Improvement Fund to fund approved Construction in Progress.

The Non-major Governmental Fund – Citywide Public Improvement transferred \$102,049 to the Non-major Governmental Fund- Capital Improvement Fund for the Miles Bridge Project.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 48,706,246	\$ -	\$ (4,487,463)	\$ 44,218,783
Construction in progress	799,975	5,717	(720,765)	84,927
Total Capital Assets Not Being Depreciated	<u>49,506,221</u>	<u>5,717</u>	<u>(5,208,228)</u>	<u>44,303,710</u>
Capital assets, being depreciated:				
Intangible	2,500,000	-	-	2,500,000
Buildings and improvements	65,264,734	2,802,995	(890,336)	67,177,393
Equipment	1,530,699	20,492	-	1,551,191
Infrastructure	112,405,945	1,587,649	-	113,993,594
Total Capital Assets Being Depreciated	<u>181,701,378</u>	<u>4,411,136</u>	<u>(890,336)</u>	<u>185,222,178</u>
Less accumulated depreciation for:				
Intangible	(1,375,000)	(250,000)	-	(1,625,000)
Buildings and improvements	(24,986,851)	(1,664,577)	694,347	(25,957,081)
Equipment	(1,449,655)	(34,223)	-	(1,483,878)
Infrastructure	(31,388,468)	(2,069,275)	-	(33,457,743)
Total Accumulated Depreciation	<u>(59,199,974)</u>	<u>(4,018,075)</u>	<u>694,347</u>	<u>(62,523,702)</u>
Total Capital Assets Being Depreciated, Net	<u>122,501,404</u>	<u>393,061</u>	<u>(195,989)</u>	<u>122,698,476</u>
Governmental Activities Capital Assets, Net	<u>\$ 172,007,625</u>	<u>\$ 398,778</u>	<u>\$ (5,404,217)</u>	<u>\$ 167,002,186</u>

The City sold two pieces of land with a total book value of \$4,487,463 in the current year.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – CAPITAL ASSETS, (CONTINUED)

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 13,910,956	\$ -	\$ -	\$ 13,910,956
Construction in progress	484,293	133,938	(484,293)	133,938
Total Capital Assets Not Being Depreciated	<u>14,395,249</u>	<u>133,938</u>	<u>(484,293)</u>	<u>14,044,894</u>
Capital assets, being depreciated:				
Buildings and improvements	82,908,997	834,131	-	83,743,128
Equipment	5,679,893	282,864	(702,461)	5,260,296
Infrastructure	433,389	-	-	433,389
Total Capital Assets Being Depreciated	<u>89,022,279</u>	<u>1,116,995</u>	<u>(702,461)</u>	<u>89,436,813</u>
Less accumulated depreciation for:				
Buildings and improvements	(47,017,820)	(1,955,418)	-	(48,973,238)
Equipment	(5,114,622)	(181,110)	702,461	(4,593,271)
Infrastructure	(86,677)	(7,223)	-	(93,900)
Total Accumulated Depreciation	<u>(52,219,119)</u>	<u>(2,143,751)</u>	<u>702,461</u>	<u>(53,660,409)</u>
Total Capital Assets Being Depreciated, Net	<u>36,803,160</u>	<u>(1,026,756)</u>	<u>-</u>	<u>35,776,404</u>
Business-type Activities Capital Assets, Net	<u>\$ 51,198,409</u>	<u>\$ (892,818)</u>	<u>\$ (484,293)</u>	<u>\$ 49,821,298</u>

Depreciation Expense:

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

Governmental Activities

General government	\$ 326,273
Community development	1,423,809
Public safety	93,510
Public works	2,174,483
Total Governmental Activities	<u>\$ 4,018,075</u>

Business-type Activities

Golf resort operations	<u>\$ 2,143,751</u>
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CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2019, were as follows:

	Balance at July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within One year
Compensated absences	\$ 431,513	\$ 403,346	\$ (414,778)	\$ 420,081	\$ 93,744

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 Compensated Absences 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.

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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

The Plans’ provisions and benefits in effect at June 30, 2019 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	13.084%	7.266%

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 \$358,582 for the year ended June 30, 2019.

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, 2019, in the amount of \$73,946.

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, 2018, 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, 2017. 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, 2017 and 2018 measurement dates was as follows:

Proportion - June 30, 2017	0.0154%
Proportion - June 30, 2018	0.0008%
Change - Increase/(Decrease)	<u><u>-0.0146%</u></u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

For the year ended June 30, 2019, the City recognized pension expense of \$563,561 for the Miscellaneous Plan. At June 30, 2019, 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	\$ 358,582	\$ -
Changes in proportion and difference between City's contributions and proportionate share of contributions	2,219,181	1,732,243
Net difference between projected and actual earnings on pension plan investments	366	-
Difference between expected and actual experience	1,872	-
Changes in assumptions	6,364	-
Total	<u>\$ 2,586,365</u>	<u>\$ 1,732,243</u>

The amount of \$358,582 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, 2020. 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 <u>June 30,</u>	
2020	\$ 169,955
2021	166,937
2022	159,312
2023	(664)
	<u>\$ 495,540</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Actuarial Assumptions:

The total pension liabilities in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
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, 2017, valuation were based on the results of an actuarial experience study from December 2017, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Discount Rate:

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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLAN, (CONTINUED)

In determining the long-term expected 7.15 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	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

⁽¹⁾ An expected inflation of 2.0% used for this period

⁽²⁾ An expected inflation of 2.92% used for this period

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

The following presents the City’s proportionate share of the net pension liability, calculated using the discount rate of 7.15 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% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
City's Proportionate Share of the Plan's Net Pension Liability/(Assets)	\$ 3,916,896	\$ 73,946	\$ (3,098,347)

Pension Plan Fiduciary Net Position:

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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 \$3,004,399 compared with a total payroll of \$3,263,961 for the fiscal year ended June 30, 2019. The plan provisions are established and may be amended by City Council.

All full-time employees are eligible to participate in the plan and benefits vest immediately. The required period of service is six months. Eligible employees at age 50 or more may begin to collect defined contribution benefits immediately upon retirement. The employer contribution is 2.5 percent of earnings. No employee contributions are permitted. The total contribution made by the City was \$75,111. 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.

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	\$ 621,813
Deferred Outflows related to OPEB	389,962
Deferred Inflows related to OPEB	39,191
OPEB Expense	372,004

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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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, 2018, the most recent measurement date, the following current and former employees were covered by the benefit terms of the plan:

Active employees	27
Inactive employees or beneficiaries currently receiving benefits	32
Total	59

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, 2019 were \$389,962.

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, 2018, 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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Net OPEB Liability, (Continued):

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 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, 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.

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>	

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Changes in Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 7,627,000	\$ 6,788,000	\$ 839,000
Changes in the year:			
Service cost	314,094	-	314,094
Interest on the total OPEB liability	485,756	-	485,756
Changes in assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	607,000	(607,000)
Contribution - employee	-	-	-
Net investment income	-	423,619	(423,619)
Differences between projected and actual earning on plan investments	-	-	-
Benefit payments, including refunds of employee contributions	(338,000)	(338,000)	-
Administrative expenses	-	(13,582)	13,582
Net changes	<u>461,850</u>	<u>679,037</u>	<u>(217,187)</u>
Balance at June 30, 2019	<u>\$ 8,088,850</u>	<u>\$ 7,467,037</u>	<u>\$ 621,813</u>

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	\$ 1,739,788	\$ 621,813	\$ (293,097)

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	\$ (445,220)	\$ 621,813	\$ 1,945,337

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

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$372,004. At June 30, 2019, 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	\$ 389,962	\$ -
Net difference between projected and actual earnings on plan investments	-	39,191
Total	<u>\$ 389,962</u>	<u>\$ 39,191</u>

The \$389,962 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, 2020. 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
2020	\$ (13,048)
2021	(13,048)
2022	(14,048)
2023	953
Total	<u>\$ (39,191)</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.

The balance in the Trust for the fiscal year ended June 30, 2019 was \$733,924. During the fiscal year, the Trust earned \$29,721 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, 2019

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 2018-19 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, 2019**

NOTE 14 – RISK MANAGEMENT, (CONTINUED)

Workers' Compensation, (Continued)

For 2018-19, 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 2018-19.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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. The City at June 30, 2019, had a retrospective refund due in the liability program of \$44,584, and a retrospective refund due in the workers' compensation program of \$5,422.

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, 2019:

Park Facilities in Lieu Capital Projects Fund	\$ 1,225,487
Hwy 111 Circulation Improvement Capital Projects Fund	28,990
Successor Agency of the Former RDA Private Purpose Trust Fund	100,291,481

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

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

The deficit in the Successor Agency of the former RDA Private-Purpose Trust Fund was caused by the dissolution of the Redevelopment Agency. See Note 17 and 18 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, 2019

NOTE 17 – 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.

NOTE 18 – 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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

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

a. Cash and Investments

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

Cash and investments pooled with the City	\$ 10,083,869
Cash and investments with fiscal agent	796,965
	<u>\$ 10,880,834</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>

b. Long-Term Debt

The following debt is recorded in the Successor Agency:

Project Area I	Balance at July 1, 2018	Additions	Repayments	Balance June 30, 2019	Due within One year
2010 A Tax Allocation Bonds	\$ 8,775,000	\$ -	\$ 355,000	\$ 8,420,000	\$ 370,000
SERAF Loan	7,550,000	-	2,076,415	5,473,585	2,000,585
2014A Tax Allocation Bonds	6,505,000	-	-	6,505,000	3,160,000
2014A-T Tax Allocation Bonds	13,250,000	-	3,675,000	9,575,000	615,000
2015 Refunding Tax Allocation Bonds	18,810,000	-	1,425,000	17,385,000	1,475,000
2016 A Tax Allocation Bonds	36,955,000	-	90,000	36,865,000	100,000
Total	<u>\$ 91,845,000</u>	<u>\$ -</u>	<u>\$ 7,621,415</u>	84,223,585	<u>\$ 7,720,585</u>
Adjustments:					
Unamortized net original issue (discount) or premium				8,572,040	
Net Long-term Debt				<u>\$ 92,795,625</u>	

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt (Continued)

A description of long-term debt outstanding of the Successor Agency as of June 30, 2019, 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 \$2,076,415 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, 2019, were \$8,420,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	435,000	331,251	766,251
2025-2029	2,500,000	1,320,234	3,820,234
2030-2034	3,180,000	617,766	3,797,766
2035	735,000	19,294	754,294
	\$ 8,420,000	\$ 3,793,941	\$ 12,213,941

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt, (Continued)

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, 2019, were \$6,505,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 3,160,000	\$ 230,450	\$ 3,390,450
2021	3,345,000	83,625	3,428,625
	<u>6,505,000</u>	<u>314,075</u>	<u>6,819,075</u>
Add deferred amounts:			
Bond Premium	177,115	-	177,115
	<u>\$ 6,682,115</u>	<u>\$ 314,075</u>	<u>\$ 6,996,190</u>

2014A-T Tax Allocation Bonds:

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

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

The Bonds are payable in annual installments ranging from \$575,000 to \$4,275,000 until maturity on September 1, 2022. Interest is payable semiannually on March 1 and September 1, with rates ranging from 0.540% to 4.266% per annum. Bonds outstanding at June 30, 2019, were \$9,575,000.

