

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

of the

**CITY OF INDIAN WELLS, CALIFORNIA**

For the

Fiscal Year Ended

**June 30, 2008**

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December 3, 2008

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

It is a pleasure to present you with the City of Indian Wells Comprehensive Annual Financial Report. The City remains in sound financial condition. The City of Indian Wells remains truly committed to enhancing the quality of life in Indian Wells. City Officials have established warm and open lines of communication with all residents to meet the changing needs of this most prestigious and remarkable community. Indian Wells is an exceptional city for exceptional people. The quality of City services are continually monitored and reviewed by the City Council. This ensures all City services are meeting the current needs of our residents while maintaining the highest level of fiscal responsibility.

The City of Indian Wells continues to enjoy the benefits of being one of California's wealthiest and financially well-managed cities. Oversight of the City's Finance Committee provides assurance this ranking and fiscal practice continues. The Finance Committee oversees reporting, studies long-term cash flow projections and reviews to the operating and capital budgets on a continual basis. The financial strength of the City is attributed to the Council's emphasis on conservative fiscal management of its resources.

Government Code 26909 (a) requires that 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 that the audit conform to generally accepted auditing standards. Further, Government Code 26909 (b) states that an audit report shall be filed with the State Controller and with the County Auditor of the County 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, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mayer Hoffman McCann P.C Certified Public Accountants have issued an unqualified opinion on the City's financial statements for the year ended June 30, 2008. The independent auditor's report is located in the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report, page 23 of this report, and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Situated approximately 20 miles from Palm Springs in Southern California's Riverside County, the Indian Wells Golf Resort is located in the world-renowned residential and resort city of Indian Wells, California. Incorporated in 1967, the City of Indian Wells boasts a full-time of 5,025 residents spread over 15.04 square miles. An additional 5,000 to 6,000 part-time residents call the city home during the winter high season months.

The City of Indian Wells is distinguished by its pristine natural setting, upscale residential country clubs, first-class resorts, championship golf courses, and abundance of leisure and cultural activities. Offering superb public services and resident benefits, the City of Indian Wells continues to enjoy the benefits of being one of California's wealthiest and financially well-managed cities.

Widely recognized as a premier vacation and conference destination, the City of Indian Wells is home to four luxurious hotel properties: Hyatt Grand Champions Resort, Villas & Spa; Indian Wells Resort Hotel; Miramonte Resort and Spa; and Renaissance Esmeralda Resort and Spa. All four upscale hotels are conveniently located within walking distance of the city-owned public Golf Resort. The City of Indian Wells maintains strong and strategic alliances with each resort partner to maximize Golf Resort usage and hotel occupancy. Moreover, the city is also the site of the Indian Wells Tennis Garden (IWTG), the world's second largest tennis stadium, which annually hosts the prestigious Indian Wells Open tennis tournament. This 80-acre, state-of-the-art sports and entertainment facility also presents several special events and concerts year-round. During fiscal year 2007/08 the City negotiated a three year hosting agreement to acquire the LG Skin's Game event.

The City of Indian Wells has operated under the City Council/City Manager form of Government since 1967. 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 through City staff. The City provides a full range of services, including police and fire protection, construction and maintenance of streets and infrastructure, planning and community development, building and safety, recreational activities, arts and culture, and parks.

### **Economic Overview and Future Economic Growth**

As one of California's few No/Low property tax cities, the City receives very little revenue from property taxes. As a No/Low property tax city, Indian Wells collects only 7% of the 1% of property assessed valuation. As a result, the City of Indian Wells has had to rely on revenues generated from tourism to support its public services. It has been said the industry of Indian Wells is world-class luxury tourism. Today, over 50% of the revenues generated in the City's General Fund are tourism based. Vital to the City's tax base are three key economic components: resort hotel properties, restaurants, and golf.

Golf is the primary recreational activity supporting the resort hotel properties and related retail shops in Indian Wells. Featuring spectacular mountain views and a stunning park-like setting, the City-owned Indian Wells Golf Resort is recognized as a world-renowned golf destination. The Golf Resort is designed to augment the existing amenities of the four surrounding luxury resort hotels, as well as maximize the resorts' ability to generate transient occupancy tax revenues for the City.



To the degree that the economy negatively affects tourism, the Indian Wells economy, as well as that of California, will face many challenges in calendar year 2008 and 2009. The national deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices have continued to slow the growth rate of the region's economy. Upward resets of sub-prime mortgages have increased the rate of mortgage defaults and foreclosures nationwide to record levels, with California experiencing some of the strongest effects. Although very small in Indian Wells, we have seen foreclosure rates increase and the number of homes sold has declined, pushing the inventory of unsold homes to its highest level since the early 1990's.

The effects of the national housing slump have rippled through all sectors of the economy but have been particularly damaging in the real estate, construction/home remodeling, and financial sectors; several large financial institutions have reported record losses on mortgages and related financial instruments secured by these mortgages.

In addition to the national collapse of the housing market, a rapid rise in energy costs have added to the uncertainty of the national, state, and regional economies, as oil prices have surpassed \$100 per barrel. The combined effect of these factors has pushed consumer confidence to its lowest level since December 2005 as reported by the National Conference Board.