CITY OF INDIAN WELLS, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt, (Continued)

2014A-T Tax Allocation Bonds, (Continued):

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 615,000	\$ 380,668	\$ 995,668
2021	575,000	359,828	934,828
2022	4,110,000	265,702	4,375,702
2023	4,275,000	91,186	4,366,186
	<u>\$ 9,575,000</u>	<u>\$ 1,097,384</u>	<u>\$ 10,672,384</u>

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, 2019 were \$17,385,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,000,000	503,250	2,503,250
2025-2029	9,065,000	934,125	9,999,125
	<u>17,385,000</u>	<u>4,293,500</u>	<u>21,678,500</u>
Add deferred amounts:			
Bond Premium	2,003,091	-	2,003,091
	<u>\$ 19,388,091</u>	<u>\$ 4,293,500</u>	<u>\$ 23,681,591</u>

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPEMENT AGENCY, (CONTINUED)

b. Long-Term Debt, (Continued)

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, 2019 were \$36,865,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	960,000	1,664,350	2,624,350
2025-2029	8,220,000	7,466,750	15,686,750
2030-2034	22,205,000	3,792,125	25,997,125
2035	5,050,000	126,250	5,176,250
	<u>36,865,000</u>	<u>19,847,125</u>	<u>56,712,125</u>
Add deferred amounts:			
Bond Premium	6,391,834	-	6,391,834
	<u>\$ 43,256,834</u>	<u>\$ 19,847,125</u>	<u>\$ 63,103,959</u>

c. Insurance

The Successor Agency of the former redevelopment agency is covered under the insurance policy of the City of Indian Wells at June 30, 2019.

d. 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.

CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 19 – SUBSEQUENT EVENT

On November 7, 2019, the City Council authorized the issuance of Series 2020 Refunding Bonds to refund the Series 2010 Outstanding Bonds of the Successor Agency. The Oversight Board approved the refunding on November 21, 2019 and the Successor Agency is now seeking approval from the Department of Finance. If approved by the Department of Finance and favorable rates, the Successor Agency may refund the remaining bonds as early as March 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Proportionate Share of Net Position Liability in accordance with GASB 68. The Schedule of Plan Contributions in accordance with GASB 68. The 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0008%	0.0154%	0.0480%	0.0695%	0.1456%
Proportionate share of the net pension liability	\$ 73,946	\$ 1,526,915	\$ 4,152,019	\$ 4,769,476	\$ 3,597,324
Covered payroll	2,943,396	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	2.51%	54.29%	143.05%	169.46%	134.55%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	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 five 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***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions - Miscellaneous	\$ 430,310	\$ 974,198	\$ 544,107	\$ 566,489	\$ 455,850
Contributions in relation to the actuarially determined contribution	<u>(358,582)</u>	<u>(1,334,875)</u>	<u>(3,731,723)</u>	<u>(2,566,489)</u>	<u>(455,850)</u>
Contribution deficiency (excess)	<u>\$ 71,728</u>	<u>\$ (360,677)</u>	<u>\$ (3,187,616)</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>
 Covered payroll	 \$ 2,889,192	 \$ 2,943,396	 \$ 2,812,372	 \$ 2,902,571	 \$ 2,814,500
 Contributions as a percentage of covered payroll	 12.41%	 45.35%	 132.69%	 88.42%	 16.20%

* - Fiscal year 2015 was the first year of implementation, therefore, only five 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>2019</u>	<u>2018*</u>
Total OPEB Liability		
Service cost	\$ 314,094	\$ 305,000
Interest on the total OPEB liability	485,756	459,000
Changes in benefit terms	<u>(338,000)</u>	<u>(331,000)</u>
Net change in total OPEB liability	461,850	433,000
Total OPEB liability - beginning	<u>7,627,000</u>	<u>7,194,000</u>
Total OPEB liability - ending (a)	<u>\$ 8,088,850</u>	<u>\$ 7,627,000</u>
Plan fiduciary net position		
Contributions - employer	\$ 607,000	\$ 614,000
Net investment income	423,619	459,000
Benefit payments	(338,000)	(331,000)
Administrative expenses	<u>(13,582)</u>	<u>(4,000)</u>
Net change in plan fiduciary net position	679,037	738,000
Plan fiduciary net position - beginning	<u>6,788,000</u>	<u>6,050,000</u>
Plan fiduciary net position - ending (b)	<u>7,467,037</u>	<u>6,788,000</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 621,813</u>	<u>\$ 839,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	92.31%	89.00%
Covered-employee payroll	\$ 3,407,217	\$ 3,237,969
Net OPEB liability as percentage of covered payroll	18%	26%

Notes to Schedule:

* - Fiscal year 2018 was the first year of implementation, therefore, only two years are shown.

CITY OF INDIAN WELLS, CALIFORNIA

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

	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 607,000	\$ 614,000
Contributions in relation to the actuarially determined contributions	389,962	573,377
Contribution deficiency (excess)	<u>\$ 217,038</u>	<u>\$ 40,623</u>
Covered-employee payroll	\$ 3,263,961	\$ 3,407,214
Contributions as a percentage of covered-employee payroll	12%	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	9 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 2019 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, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39,525,410	\$ 39,195,915	\$ 37,138,777	\$ (2,057,138)
Resources (Inflows):				
Taxes	16,561,538	16,561,538	18,057,355	1,495,817
Licenses and permits	401,102	401,102	504,326	103,224
Intergovernmental	469,500	469,500	478,269	8,769
Charges for services	509,800	509,800	485,714	(24,086)
Investment income	175,000	175,000	747,096	572,096
Fines and forfeitures	44,590	44,590	43,100	(1,490)
Other income	601,709	601,709	479,349	(122,360)
Transfer In	-	-	1,242,257	1,242,257
Amounts Available for Appropriations	58,288,649	57,959,154	59,176,243	1,217,089
Charges to Appropriation (Outflows):				
General government				
Legislation and policy	185,341	181,923	164,169	17,754
City manager	708,569	674,965	658,561	16,404
City clerk	311,036	317,113	306,505	10,608
City attorney	309,896	309,936	303,423	6,513
Financial services	961,928	957,990	911,617	46,373
Central services	683,677	1,839,879	1,687,087	152,792
Community & cultural events	2,674,574	2,517,696	2,378,588	139,108
Human resources	266,818	244,672	236,738	7,934
Technology	398,710	404,430	376,810	27,620
Public safety				
Administration	4,201,575	3,746,890	3,646,539	100,351
Community development				
Administration	251,829	212,428	187,186	25,242
Inspections and examinations	641,627	569,133	535,958	33,175
Current and advanced planning	352,314	319,693	271,841	47,852
Code enforcement	426,492	541,949	406,954	134,995
Public works				
City engineering	524,862	651,931	635,028	16,903
Maintenance services	859,190	873,712	809,491	64,221
City parkway landscape	810,769	794,930	716,349	78,581
Transfers out	1,350,000	1,350,000	4,450,000	(3,100,000)
Total Charges to Appropriations	15,919,207	16,509,270	18,682,844	(2,173,574)
Budgetary Fund Balance, June 30	\$ 42,369,442	\$ 41,449,884	\$ 40,493,399	\$ 3,390,663

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,409,600	\$ 12,109,270	\$ 14,632,707	\$ 2,523,437
Resources (InFlows):				
Investment income	35,000	35,000	312,958	277,958
Other Income	-	-	-	-
Proceeds from Sale of Land	-	-	907,592	907,592
Amounts Available for Appropriations	<u>9,444,600</u>	<u>12,144,270</u>	<u>15,853,257</u>	<u>3,708,987</u>
Charges to Appropriation (OutFlows):				
General government	-	-	1,783,077	(1,783,077)
Community development	-	-	200,000	(200,000)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>1,983,077</u>	<u>(1,983,077)</u>
Budgetary Fund Balance, June 30	<u>\$ 9,444,600</u>	<u>\$ 12,144,270</u>	<u>\$ 13,870,180</u>	<u>\$ 1,725,910</u>

See accompanying note to the required supplementary information.

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES UPGRADE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 481,646	\$ 78,065	\$ 3,042,451	\$ 2,964,386
Resources (InFlows):				
Taxes	2,930,493	2,930,493	3,139,323	208,830
Charges for services	-	-	599,541	599,541
Investment income	55,000	55,000	104,103	49,103
Assessments	600,000	600,000	617,839	17,839
Other income	-	-	13,576	13,576
Amounts Available for Appropriations	4,067,139	3,663,558	7,516,833	3,853,275
Charges to Appropriation (OutFlows):				
Public safety	4,327,519	4,591,766	3,743,527	848,239
Capital outlay	-	879,965	718,049	161,916
Total Charges to Appropriations	4,327,519	5,471,731	4,461,576	1,010,155
Budgetary Fund Balance, June 30	\$ (260,380)	\$ (1,808,173)	\$ 3,055,257	\$ 4,863,430

See accompanying note to the required supplementary information.

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CITY OF INDIAN WELLS, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

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, 2019 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, 2019:

	Final Budget	Actual	Excess Over Appropriations
General Fund	\$ 16,509,270	\$ 18,682,844	\$ (2,173,574)
Housing Authority Fund	-	1,983,077	(1,983,077)
Citizens Option for Public Safety	100,000	100,172	(172)
City Wide Public Improvement	-	102,019	(102,019)
Bridges Capital Replacement	-	801,582	(801,582)
Buildings Capital Reserve	1,300,000	11,576,347	(10,276,347)
Medians & Parkways Capital Reserve	-	1,659,949	(1,659,949)
Storm Drain Capital Reserve	-	2,846,017	(2,846,017)
Traffic Signal Capital Reserve	-	1,884,651	(1,884,651)

CITY OF INDIAN WELLS, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

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, 2019**

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.

Bridges Capital Reserve – This fund establishes reserve funding for bridges in the City.

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.

Building Capital Reserve – This fund establishes reserve funding 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 surrounding Public Works facilities.

Medians & Parkways Capital Reserve – This fund establishes reserve funding for medians and parkways throughout the City.

Storm Drains Capital Reserve – This fund establishes reserve funding for storm drains throughout the City. Funding is for construction and preventative maintenance of storm drains to extend roadway infrastructure.

Traffic Signals Capital Reserve – This fund establishes reserve funding for traffic signals throughout the City.

Technology Capital Reserve – This fund establishes reserve funding for citywide information technology.

City Vehicles Capital Reserve – This fund establishes reserve funding for the purchase and replacement of City vehicles and fleet. Vehicles and fleet are to be replaced as needed to reduce the cost of ongoing maintenance costs.

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	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	\$ 7,976	\$ 40,380	\$ 2,635,916	\$ 9,387
Receivables:					
Accounts	830	1,837	44,738	91,475	1,874
Accrued interest	-	30	153	10,020	36
Notes receivable	-	-	-	-	-
Total Assets	\$ 831	\$ 9,843	\$ 85,271	\$ 2,737,411	\$ 11,297
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 189,394	\$ 1,414
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	-	189,394	1,414
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	9,843	-	2,548,017	-
Public works	831	-	85,271	-	9,883
Committed to					
Capital projects	-	-	-	-	-
Assigned					
Capital projects	-	-	-	-	-
Unassigned					
	-	-	-	-	-
Total Fund Balances	831	9,843	85,271	2,548,017	9,883
Total Liabilities and Fund Balances	\$ 831	\$ 9,843	\$ 85,271	\$ 2,737,411	\$ 11,297

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
\$ 123,546	\$ 33,657	\$ 531,649	\$ 241,654	\$ 1,456,440	\$ 10,504	\$ 3,273,242
-	20,236	7,471	41,745	33,845	48	10,118
470	128	-	2,940	5,535	40	9,467
-	-	-	-	-	-	-
<u>\$ 124,016</u>	<u>\$ 54,021</u>	<u>\$ 539,120</u>	<u>\$ 286,339</u>	<u>\$ 1,495,820</u>	<u>\$ 10,592</u>	<u>\$ 3,292,827</u>
\$ -	\$ -	\$ -	\$ 24,811	\$ 44,563	\$ -	\$ 86,254
-	-	-	90	-	-	-
-	-	-	-	-	-	98,488
-	-	-	-	-	-	-
-	-	-	24,901	44,563	-	184,742
-	-	-	-	-	-	3,108,085
124,016	-	-	-	-	-	-
-	54,021	539,120	261,438	1,451,257	10,592	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>124,016</u>	<u>54,021</u>	<u>539,120</u>	<u>261,438</u>	<u>1,451,257</u>	<u>10,592</u>	<u>3,108,085</u>
<u>\$ 124,016</u>	<u>\$ 54,021</u>	<u>\$ 539,120</u>	<u>\$ 286,339</u>	<u>\$ 1,495,820</u>	<u>\$ 10,592</u>	<u>\$ 3,292,827</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 JUNE 30, 2019

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	Bridges Capital Reserve	Capital Improvements
Assets					
Cash and investments	\$ -	\$ -	\$ 158,587	\$ 1,652,234	\$ 6,396,912
Receivables:					
Accounts	-	-	-	-	10,441
Accrued interest	-	-	603	6,281	27,039
Notes receivable	-	-	-	-	127,175
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,190</u>	<u>\$ 1,658,515</u>	<u>\$ 6,561,567</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 415,144
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	28,990	-	-	-	-
Total Liabilities	<u>28,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,144</u>
Fund Balances					
Restricted for					
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Committed to					
Capital projects	-	-	159,190	-	-
Assigned					
Capital projects	-	-	-	1,658,515	6,146,423
Unassigned	<u>(28,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(28,990)</u>	<u>-</u>	<u>159,190</u>	<u>1,658,515</u>	<u>6,146,423</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,190</u>	<u>\$ 1,658,515</u>	<u>\$ 6,561,567</u>

Capital Projects Funds						
Buildings Capital Reserve	Medians & Parkways Capital Reserve	Storm Drains Capital Reserve	Traffic Signals Capital Reserve	Technology Capital Reserve	City Vehicles Capital Reserve	Total Governmental Funds
\$ 1,376,419	\$ 1,313,792	\$ 664,250	\$ 547,896	\$ 497,381	\$ 110,573	\$ 21,082,396
-	-	-	-	-	-	264,658
5,232	4,994	2,525	2,083	1,891	420	79,887
-	-	-	-	-	-	127,175
<u>\$ 1,381,651</u>	<u>\$ 1,318,786</u>	<u>\$ 666,775</u>	<u>\$ 549,979</u>	<u>\$ 499,272</u>	<u>\$ 110,993</u>	<u>\$ 21,554,116</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,580
-	-	-	-	-	-	90
-	-	-	-	-	-	98,488
-	-	-	-	-	-	28,990
-	-	-	-	-	-	889,148
-	-	-	-	-	-	3,108,085
-	-	-	-	-	-	2,681,876
-	-	-	-	-	-	2,412,413
-	-	-	-	-	-	159,190
1,381,651	1,318,786	666,775	549,979	499,272	110,993	12,332,394
-	-	-	-	-	-	(28,990)
<u>1,381,651</u>	<u>1,318,786</u>	<u>666,775</u>	<u>549,979</u>	<u>499,272</u>	<u>110,993</u>	<u>20,664,968</u>
<u>\$ 1,381,651</u>	<u>\$ 1,318,786</u>	<u>\$ 666,775</u>	<u>\$ 549,979</u>	<u>\$ 499,272</u>	<u>\$ 110,993</u>	<u>\$ 21,554,116</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	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	\$ -	\$ -	\$ -	\$ 337,639	\$ -
Licenses and permits	-	-	-	550	-
Intergovernmental	-	23,262	283,855	1,971	7,230
Investment income	-	270	1,336	86,217	312
Fines and forfeitures	12,124	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	1,212,320	-
Developer fees	-	-	-	-	-
Other income	-	-	-	144,331	-
Total Revenues	<u>12,124</u>	<u>23,532</u>	<u>285,191</u>	<u>1,783,028</u>	<u>7,542</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	20,000	-	1,177,365	-
Community development	-	-	-	-	-
Public works	12,131	-	262,650	-	5,363
Capital outlay	-	-	-	246,129	-
Total Expenditures	<u>12,131</u>	<u>20,000</u>	<u>262,650</u>	<u>1,423,494</u>	<u>5,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7)</u>	<u>3,532</u>	<u>22,541</u>	<u>359,534</u>	<u>2,179</u>
Other Financing Sources (Uses):					
Proceeds from sale of land	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(7)	3,532	22,541	359,534	2,179
Fund Balances, Beginning of Year	838	6,311	62,730	2,188,483	7,704
Fund Balances, End of Year	<u>\$ 831</u>	<u>\$ 9,843</u>	<u>\$ 85,271</u>	<u>\$ 2,548,017</u>	<u>\$ 9,883</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
148,747	220,303	-	-	-	-	-
4,043	1,853	-	29,421	51,636	363	88,397
-	-	-	-	-	-	-
-	-	-	-	-	-	1,766,444
-	-	94,800	978,858	1,104,330	1,375	-
-	-	-	-	-	-	-
-	-	-	4,192	144,351	-	-
<u>152,790</u>	<u>222,156</u>	<u>94,800</u>	<u>1,012,471</u>	<u>1,300,317</u>	<u>1,738</u>	<u>1,854,841</u>
-	-	-	-	-	-	-
100,172	-	-	-	-	-	-
-	-	-	-	-	-	1,408,171
-	108,052	35,000	972,563	1,254,462	178	-
-	92,967	-	-	4,370	-	-
<u>100,172</u>	<u>201,019</u>	<u>35,000</u>	<u>972,563</u>	<u>1,258,832</u>	<u>178</u>	<u>1,408,171</u>
<u>52,618</u>	<u>21,137</u>	<u>59,800</u>	<u>39,908</u>	<u>41,485</u>	<u>1,560</u>	<u>446,670</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>52,618</u>	<u>21,137</u>	<u>59,800</u>	<u>39,908</u>	<u>41,485</u>	<u>1,560</u>	<u>446,670</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>
<u>\$ 124,016</u>	<u>\$ 54,021</u>	<u>\$ 539,120</u>	<u>\$ 261,438</u>	<u>\$ 1,451,257</u>	<u>\$ 10,592</u>	<u>\$ 3,108,085</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	Capital Projects Funds				
	Hwy 111 Circulation Improvement	Citywide Public Improvement	Art in Public Places	Bridges Capital Reserve	Capital Improvements
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	82,469
Investment income	-	-	5,602	68,759	192,848
Fines and forfeitures	-	-	-	-	-
Rental income	-	-	-	-	-
Assessments	-	-	-	-	-
Developer fees	-	104,538	15,092	-	-
Other income	-	-	-	-	-
Total Revenues	-	104,538	20,694	68,759	275,317
Expenditures:					
Current:					
General government	-	-	-	-	188,883
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	5,717	-	2,510,620
Total Expenditures	-	-	5,717	-	2,699,503
Excess (deficiency) of revenues over (under) expenditures	-	104,538	14,977	68,759	(2,424,186)
Other Financing Sources (Uses):					
Proceeds from sale of land	-	-	-	-	3,444,257
Transfers in	-	-	-	-	4,362,652
Transfers out	-	(102,049)	-	(801,582)	-
Total Other Financing Sources (uses)	-	(102,049)	-	(801,582)	7,806,909
Net Change in Fund Balances	-	2,489	14,977	(732,823)	5,382,723
Fund Balances, Beginning of Year	(28,990)	(2,489)	144,213	2,391,338	763,700
Fund Balances, End of Year	\$ (28,990)	\$ -	\$ 159,190	\$ 1,658,515	\$ 6,146,423

Capital Projects Funds						
Buildings Capital Reserve	Medians & Parkways Capital Reserve	Storm Drains Capital Reserve	Traffic Signals Capital Reserve	Technology Capital Reserve	City Vehicles Capital Reserve	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,639
-	-	-	-	-	-	550
-	-	-	-	-	-	767,837
193,789	67,575	59,483	43,224	11,501	2,556	909,185
-	-	-	-	-	-	12,124
-	-	-	-	-	-	1,766,444
-	-	-	-	-	-	3,391,683
-	-	-	-	-	-	119,630
-	-	-	-	-	-	292,874
<u>193,789</u>	<u>67,575</u>	<u>59,483</u>	<u>43,224</u>	<u>11,501</u>	<u>2,556</u>	<u>7,597,966</u>
-	-	-	-	-	-	188,883
-	-	-	-	-	-	1,297,537
-	-	-	-	-	-	1,408,171
-	-	-	-	-	-	2,650,399
-	-	-	-	-	-	2,859,803
-	-	-	-	-	-	8,404,793
<u>193,789</u>	<u>67,575</u>	<u>59,483</u>	<u>43,224</u>	<u>11,501</u>	<u>2,556</u>	<u>(806,827)</u>
-	-	-	-	-	-	3,444,257
1,350,000	-	-	-	487,771	108,437	6,308,860
<u>(11,576,347)</u>	<u>(1,659,949)</u>	<u>(2,846,017)</u>	<u>(1,884,651)</u>	<u>-</u>	<u>-</u>	<u>(18,870,595)</u>
<u>(10,226,347)</u>	<u>(1,659,949)</u>	<u>(2,846,017)</u>	<u>(1,884,651)</u>	<u>487,771</u>	<u>108,437</u>	<u>(9,117,478)</u>
(10,032,558)	(1,592,374)	(2,786,534)	(1,841,427)	499,272	110,993	(9,924,305)
<u>11,414,209</u>	<u>2,911,160</u>	<u>3,453,309</u>	<u>2,391,406</u>	<u>-</u>	<u>-</u>	<u>30,589,273</u>
<u>\$ 1,381,651</u>	<u>\$ 1,318,786</u>	<u>\$ 666,775</u>	<u>\$ 549,979</u>	<u>\$ 499,272</u>	<u>\$ 110,993</u>	<u>\$ 20,664,968</u>

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,004	\$ 1,004	\$ 838	\$ (166)
Resources (InFlows):				
Fines and forfeitures	28,050	28,050	12,124	(15,926)
Amounts Available for Appropriations	29,054	29,054	12,962	(16,092)
Charges to Appropriation (OutFlows):				
Public works	28,050	28,050	12,131	15,919
Budgetary Fund Balance, June 30	\$ 1,004	\$ 1,004	\$ 831	\$ (173)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY 1/2 % TAX
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,378	\$ 4,378	\$ 6,311	\$ 1,933
Resources (InFlows):				
Intergovernmental	20,000	20,000	23,262	3,262
Investment income	140	140	270	130
Amounts Available for Appropriations	24,518	24,518	29,843	5,325
Charges to Appropriation (OutFlows):				
Public safety	20,000	20,000	20,000	-
Budgetary Fund Balance, June 30	\$ 4,518	\$ 4,518	\$ 9,843	\$ 5,325

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MEASURE "A" TRANSPORTATION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,541	\$ 3,541	\$ 62,730	\$ 59,189
Resources (InFlows):				
Intergovernmental	262,650	262,650	283,855	21,205
Investment income	100	100	1,336	1,236
Amounts Available for Appropriations	266,291	266,291	347,921	81,630
Charges to Appropriation (OutFlows):				
Public works	262,650	262,650	262,650	-
Budgetary Fund Balance, June 30	\$ 3,641	\$ 3,641	\$ 85,271	\$ 81,630

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE ACCESS MAINTENANCE DISTRICT NO. 1
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,593,678	\$ 2,181,047	\$ 2,188,483	\$ 7,436
Resources (InFlows):				
Taxes	328,622	328,622	337,639	9,017
Licenses and permits	750	750	550	(200)
Intergovernmental	3,000	3,000	1,971	(1,029)
Investment income	15,000	15,000	86,217	71,217
Assessments	1,200,000	1,200,000	1,212,320	12,320
Other income	750	750	144,331	143,581
Amounts Available for Appropriations	4,141,800	3,729,169	3,971,511	242,342
Charges to Appropriation (OutFlows):				
Public safety	1,313,357	1,353,357	1,177,365	175,992
Capital outlay	200,000	526,997	246,129	280,868
Total Charges to Appropriations	1,513,357	1,880,354	1,423,494	456,860
Budgetary Fund Balance, June 30	\$ 2,628,443	\$ 1,848,815	\$ 2,548,017	\$ 699,202

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOUTH COAST AQMD VEHICLE REGISTRATION
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,918	\$ 3,918	\$ 7,704	\$ 3,786
Resources (InFlows):				
Intergovernmental	6,458	6,458	7,230	772
Investment income	10	10	312	302
Amounts Available for Appropriations	10,386	10,386	15,246	4,860
Charges to Appropriation (OutFlows):				
Public works	6,458	6,458	5,363	1,095
Budgetary Fund Balance, June 30	\$ 3,928	\$ 3,928	\$ 9,883	\$ 5,955

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION FOR PUBLIC SAFETY PROGRAM
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,606)	\$ (12,106)	\$ 71,398	\$ 83,504
Resources (InFlows):				
Intergovernmental	100,000	100,000	148,747	48,747
Investment income	20	20	4,043	4,023
Amounts Available for Appropriations	92,414	87,914	224,188	136,274
Charges to Appropriation (OutFlows):				
Public safety	100,000	100,000	100,172	(172)
Budgetary Fund Balance, June 30	\$ (7,586)	\$ (12,086)	\$ 124,016	\$ 136,102

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE

GAS TAX

YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,242	\$ 53,242	\$ 32,884	\$ (20,358)
Resources (InFlows):				
Intergovernmental	214,877	214,877	220,303	5,426
Investment income	180	180	1,853	1,673
Amounts Available for Appropriations	268,299	268,299	255,040	(13,259)
Charges to Appropriation (OutFlows):				
Public works	118,750	118,750	108,052	10,698
Capital outlay	-	92,967	92,967	-
Total Charges to Appropriations	118,750	211,717	201,019	10,698
Budgetary Fund Balance, June 30	\$ 149,549	\$ 56,582	\$ 54,021	\$ (2,561)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AB 939 RECYCLING
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 415,938	\$ 415,938	\$ 479,320	\$ 63,382
Resources (InFlows):				
Assessments	92,250	92,250	94,800	2,550
Other income	5,000	5,000	-	(5,000)
Amounts Available for Appropriations	513,188	513,188	574,120	60,932
Charges to Appropriation (OutFlows):				
Public works	35,000	35,000	35,000	-
Budgetary Fund Balance, June 30	\$ 478,188	\$ 478,188	\$ 539,120	\$ 60,932

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 234,230	\$ 234,230	\$ 221,530	\$ (12,700)
Resources (InFlows):				
Investment income	6,000	6,000	29,421	23,421
Assessments	941,562	941,562	978,858	37,296
Other income	-	-	4,192	4,192
Amounts Available for Appropriations	1,181,792	1,181,792	1,234,001	52,209
Charges to Appropriation (OutFlows):				
Public works	912,118	977,401	972,563	4,838
Budgetary Fund Balance, June 30	\$ 269,674	\$ 204,391	\$ 261,438	\$ 57,047

CITY OF INDIAN WELLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CONSOLIDATED LLMD
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,228,744	\$ 952,044	\$ 1,409,772	\$ 457,728
Resources (InFlows):				
Investment income	12,330	12,330	51,636	39,306
Assessments	1,154,170	1,157,576	1,104,330	(53,246)
Other income	139,524	144,351	144,351	-
Amounts Available for Appropriations	2,534,768	2,266,301	2,710,089	443,788
Charges to Appropriation (OutFlows):				
Public works	1,228,997	1,336,539	1,254,462	82,077
Capital outlay	-	-	4,370	(4,370)
Total Charges to Appropriations	1,228,997	1,336,539	1,258,832	77,707
Budgetary Fund Balance, June 30	\$ 1,305,771	\$ 929,762	\$ 1,451,257	\$ 521,495

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT 2001-1
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,445	\$ 5,445	\$ 9,032	\$ 3,587
Resources (InFlows):				
Investment income	75	75	363	288
Assessments	1,480	1,480	1,375	(105)
Amounts Available for Appropriations	7,000	7,000	10,770	3,770
Charges to Appropriation (OutFlows):				
Public works	1,480	1,480	178	1,302
Budgetary Fund Balance, June 30	\$ 5,520	\$ 5,520	\$ 10,592	\$ 5,072

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING OPERATIONS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (2,658,149)	\$ (2,668,149)	\$ 2,661,415	\$ 5,329,564
Resources (InFlows):				
Investment income	-	(30,000)	88,397	118,397
Assessments	-	(1,679,418)	1,766,444	3,445,862
Amounts Available for Appropriations	(2,658,149)	(4,377,567)	4,516,256	8,893,823
Charges to Appropriation (OutFlows):				
Community development	1,709,418	1,709,418	1,408,171	301,247
Budgetary Fund Balance, June 30	\$ (4,367,567)	\$ (6,086,985)	\$ 3,108,085	\$ 9,195,070

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PARK FACILITIES IN LIEU
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,284,575)	\$ (1,284,575)	\$ (1,274,655)	\$ 9,920
Resources (InFlows):				
Developer fees	35,000	35,000	49,168	14,168
Amounts Available for Appropriations	(1,249,575)	(1,249,575)	(1,225,487)	24,088
Charges to Appropriation (OutFlows):				
Community development	-	-	-	-
Budgetary Fund Balance, June 30	\$ (1,249,575)	\$ (1,249,575)	\$ (1,225,487)	\$ 24,088

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY STREETS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (InFlows):				
Investment income	-	-	419,089	419,089
Transfers in	-	-	17,774,089	17,774,089
Amounts Available for Appropriations	-	-	18,193,178	18,193,178
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 18,193,178	\$ 18,193,178

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HIGHWAY 111 CIRCULATION IMPROVEMENT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 250	\$ 250	\$ (28,990)	\$ (29,240)
Resources (InFlows):				
Developer fees	-	-	-	-
Other income	-	-	-	-
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, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 70,000	\$ 70,000	\$ (2,489)	\$ (72,489)
Resources (InFlows):				
Developer fees	35,000	35,000	104,538	69,538
Amounts Available for Appropriations	105,000	105,000	102,049	(2,951)
Charges to Appropriation (OutFlows):				
Transfers out	-	-	102,049	(102,049)
Budgetary Fund Balance, June 30	\$ 105,000	\$ 105,000	\$ -	\$ (105,000)

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
ART IN PUBLIC PLACES
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 239,695	\$ (763,675)	\$ 144,213	\$ 907,888
Resources (InFlows):				
Investment income	3,000	3,000	5,602	2,602
Developer fees	20,000	20,000	15,092	(4,908)
Amounts Available for Appropriations	262,695	(740,675)	164,907	905,582
Charges to Appropriation (OutFlows):				
Capital outlay	-	32,958	5,717	27,241
Budgetary Fund Balance, June 30	\$ 262,695	\$ (773,633)	\$ 159,190	\$ 932,823

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
BRIDGES CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 25,000	\$ 25,000	\$ 2,391,338	\$ 2,366,338
Resources (InFlows):				
Investment income	25,750	25,750	68,759	43,009
Charges to Appropriation (OutFlows):				
Transfers out	-	-	801,582	(801,582)
Budgetary Fund Balance, June 30	\$ 50,750	\$ 50,750	\$ 1,658,515	\$ 1,607,765

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,095	\$ (3,813,043)	\$ 763,700	\$ 4,576,743
Resources (InFlows):				
Intergovernmental	-	-	82,469	82,469
Investment income	45,000	45,000	192,848	147,848
Other income	10,000	3,454,257	-	(3,454,257)
Transfers in	1,370,000	1,370,000	4,362,652	2,992,652
Proceeds from Sale of Land	-	-	3,444,257	3,444,257
Amounts Available for Appropriations	1,434,095	1,056,214	8,845,926	7,789,712
Charges to Appropriation (OutFlows):				
General government	75,000	200,500	188,883	11,617
Capital outlay	1,305,000	4,065,631	2,510,620	1,555,011
Total Charges to Appropriations	1,380,000	4,266,131	2,699,503	1,566,628
Budgetary Fund Balance, June 30	\$ 54,095	\$ (3,209,917)	\$ 6,146,423	\$ 9,356,340

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
BUILDINGS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 340,000	\$ 340,000	\$ 11,414,209	\$ 11,074,209
Resources (InFlows):				
Investment income	92,700	92,700	193,789	101,089
Transfers in	1,350,000	1,350,000	1,350,000	-
Amounts Available for Appropriations	1,782,700	1,782,700	12,957,998	11,175,298
Charges to Appropriation (OutFlows):				
Transfers out	1,300,000	1,300,000	11,576,347	(10,276,347)
Budgetary Fund Balance, June 30	\$ 482,700	\$ 482,700	\$ 1,381,651	\$ 898,951

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 MEDIANS & PARKWAYS CAPITAL RESERVE
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 2,911,160	\$ 2,911,160
Resources (InFlows):				
Investment income	36,050	36,050	67,575	31,525
Transfers in	-	-	-	-
Amounts Available for Appropriations	36,050	36,050	2,978,735	2,942,685
Charges to Appropriation (OutFlows):				
Transfers out	-	-	1,659,949	(1,659,949)
Budgetary Fund Balance, June 30	\$ 36,050	\$ 36,050	\$ 1,318,786	\$ 1,282,736

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STORM DRAINS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 3,453,309	\$ 3,453,309
Resources (InFlows):				
Investment income	36,050	36,050	59,483	23,433
Transfers in	-	-	-	-
Amounts Available for Appropriations	36,050	36,050	3,512,792	3,476,742
Charges to Appropriation (OutFlows):				
Transfers out	-	-	2,846,017	(2,846,017)
Budgetary Fund Balance, June 30	\$ 36,050	\$ 36,050	\$ 666,775	\$ 630,725

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 2,391,406	\$ 2,391,406
Resources (InFlows):				
Investment income	23,175	23,175	43,224	20,049
Amounts Available for Appropriations	23,175	23,175	2,434,630	2,411,455
Charges to Appropriation (OutFlows):				
Transfers out	-	-	1,884,651	(1,884,651)
Budgetary Fund Balance, June 30	\$ 23,175	\$ 23,175	\$ 549,979	\$ 526,804

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TECHNOLOGY CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (InFlows):				
Investment income	-	-	11,501	11,501
Transfers in	-	-	487,771	487,771
Amounts Available for Appropriations	-	-	499,272	499,272
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 499,272	\$ 499,272

CITY OF INDIAN WELLS, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY VEHICLES CAPITAL RESERVE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (InFlows):				
Investment income	-	-	2,556	2,556
Transfers in	-	-	108,437	108,437
Amounts Available for Appropriations	-	-	110,993	110,993
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 110,993	\$ 110,993

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and investments	\$ 474,394	\$ 584,127	\$ 1,058,521
Restricted Section 115 Trust cash and investments	733,924		733,924
Receivables:			
Accrued interest	1,803	2,220	4,023
Total Assets	<u>1,210,121</u>	<u>586,347</u>	<u>1,796,468</u>
Deferred Outflows of Resources:			
Deferred amounts related to OPEB	<u>389,962</u>	<u>-</u>	<u>389,962</u>
Liabilities:			
Accrued liabilities	100	-	100
Noncurrent Liabilities:			
Net OPEB Liability	<u>621,813</u>	<u>-</u>	<u>621,813</u>
Total Liabilities	<u>621,913</u>	<u>-</u>	<u>621,913</u>
Deferred Inflows of Resources:			
Deferred amounts related to OPEB	<u>39,191</u>	<u>-</u>	<u>39,191</u>
Net Position:			
Restricted Section 115 Trust	112,111	-	112,111
Unrestricted	826,868	586,347	1,413,215
Total Net Position	<u>\$ 938,979</u>	<u>\$ 586,347</u>	<u>\$ 1,525,326</u>

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Totals</u>
Operating Revenues:			
Interdepartmental charges	\$ 1,696,794	\$ -	\$ 1,696,794
Total Operating Revenues	1,696,794	-	1,696,794
Operating Expenses:			
Administration and general	2,285,424	-	2,285,424
Total Operating Expenses	2,285,424	-	2,285,424
Operating Income (Loss)	(588,630)	-	(588,630)
Nonoperating Revenue (Expenses):			
Investment income	56,425	20,733	77,158
Total Nonoperating Revenues (Expenses)	56,425	20,733	77,158
Changes in Net Position	(532,205)	20,733	(511,472)
Net Position:			
Net Position at Beginning of Year	1,471,184	565,614	2,036,798
End of Fiscal Year	\$ 938,979	\$ 586,347	\$ 1,525,326

CITY OF INDIAN WELLS, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Compensated Absences	Totals
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 1,338,458	\$ -	\$ 1,338,458
Cash paid to suppliers for goods and services	(2,327,464)	-	(2,327,464)
Net Cash Provided (Used) by Operating Activities	(989,006)	-	(989,006)
Cash Flows from Investing Activities:			
Interest received	23,563	20,061	43,624
Net Cash Provided (Used) by Investing Activities	23,563	20,061	43,624
Net Increase (Decrease) in Cash and Cash Equivalents	(965,443)	20,061	(945,382)
Cash and Cash Equivalents at Beginning of Year	1,439,837	564,066	2,003,903
Cash and Cash Equivalents at End of Year	\$ 474,394	\$ 584,127	\$ 1,058,521
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:			
Operating income (loss)	\$ (588,630)	\$ -	\$ (588,630)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
(Increase) decrease in net OPEB liability	(400,376)	-	(400,376)
Net Cash Provided (Used) by Operating Activities	\$ (989,006)	\$ -	\$ (989,006)

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental activities:					
Net investment in capital assets	\$ 167,002,186	\$ 172,007,625	\$ 172,494,796	\$ 175,639,386	\$ 241,607,740
Restricted for:					
Community development	3,108,085	2,661,415	2,401,909	2,294,829	2,175,822
Housing	13,870,180	14,632,707	12,842,189	13,352,710	13,639,334
Public safety	5,737,133	5,308,643	6,034,523	9,535,112	5,680,112
Public works	2,412,413	2,223,810	2,135,793	2,201,769	2,138,313
Debt service	-	-	-	-	-
Unrestricted	<u>71,786,558</u>	<u>61,884,894</u>	<u>65,150,651</u>	<u>50,054,925</u>	<u>52,294,420</u>
Total governmental activities net position	<u>263,916,555</u>	<u>258,719,094</u>	<u>261,059,861</u>	<u>253,078,731</u>	<u>317,535,741</u>
Business-type activities:					
Net investment in capital assets	49,821,298	51,198,409	52,758,255	57,498,601	-
Unrestricted	<u>(1,809,374)</u>	<u>1,024,501</u>	<u>1,657,668</u>	<u>1,798,085</u>	<u>-</u>
Total business-type activities net position	<u>48,011,924</u>	<u>52,222,910</u>	<u>54,415,923</u>	<u>59,296,686</u>	<u>-</u>
Primary government:					
Net investment in capital assets	216,823,484	223,206,034	225,253,051	233,137,987	241,607,740
Restricted	25,127,811	24,826,575	23,414,414	27,384,420	23,633,581
Unrestricted	<u>69,977,184</u>	<u>62,909,395</u>	<u>66,808,319</u>	<u>51,853,010</u>	<u>52,294,420</u>
Total primary government net position	<u>\$ 311,928,479</u>	<u>\$ 310,942,004</u>	<u>\$ 315,475,784</u>	<u>\$ 312,375,417</u>	<u>\$ 317,535,741</u>

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

Fiscal Year				
2014	2013	2012	2011	2010
\$ 250,043,785	\$ 250,592,927	\$ 207,621,977	\$ 128,719,531	\$ 129,332,619
3,420,280	1,857,642	1,932,254	28,556,939	38,057,825
14,412,791	15,831,412	15,831,412		
5,558,075	5,074,097	4,870,005	4,651,489	4,570,215
1,967,998	1,832,508	1,709,638	1,641,967	308,322
-	-	-	817,671	-
<u>51,276,256</u>	<u>37,447,463</u>	<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>
<u>326,679,185</u>	<u>312,636,049</u>	<u>277,233,893</u>	<u>196,239,118</u>	<u>201,478,262</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
250,043,785	250,592,927	207,621,977	128,719,531	129,332,619
25,359,144	24,595,659	24,343,309	35,668,066	42,936,362
<u>51,276,256</u>	<u>37,447,463</u>	<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>
<u>\$ 326,679,185</u>	<u>\$ 312,636,049</u>	<u>\$ 277,233,893</u>	<u>\$ 196,239,118</u>	<u>\$ 201,478,262</u>

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses:					
Governmental activities:					
General government	\$ 5,701,156	\$ 8,102,188	\$ 7,501,991	\$ 7,151,865	\$ 9,338,294
Public safety	9,115,680	9,918,617	7,830,608	7,853,892	7,988,613
Community development	6,117,322	2,867,417	4,331,134	4,502,450	4,058,871
Public works	9,598,922	6,685,611	6,624,416	6,521,569	11,102,625
Golf resort	-	-	-	-	13,564,356
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>30,533,080</u>	<u>27,573,833</u>	<u>26,288,149</u>	<u>26,029,776</u>	<u>46,052,759</u>
Business-type activities:					
Golf resort	17,315,778	16,386,499	20,011,357	21,006,393	-
Club drive	7,000	31,781	60,715	65,142	-
Total business-type expenses	<u>17,322,778</u>	<u>16,418,280</u>	<u>20,072,072</u>	<u>21,071,535</u>	<u>-</u>
Total primary government expenses	<u>47,855,858</u>	<u>43,992,113</u>	<u>46,360,221</u>	<u>47,101,311</u>	<u>46,052,759</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	43,100	39,584	35,873	48,263	35,971
Public safety	600,091	199,095	134	4,522	8,599
Community development	990,040	1,038,569	1,121,873	968,377	1,003,232
Public works	12,124	21,064	22,884	27,412	22,723
Golf resort	-	-	-	-	13,179,508
Operating grants and contributions:					
General government	478,269	444,372	430,718	456,491	524,526
Public safety	5,143,462	4,864,606	4,768,453	4,637,918	4,514,697
Community development	-	-	52,738	-	60,559
Public works	2,705,844	2,505,914	2,643,506	2,364,247	2,319,406
Capital grants and contributions:					
General government	-	-	-	-	1,050,000
Community development	-	-	-	-	-
Public works	236,175	215,870	143,993	104,869	775,943
Total governmental activities program revenue	<u>10,209,105</u>	<u>9,329,074</u>	<u>9,220,172</u>	<u>8,612,099</u>	<u>23,495,164</u>
Business-type activities:					
Charges for services:					
Golf resort	15,108,397	13,738,178	12,838,393	12,918,130	-
Club drive	-	82,142	111,241	108,476	-
Total business-type activities program revenue	<u>15,108,397</u>	<u>13,820,320</u>	<u>12,949,634</u>	<u>13,026,606</u>	<u>-</u>
Total primary government program revenue	<u>25,317,502</u>	<u>23,149,394</u>	<u>22,169,806</u>	<u>21,638,705</u>	<u>23,495,164</u>
Net revenues (expenses):					
Governmental activities	(20,323,975)	(18,244,759)	(17,067,977)	(17,417,677)	(22,557,595)
Business-type activities	<u>(2,214,381)</u>	<u>(2,597,960)</u>	<u>(7,122,438)</u>	<u>(8,044,929)</u>	<u>-</u>
Total net revenues (expenses)	<u>(22,538,356)</u>	<u>(20,842,719)</u>	<u>(24,190,415)</u>	<u>(25,462,606)</u>	<u>(22,557,595)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	3,398,657	3,255,668	3,115,910	3,039,371	2,915,229
Transient occupancy taxes	8,835,433	7,943,017	7,826,154	7,000,096	6,742,840
Sales taxes	1,493,254	1,111,159	1,347,804	1,217,570	1,121,191
Franchise taxes	992,865	929,551	941,938	922,074	924,869
Other taxes	3,674,785	3,474,244	3,227,361	2,968,981	2,887,538
Investment income	4,336,032	1,861,285	1,791,037	2,392,300	2,212,672
Gain on sale of asset	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-
Other	785,799	909,895	659,280	908,638	1,082,274
Transfers	2,004,611	-	6,139,623	(831,713)	-
Total governmental activities	<u>25,521,436</u>	<u>19,484,819</u>	<u>25,049,107</u>	<u>17,617,317</u>	<u>17,886,613</u>
Business-type activities:					
Investment income	8,006	-	1,809	3,095	-
Other	-	404,947	8,379,489	1,850,156	-
Transfers	<u>(2,004,611)</u>	<u>-</u>	<u>(6,139,623)</u>	<u>831,713</u>	<u>-</u>
Total business-type activities	<u>(1,996,605)</u>	<u>404,947</u>	<u>2,241,675</u>	<u>2,684,964</u>	<u>-</u>
Total primary government	<u>23,524,831</u>	<u>19,889,766</u>	<u>27,290,782</u>	<u>20,302,281</u>	<u>17,886,613</u>
Changes in net position:					
Governmental activities	5,197,461	1,240,060	7,981,130	199,640	(4,670,982)
Business-type activities	<u>(4,210,986)</u>	<u>(2,193,013)</u>	<u>(4,880,763)</u>	<u>(5,359,965)</u>	<u>-</u>
Total primary government	<u>\$ 986,475</u>	<u>\$ (952,953)</u>	<u>\$ 3,100,367</u>	<u>\$ (5,160,325)</u>	<u>\$ (4,670,982)</u>

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

	Fiscal Year				
	2014	2013	2012	2011	2010
\$	8,528,905	\$ 8,151,220	\$ 7,589,850	\$ 4,804,881	\$ 8,194,604
	7,689,486	7,413,099	7,415,881	7,379,309	8,157,222
	4,114,707	11,783,596	9,513,504	20,227,573	19,519,593
	11,284,095	11,050,272	6,950,388	6,710,034	5,423,271
	12,945,121	12,088,530	12,714,308	13,694,185	12,885,373
	-	-	2,024,309	8,185,570	5,934,148
	<u>44,562,314</u>	<u>50,486,717</u>	<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>44,562,314</u>	<u>50,486,717</u>	<u>46,208,240</u>	<u>61,001,552</u>	<u>60,114,211</u>
	46,282	88,959	134,600	31,619	30,284
	6,883	7,900	5,507	8,272	873,229
	854,755	934,524	663,445	6,718,212	2,136,604
	28,038	32,978	35,877	48,230	6,266
	12,429,070	12,051,307	12,480,492	12,243,547	11,126,337
	386,696	381,405	382,613	405,976	33,501
	4,436,574	4,211,296	1,921,482	1,921,931	2,557,187
	-	-	-	17,400	1,568,330
	2,362,409	2,303,057	2,127,618	2,051,669	1,472,156
	500,000	1,450,000	-	-	-
	-	-	-	-	444,801
	<u>2,352,481</u>	<u>119,513</u>	<u>2,839,642</u>	<u>573,206</u>	<u>4,750,952</u>
	<u>23,403,188</u>	<u>21,580,939</u>	<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>23,403,188</u>	<u>21,580,939</u>	<u>20,591,276</u>	<u>24,020,062</u>	<u>24,999,647</u>
	(21,159,126)	(28,905,778)	(25,616,964)	(36,981,490)	(35,114,564)
	<u>(21,159,126)</u>	<u>(28,905,778)</u>	<u>(25,616,964)</u>	<u>(36,981,490)</u>	<u>(35,114,564)</u>
	2,820,856	2,689,149	12,893,907	17,200,487	18,121,718
	6,407,454	6,341,825	5,689,952	4,805,116	4,294,079
	1,016,141	945,359	992,271	902,256	762,241
	886,891	860,303	848,259	835,725	817,863
	2,375,414	1,914,222	4,107,560	3,672,587	1,331,372
	3,297,078	2,046,935	3,740,423	3,939,375	1,513,114
	-	-	-	-	-
	16,400,000	48,767,526	78,671,501	-	-
	1,012,035	1,078,031	563,735	399,736	362,922
	-	-	-	-	-
	<u>34,215,869</u>	<u>64,643,350</u>	<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>34,215,869</u>	<u>64,643,350</u>	<u>107,507,608</u>	<u>31,755,282</u>	<u>27,203,309</u>
	13,056,743	35,737,572	81,890,644	(5,226,208)	(7,911,255)
	-	-	-	-	-
\$	<u>13,056,743</u>	<u>35,737,572</u>	<u>81,890,644</u>	<u>(5,226,208)</u>	<u>(7,911,255)</u>

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

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2019	2018	2017	2016	2015
General fund:					
Nonspendable:					
Prepaid items	\$ 7,738	\$ 1,911	\$ 24,666	\$ 5,740	\$ 950
Notes and loans	18,945,867	17,739,192	17,739,192	17,889,192	17,889,192
Committed to:					
Capital projects	5,500,000				
Emergency reserve	-	-	-	-	2,500,000
Unassigned	<u>16,039,794</u>	<u>19,397,674</u>	<u>18,859,826</u>	<u>10,727,499</u>	<u>7,442,635</u>
Total general fund	<u>\$ 40,493,399</u>	<u>\$ 37,138,777</u>	<u>\$ 36,623,684</u>	<u>\$ 28,622,431</u>	<u>\$ 27,832,777</u>
All other governmental funds					
Nonspendable					
Inventory	-	-	-	-	728,323
Prepaid items	-	-	-	-	230,059
Notes	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted for:					
Community development	16,978,265	17,294,122	15,244,098	15,647,539	15,815,156
Public safety	5,737,133	5,308,643	6,034,523	6,065,849	5,680,112
Parks and recreation	-	-	-	-	-
Public works	2,412,413	2,223,810	2,135,793	2,201,769	2,138,313
Debt service	-	-	-	-	-
Committed to:					
Emergency Reserve	-	-	-	-	-
Capital projects	159,190	144,213	676,363	354,335	22,913,539
Golf Resort	-	-	-	-	1,347,155
Assigned to:					
Capital projects	30,525,572	23,325,122	23,643,770	23,199,044	-
Unassigned	<u>(1,254,477)</u>	<u>(1,306,134)</u>	<u>(1,345,970)</u>	<u>(1,387,826)</u>	<u>(1,420,514)</u>
Total all other governmental funds	<u>\$ 54,558,096</u>	<u>\$ 46,989,776</u>	<u>\$ 46,388,577</u>	<u>\$ 74,703,141</u>	<u>\$ 47,432,143</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				
2014	2013	2012	2011	2010
\$ 3,715	\$ 352,799	\$ 724,847	\$ 21,282	\$ 47,743
17,889,192	-	-	22,010,750	22,409,361
2,250,000	2,250,000	2,250,000	18,500,000	-
5,841,717	4,744,619	4,743,094	22,766,933	19,491,287
<u>\$ 25,984,624</u>	<u>\$ 7,347,418</u>	<u>\$ 7,717,941</u>	<u>\$ 63,298,965</u>	<u>\$ 41,948,391</u>
695,998	613,309	696,882	556,726	501,090
108,542	83,196	79,410	39,962	58,820
-	15,831,412	15,831,412	4,316,639	4,316,639
-	-	-	11,514,773	11,514,773
16,414,450	1,857,642	1,932,254	12,725,527	8,618,341
5,558,075	5,074,097	4,870,005	4,651,489	4,379,949
-	-	-	-	-
1,967,998	1,832,508	1,709,638	1,641,967	1,807,173
-	-	-	817,671	789,777
-	-	-	-	-
23,805,825	25,431,121	35,781,876	3,022,559	-
-	2,441,139	-	-	-
-	-	-	-	-
(1,853,153)	(1,499,190)	(1,539,173)	(43,424,063)	(10,039,594)
<u>\$ 46,697,735</u>	<u>\$ 51,665,234</u>	<u>\$ 59,362,304</u>	<u>\$ (4,136,750)</u>	<u>\$ 21,946,968</u>

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues:					
Taxes	\$ 21,534,317	\$ 19,825,390	\$ 19,067,088	\$ 17,840,371	\$ 17,196,257
Licenses and permits	504,876	465,327	642,162	466,550	479,296
Intergovernmental	1,246,106	1,098,333	1,024,757	959,741	1,765,403
Contribution from property owners	-	-	-	-	1,050,000
Charges for services	1,085,255	772,337	480,245	503,429	13,705,848
Investment income	2,492,431	212,021	225,978	727,908	527,212
Fines and forfeitures	55,224	60,648	58,359	78,595	64,889
Rental income	1,766,444	1,639,641	1,561,169	1,629,432	1,660,396
Assessments	4,009,522	3,866,031	3,763,303	3,782,451	3,685,524
Development fees	168,798	149,631	448,419	129,054	139,614
Other	785,799	909,895	659,280	908,638	1,082,274
Total revenues	<u>33,648,772</u>	<u>28,999,254</u>	<u>27,930,760</u>	<u>27,026,169</u>	<u>41,356,713</u>
Expenditures					
Current:					
General government	8,995,458	8,136,619	7,836,296	8,008,297	9,424,603
Public safety	8,687,603	8,488,123	8,047,904	8,151,039	8,036,589
Community development	3,010,110	2,890,706	2,861,354	3,084,249	2,807,307
Parks and recreation	-	-	-	-	-
Public works	4,811,267	4,456,328	4,546,968	4,423,715	4,080,034
Golf resort	-	-	-	-	13,564,356
Pass-through	-	-	-	-	-
Capital outlay	3,577,852	3,911,186	1,305,125	559,912	861,263
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>29,082,290</u>	<u>27,882,962</u>	<u>24,597,647</u>	<u>24,227,212</u>	<u>38,774,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,566,482</u>	<u>1,116,292</u>	<u>3,333,113</u>	<u>2,798,957</u>	<u>2,582,561</u>
Other financing sources (uses):					
Transfers in	25,325,206	4,206,586	7,932,137	1,429,989	2,462,520
Transfers out	(23,320,595)	(4,206,586)	(2,956,130)	(2,261,702)	(2,462,520)
Contributions to other governments	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Premium (discount) on bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-
Sale of property	4,351,849	-	-	-	-
Total other financing sources (uses)	<u>6,356,460</u>	<u>-</u>	<u>4,976,007</u>	<u>(831,713)</u>	<u>-</u>
Net change in fund balances	<u>\$ 10,922,942</u>	<u>\$ 1,116,292</u>	<u>\$ 8,309,120</u>	<u>\$ 1,967,244</u>	<u>\$ 2,582,561</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)					
	(1,681,711)	3,456,064	588,717	(102,981)	695,864
Total governmental expenditures	29,082,290	27,882,962	24,597,647	24,227,212	38,774,152
Less: Principal	-	-	-	-	-
Less: Interest	-	-	-	-	-
	<u>29,082,290</u>	<u>27,882,962</u>	<u>24,597,647</u>	<u>24,227,212</u>	<u>38,774,152</u>
Less: Capital Asset Additions	1,681,711	(3,456,064)	(588,717)	102,981	(695,864)
Non Capital Expenditures	30,764,001	24,426,898	24,008,930	24,330,193	38,078,288
Total Debt Service Payments	-	-	-	-	-
Debt Service as % of Non Capital Exp.	0.0%	0.0%	0.0%	0.0%	0.0%

Fiscal Year

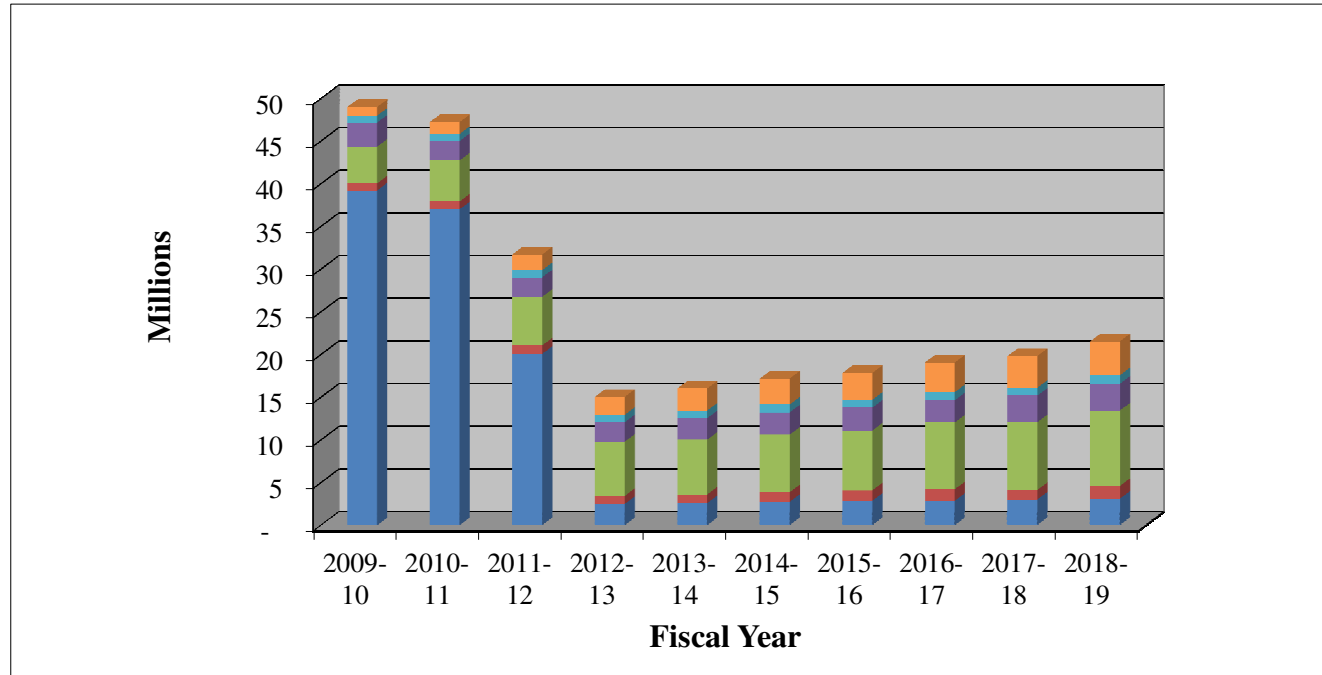
2014	2013	2012	2011	2010
\$ 16,031,054	\$ 15,036,212	\$ 31,715,482	\$ 47,215,341	\$ 48,995,314
426,382	439,139	226,322	119,583	234,824
3,151,753	863,584	3,613,520	1,390,949	5,157,957
500,000	1,450,000			
12,857,977	12,548,294	12,918,149	12,657,977	11,476,745
1,623,137	400,607	2,157,135	3,256,904	2,732,580
80,669	128,235	175,450	87,320	84,582
1,651,498	1,633,036			
3,737,258	3,643,882	3,584,325	3,530,928	3,481,755
124,851	222,451	73,510	61,007	1,327,402
1,012,035	1,078,031	563,735	399,736	3,374,688
<u>41,196,614</u>	<u>37,443,471</u>	<u>55,027,628</u>	<u>68,719,745</u>	<u>76,865,847</u>
8,573,662	7,996,591	6,214,712	4,219,555	7,941,889
7,685,383	3,211,837	7,212,762	7,214,270	8,000,297
2,820,027	5,109,097	2,556,343	5,846,632	13,493,473
-	1,920,320			
4,135,007	3,866,883	3,913,539	3,763,936	2,959,775
12,945,121	12,088,530	12,714,308	13,694,185	12,885,373
-	-	7,183,533	21,778,115	21,138,998
8,678,100	3,330,510	9,197,818	4,464,499	5,954,982
-	-	4,460,000	4,020,106	3,860,000
-	-	3,894,759	7,951,591	8,517,174
<u>44,837,300</u>	<u>37,523,768</u>	<u>57,347,774</u>	<u>72,952,889</u>	<u>84,751,961</u>
<u>(3,640,686)</u>	<u>(80,297)</u>	<u>(2,320,146)</u>	<u>(4,233,144)</u>	<u>(7,886,114)</u>
64,112	6,587,021	44,643,627	13,373,447	11,845,781
(140,112)	(6,716,791)	(46,425,808)	(13,873,447)	(12,595,781)
-	(7,522,110)	-	-	-
-	-	-	-	10,890,000
-	-	-	-	-
-	-	-	-	-
16,400,000	1,339,192	12,020,357	-	-
-	-	-	-	-
<u>16,324,000</u>	<u>(6,312,688)</u>	<u>10,238,176</u>	<u>(500,000)</u>	<u>10,140,000</u>
<u>\$ 12,683,314</u>	<u>\$ (6,392,985)</u>	<u>\$ 7,918,030</u>	<u>\$ (4,733,144)</u>	<u>\$ 2,253,886</u>
0.0%	0.0%	21.0%	21.2%	18.7%
8,627,428	3,118,599	9,190,259	4,524,674	6,076,294
44,837,300	37,523,768	57,347,774	72,952,889	84,751,961
-	-	(4,460,000)	(4,020,106)	(3,860,000)
-	-	(3,894,759)	(7,951,591)	(8,517,174)
<u>44,837,300</u>	<u>37,523,768</u>	<u>48,993,015</u>	<u>60,981,192</u>	<u>72,374,787</u>
<u>(8,627,428)</u>	<u>(3,118,599)</u>	<u>(9,190,259)</u>	<u>(4,524,674)</u>	<u>(6,076,294)</u>
<u>36,209,872</u>	<u>34,405,169</u>	<u>39,802,756</u>	<u>56,456,518</u>	<u>66,298,493</u>
-	-	8,354,759	11,971,697	12,377,174
0.0%	0.0%	21.0%	21.2%	18.7%

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
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
2018-19	3,113,540	1,493,254	8,835,433	3,139,323	992,866	3,959,902	21,534,317

Percentage change:

2010-2019 -92.1% 80.5% 105.8% 11.0% 21.4% 288.4% -56.0%



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

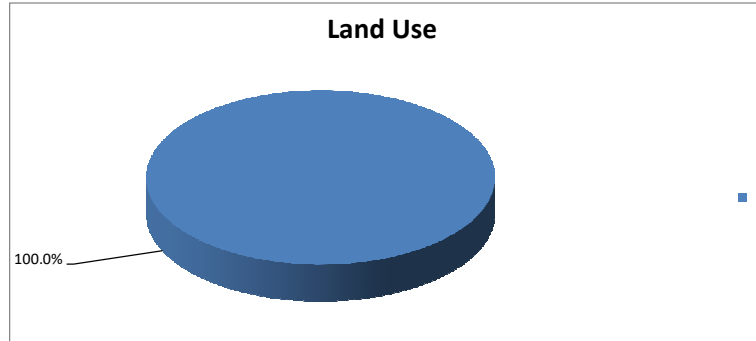
Fiscal Year Ended June 30	City (Excl. RDA)			Redevelopment Agency			City's Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2009-10	858,305,085	4,653,028	862,958,113	3,976,541,728	43,225,207	4,019,766,935	1.23056
2010-11	798,116,578	5,300,075	803,416,653	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
2018-19	1,323,102,487	10,855,110	1,333,957,597	4,606,551,347	20,122,839	4,626,674,186	1.21396

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	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15*	2015-16	2016-17	2017-18	2018-19
Residential	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	5,046,143,990
Commercial	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	661,957,523
Vacant	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	166,625,355
Institutional	318,639	317,885	0	0	0	0	0	0	0	0
Unknown	176,890,276	167,423,018	315,812,049	411,623,758	362,409,067	0	0	0	0	0
Net Secured Value	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	5,874,726,868
Unsecured	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	30,977,949
Net Taxable Value	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	5,905,704,817



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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
City Direct Rates:										
City Basic Rate	0.07000000	0.07000000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Agency Basic Rate	0.26604000	0.26686000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Low & Mod 20% Set-aside	0.20000000	0.20000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Total City Direct Rate	0.53604000	0.53686000	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751	0.00649751
Overlapping Rates:										
General	0.00000000	0.00000000	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188	0.15716188
Riverside County General & Fire	0.28336000	0.28336000	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884	0.06556884
Coachella Valley Water District	0.05932000	0.05886000	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245	0.03055245
Desert Sands Unified School District	0.11489000	0.11498000	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065	0.40439065
Riverside County Superintendent of Schools	0.01299000	0.01300000	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713	0.04571713
College of Desert	0.02387000	0.02389000	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091	0.08403091
Coachella Valley Parks & Recreation District	0.02190000	0.02192000	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243	0.01321243
CV Mosquito & Vector Control District	0.01448000	0.01449000	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312	0.01091312
Riverside County Regional Park & Open Space	0.00088000	0.00088000	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930	0.00387930
Coachella Valley Public Cemetery	0.00072000	0.00072000	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659	0.00256659
Desert Regional Medical Center	0.00098000	0.00097000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
Coachella Valley Resource Conservation	0.00000000	0.00000000	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170	0.00039170
Education Revenue Augmentation Fund	0.00006000	0.00006000	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749	0.17511749
TOTAL	0.53345000	0.53313000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000	1.00000000
Override Assessments										
Coachella Valley Water District	0.06000000	0.06000000	0.08000000	0.08000000	0.10000000	0.10000000	0.10000000	0.10000000	0.10000000	0.10000000
Desert Community College	0.01995000	0.01995000	0.01995000	0.01995000	0.01995000	0.02325000	0.02087000	0.02036000	0.04030000	0.03978000
Desert Sands Unified School District	0.08112000	0.10036000	0.11467000	0.11156000	0.10954000	0.10984000	0.10915000	0.08599000	0.07251000	0.07418000
TOTAL	0.16107000	0.18031000	0.21462000	0.21151000	0.22949000	0.23309000	0.23002000	0.20635000	0.21281000	0.21396000
TOTAL TAX RATE	1.23056000	1.25030000	1.21462000	1.21151000	1.22949000	1.23309000	1.23002000	1.20635000	1.21281000	1.21396000

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	2018-19		2009-10	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Garden Of Champions	261,208,902	4.42%	57,569,136	1.16%
Grand Champions Llc	80,878,689	1.37%	80,040,496	
Bbc Esmeralda	72,171,706	1.22%		0.00%
Vintage Club	65,058,628	1.10%	37,389,403	0.75%
Toscana Homes	58,030,280	0.98%	68,792,897	1.38%
Standard Pacific Corp	28,616,865	0.48%	26,073,451	
Rpcwg Miramonte Owner	23,877,748	0.40%		0.00%
Eldorado Country Club	18,692,210	0.32%	27,670,491	0.56%
Village Shopping Center At Ind	17,178,702	0.29%		
Targoff Michael B	16,667,963	0.28%		
Gross William H	14,000,000	0.24%		
Cook Leo W	13,951,793	0.24%	12,327,384	0.25%
Marion Anne W	13,786,000	0.23%		
Iwcc Acquisition Corp	13,396,872	0.23%	21,342,475	0.43%
Kayne Richard A	13,381,941	0.23%		
Brinson Gary P	13,140,000	0.22%	16,611,951	0.33%
Schmid Inv	13,072,915	0.22%	12,608,506	
Carletti Christopher M	13,000,000	0.22%		
Indian Wells Village Ii	12,875,202	0.22%	11,562,234	
Drw Desert Holdings	12,372,598	0.21%		0.00%
Pcg Rgg General Partnership	11,695,515	0.20%		
Coleman Sheldon C	11,295,375	0.19%	11,418,000	
Smith Orin C	11,201,401	0.19%		
Adh Prop	11,101,240	0.19%		
Neptune	11,062,357	0.19%		
Felcor Esmerelda Llc			67,591,670	1.36%
Lh Indian Wells Holding			25,000,000	0.50%
Bank Of Calif			21,244,707	0.43%
Reserve Club			17,261,661	0.35%
Alexander & Baldwin Inc			16,914,303	0.34%
Ryan Oil Co			16,640,411	0.33%
Sanderson J Ray Indian Wells			15,990,279	0.32%
Schneider Gene W			13,083,358	0.26%
Windfohr Anne Burnett			12,180,881	0.24%
Koch Charles G			11,935,337	0.24%
Gilleland Richard A			11,736,743	0.24%
Lowe Terraces Inc			11,258,542	0.23%
Common Lot			10,324,882	0.21%
Total Top 25 Taxpayers	831,714,902	14.08%	634,569,198	9.90%
Total Taxable Value	5,905,704,817	100.00%	4,976,012,013	100.00%

Source: County Assessor data, Avenu Insights & Analytics

City of Indian Wells

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

2018-19		2009-10	
Taxpayer	Business Type	Taxpayer	Business Type
Audio Visual Services Group	Business Services	Cafe Italia	Restaurants W/Beer
CVS/Pharmacy	Drug Stores	Compliments	Family Apparel
Desert Horizons Country Club	Personal Services	Creative Pipe	Heavy Industry
Don Diego Restaurante	Restaurants W/Onsale	CVS/Pharmacy	Drug Stores
Eldorado Country Club	Personal Services	Desert Horizons Country Club	Club Food/Bar Sales
Eureka!	Restaurants W/Onsale	Don Diego Restaurante	Restaurants W/Onsale
Hyatt Hotel	Hotel Food/Bar Sales	Eldorado Country Club	Personal Services
Indian Wells Country Club & Hotel	Hotel Food/Bar Sales	Hyatt Hotel	Hotel Food/Bar Sales
Indian Wells Golf Resort	Personal Services	Indian Wells Country Club & H	Hotel Food/Bar Sales
Indian Wells Resort Hotel	Hotel Food/Bar Sales	Indian Wells Golf Resort	Personal Services
Indian Wells Tennis Garden	Personal Services	Indian Wells Resort Hotel	Hotel Food/Bar Sales
IW Coffee	Specialty Food Store	Indian Wells Tennis Garden	Personal Services
Karen Harlow For The Home	Personal Services	Le Saint Germain Restaurant	Restaurants W/Onsale
Miramonte Resort & Spa	Hotel Food/Bar Sales	Miramonte Resort & Spa	Hotel Food/Bar Sales
Renaissance Esmeralda Resort & Spa	Hotel Food/Bar Sales	Nest Restaurant	Restaurants W/Onsale
Reserve Club	Personal Services	Ralph's Grocery Company	Supermarkets
SCH Enterprises	Mfg.Matl./Textiles	Renaissance Esmeraldas Resort &	Hotel Food/Bar Sales
Tennis Warehouse	Sporting Goods	Reserve Club	Personal Services
Terry Beardsley Golf Shop	Sporting Goods	Restaurant Associates Events	Fast Food Restaurant
The Nest Restaurant & Piano Bar	Restaurants W/Onsale	Swank Audio Visuals	Office Eqpmt Store
The Sands Hotel & Spa	Hotel Food/Bar Sales	Terry Beardsley Golf Shop	Sporting Goods
The Vintage Club	Personal Services	The Village Insciber	Stationery/Books
Thomas Johnson Custom Cabinetry & Architectural	Bldg Matls-Whsle	The Vintage Golf Club	Personal Services
Toscana Country Club	Personal Services	Toscana Country Club	Personal Services
Vicky's of Santa Fe	Restaurants W/Onsale	Vicky's of Santa Fe	Restaurants W/Onsale

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
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%
2019	2,556,217	3,104,015	121.43%	9,525	3,113,540	121.80%

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**

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15*	2015-16	2016-17	2017-18	2018-19
Resort Hotels	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	8,635,851
Short-term Rentals	0	0	12,013	23,104	32,838	117,552	281,039	229,213	226,660	199,582
Total	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	8,835,433
 Transient Occupancy Tax Rate in effect	9.25%	9.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	12.25%

Source: Published CAFR Reports

- a. Specific revenue detail by operator is unavailable due to confidentiality.
- b. Voter approved 1% rate increase; effective January 1, 2019

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		
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%	-
2019	- 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
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%
2019	-	0.0%	-	-	-	887,084	887,084	100.0%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed Value (From Assessor's net 02-2441)	<u>FY 2018/19</u> \$ 5,913,891,632
Legal Debt limit (15% of total assessed value)	887,083,745

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, 2019

2018-19 Assessed Valuation: \$ 5,918,382,889

	Total Debt 6/30/2019	%	City Share of Debt 6/30/19
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Desert Community College District	\$ 349,425,000	7.297%	\$ 25,497,542
Desert Sands Unified School District	381,670,000	14.686%	56,052,056
Desert Sands Unified School District Community Facilities District No. 1	925,000	11.088%	102,564
City of Indian Wells	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 81,652,162
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Riverside County General Fund Obligations	\$ 760,133,611	2.111%	\$ 16,046,421
Riverside County Pension Obligations	243,850,000	2.111%	5,147,674
Desert Sands Unified School District Certificates of Participation	37,000,000	14.686%	5,433,820
Coachella Valley Recreation and Park District Certificates of Participation	472,521	11.661%	55,101
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			26,683,016
Less: Riverside County Administrative Center Authority (100% self-supporting)			36,670
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 26,646,346
OVERLAPPING TAX INCREMENT DEBT:	296,685,000	.176-100.0%	\$ 79,133,566
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 187,468,744
TOTAL NET OVERLAPPING DEBT			\$ 187,432,074
GROSS COMBINED TOTAL DEBT			\$ 187,468,744 ⁽²⁾
NET COMBINED TOTAL DEBT			\$ 187,432,074

(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 2018-19 Assessed Valuation:

Direct Debt.....0.00%
Total Direct and Overlapping Tax and Assessment Debt.....1.38%
Gross Combined Total Debt.....3.17%
Net Combined Total Debt.....3.17%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$4,239,131,591):

Total Overlapping Tax Increment Debt.....1.87%

AB:(\$500)

Source: Avenu Insights & Analytics

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

Fiscal Year	Tax Allocation Bonds				
	Ended June 30	Tax Increment	Debt Service		Coverage
			Principal	Interest	
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	-	-	-	-	
2019	-	-	-	-	

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

City of Indian Wells

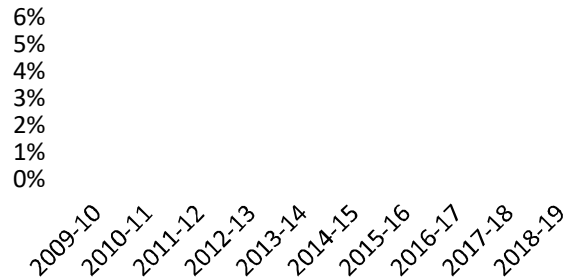
Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age	Public School Enrollment (3)	City Unemployment Rate (%) (4)
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%
2018-19	5,445	529,521,295	97,249	67.8	28,610	2.0%

City Population



City Unemployment



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	2018-19		2009-10	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Renaissance Esmeralda Resort	445	24.72%	550	23.52%
Hyatt Regency	375	20.83%	600	25.66%
Toscana Country Club	241	13.39%	140	5.99%
Indian Wells Golf Resort (1)	218	12.11%	125	5.35%
Miramonte Resort and Spa	109	6.06%	250	10.69%
El Dorado Country Club (2)	100	5.56%	200	8.55%
Indian Wells Country Club	95	5.28%	149	6.37%
Desert Horizons Country Club (1)	85	4.72%		0.00%
Indian Wells Resort Hotel	76	4.22%		0.00%
Merrill Lynch Wealth Mgmt	38	2.11%	100	4.28%
DDC Desert Development			125	5.35%
Windermer Real Estate			99	
Total Top Employers	1,782	99.00%	2,338	96%
Total City Employment (3)	1,800			

Source: Avenu Insights & Analytics

Source: 2009-10, Previously published CAFR

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>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>	<u>2019</u>
City Manager/Clerk	6.75	4.75	4.75	4.75	4.75	4.52	4.48	4.48	5.05	5.05
Advertising/Marketing	3.00	2.00	2.00	2.00	2.00	1.97	1.97	1.97	-	-
Community Services	-	-	-	-	-	-	-	-	1.95	1.95
Risk Management	0.125	0.125	0.125	0.125	0.125	0.150	0.150	0.15	0.30	0.30
Personnel	0.125	0.125	0.125	0.125	0.125	0.450	0.450	0.45	0.55	0.55
City Attorney	0.25	0.25	0.25	0.25	0.25	0.05	0.09	0.09	0.20	0.20
Community										
Development	8.25	6.25	5.25	5.25	6.50	6.27	6.27	6.77	5.45	5.45
Finance Department	7.00	6.00	6.00	6.00	6.00	5.47	5.33	5.33	4.41	4.41
Public Safety	1.50	1.50	1.50	1.50	1.25	1.60	1.60	1.10	1.10	1.10
Public Works	8.00	8.00	8.00	8.00	8.00	7.53	7.44	7.44	7.44	7.51
Housing Authority	-	-	-	-	-	0.99	0.99	0.99	1.64	1.64
Golf Resort	-	-	-	-	-	-	0.18	0.18	0.84	0.84
Club Drive	-	-	-	-	-	-	0.05	0.05	0.07	-
Total	35.00	29.00	28.00	28.00	29.00	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>	Fiscal Year				
	2010	2011	2012	2013	2014
Police					
Violent Crime	1	3	-	-	-
Thefts	89	112	102	141	97
Burglaries	72	58	47	66	39
Traffic Collisions	93	72	88	88	125
Traffic Citations	2,371	1,333	870	838	1,251
Fire					
Medical Aid Calls	538	594	696	704	659
Public Service Assists	76	78	108	118	90
Structure Fires	17	5	4	4	4
Vegetation Fires	-	-	-	-	-
Building Activity					
Permits Issued	416	548	582	774	914
Inspections Performed	1,390	2,286	2,811	3,862	4,927
New Dwelling Units	5	17	13	35	33
Public Works					
Lot Line Adjustments	1	-	1	3	3
Parcel Mergers	-	3	2	3	3
Encroachment Permits	59	66	48	66	84
Tract Maps	-	-	2	2	-
Golf Resort					
Golf rounds played	81,102	83,052	83,104	82,712	81,696
Administration					
City Council Meetings	22	20	21	21	20
Public Hearings	22	23	16	11	23
Adopted Resolutions	53	35	43	53	53

Fiscal Year

2015	2016	2017	2018	2019
3	6	6	2	8
87	91	96	89	101
29	45	39	34	49
136	104	116	98	101
971	1,101	1,248	1,231	853
751	794	818	934	951
102	76	79	69	59
4	3	1	5	2
-	-	2	2	-
845	887	774	764	758
5,438	4,607	3,319	3,686	3,841
37	32	33	39	46
4	2	4	-	2
5	4	1	3	2
59	70	82	71	86
1	-	-	-	2
78,829	77,613	74,358	74,828	74,589
18	15	8	10	9
18	14	15	11	9
49	42	49	41	39

City of Indian Wells

**Capital Asset Statistics
by Function**

Last Ten Fiscal Years

<u>Function</u>	Units of Measure	Fiscal Year		
		2010	2011	2012
Public safety				
Police Sub-Stations	Buildings	1.00	1.00	1.00
Fire Stations	Buildings	1.00	1.00	1.00
Highways, Streets, Bridges, & Infrastructure				
Pavement (Roadway)	Centerline Miles	25.80	25.80	25.80
Sidewalks	Miles	12.70	12.70	12.70
Bridges	Each	3.50	3.50	3.50
Traffic Signals	Each	15.25	15.25	15.25
Traffic Signals equipped with Red Light Runner Camera	Each	-	-	-
Streetlights (not included with traffic signals)	Each	19.00	19.00	19.00
Sanitary Sewer Lift Stations (CVWD)	Each	3.00	3.00	3.00
Parks and recreation				
Parks	Each	1.00	1.00	1.00
18-Hole Public Golf Courses	Each	2.00	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00	1.00
City Vehicles				
City-Owned Fleet Motor Vehicles	Each	11.00	11.00	11.00
City-Owned Ambulances	Each	2.00	2.00	2.00
Affordable Housing				
Senior Affordable Housing Complexes	Each	2.00	2.00	2.00
Senior Affordable Housing Units	Each	218.00	218.00	218.00

Fiscal Year

2013	2014	2015	2016	2017	2018	2019
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
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
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
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
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
10.00	10.00	10.00	10.00	11.00	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
218.00	218.00	218.00	218.00	218.00	218.00	218.00

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