Retail Sales for March 2008, excluding Autos, showed an increase of .1% on a month over month basis after a -.1% report for February 2008. The composition of the gain was the critical number, as spending on furniture, clothing and appliances fell substantially but spending on both gasoline at the pump and food rose enough for the report to show an overall increase. After February's report that showed some signs of "demand destruction" (higher prices forcing people to buy less) it appears consumers may become forced to begin to shift spending patterns and reallocating income to essentials (food & energy) and away from discretionary products. This would clearly deepen an economic downturn or at the very least extend its duration until consumers begin to open their wallets again.

The City prepares comprehensive cash flows anticipating future revenues and service demands of the General Fund. Through prudent fiscal management, the anticipated net operating surplus in the General Fund will average \$5.0 million to \$6.0 million annually, over the next ten years.

To improve long-term financial performance, the City has completed development agreements with two separate developers to construct the Indian Wells Town Center and Indian Wells Crossing projects. These projects will significantly increase the amount of retail sales and transient occupancy tax collections in the community. Preliminary analysis indicates collections of transient occupancy tax could increase as much as 40% as a result of the opening of the proposed hotels. The developer of the Indian Wells Town Center will build a lifestyle and entertainment center providing an ultra luxury upscale shopping and restaurant experience. This exceptional customer-service-oriented center would dramatically increase the City's sales tax base. A preliminary sales tax analysis indicates the receipt of sales tax within Indian Wells could virtually double with the completion of the new center. While sales tax revenues would remain less than ten percent of General Fund revenues, the real value lies in increased revenue diversity within the City's General Fund.

## **Major Initiatives**

### **Indian Wells Golf Resort**

The crown jewel of the City of Indian Wells is the recently completed \$80 million remodel of the Indian Wells Golf Resort featuring two brand new eighteen hole championship golf courses, world class practice facilities and a stunning 53,000-square-foot clubhouse named the IW Club. In 2005, the city embarked on an ambitious renovation of the award-winning Golf Resort to further elevate the Indian Wells golf experience. Only two years later, in November 2007, the Golf Resort played host to the Silver Anniversary of the LG Skins Game, a famed Thanksgiving weekend golf tradition.

Among its many amenities, the park-like Indian Wells Golf Resort includes two outstanding 18-hole championship golf courses: The Celebrity Course designed by Clive Clark and the Players Course created by John Fought. Fought also designed a lighted nine-hole putting course. The Golf Resort also features versatile indoor/outdoor banquet facilities, restaurant and bar, café with patio dining, Fairway Grill, event lawn with croquet courts, Golf Shop, Callaway Golf Performance Center (one of only four in the nation), and expert tournament planning services.

The IW Club, the Golf Resort's 53,000-square-foot clubhouse opened in summer 2008. Designed by award-winning Douglas Fredrikson Architects, this contemporary masterpiece will highlight magnificent fairway and mountain views, and feature the ultimate in sophisticated styling and comfort.

### **Indian Wells Event Parking**

The City completed construction on an overflow parking facility for the Indian Wells Tennis Gardens. The number of spaces provided on-site will be from 1,800-2,000 depending on parking formations. The parking facility will be leased to the Indian Wells Tennis Garden for twenty years.

### **Indian Wells Crossing**

During fiscal year 2007/08, the City completed developer negotiations to construct the Indian Wells Crossing project. The Indian Wells Crossing project encompasses approximately 32 acres comprised of approximately 121,000 square feet of commercial, a 129 unit condominium hotel and 22 residential condominium units known as Accent Homes.

### **Indian Wells Town Center**

During fiscal year 2007/08, the City completed developer negotiations to construct the Indian Wells Town Center project. The Indian Wells Town Center will have resort commercial uses, an attractively designed hotel and resort complexes. The development will have quality architectural design and extensive landscaping. Uses include hotels as the primary use with ancillary tourist commercial uses that may include restaurants, related convention facilities and supporting retail and personal services.

The hotel complex will consist of up to 300 units, including up to 40,000 square feet of ballroom and meeting space, an approximate 20,000 square foot spa and fitness center, pools and water features, other recreational facilities, dining facilities, gift and sundry shops and support service areas, all or a portion of which may be owned and operated as a condominium hotel.

The retail entertainment component of the Indian Wells Town Center is designed to be developed with a movie theater, open air restaurants and shopping surrounding two large plazas. The plazas as well as the adjacent land uses interconnected by grand pedestrian ways with landscaping, signage and site furniture used to aid in way finding.

The project is a mixed use commercial/retail project that is divided into four Planning Areas described as follows:

- Planning Area 1 is a 390,000 square feet of retail, entertainment and commercial
- Planning Area 2 is a 300-unit resort condominium hotel complex
- Planning Area 3 is a 65 single family resort residential homes
- Planning Area 4 is a 10,000 square feet of commercial uses

### **Affordable Housing**

Site work and design at the Mountain View Villas Phase 2 project. Mountain View Villas Phase 2 is a 57-unit residential senior affordable housing community contiguous to Mountain View Villas Phase 1. Mountain View Villas Phase 2 project has a full array of amenities and social programs for our senior residents and their guests. Residents will enjoy a full schedule of social events, maintenance and home services, stunning mountain views, world-class golf, security, and resident care.

### **Friends to the Environment**

During the year the City implemented various “Green” initiatives including the development of the “HEAL” program and various solar projects at the City’s affordable housing projects and public buildings.

### **The LG Skin’s Game**

During fiscal year 2007/08 the City negotiated a three year hosting agreement to acquire the LG Skin’s Game event. The Skin’s Game is a made for television PGA event featuring some of the world’s finest golfers battling over a \$1 million purse during the Thanksgiving weekend. Players are wired for sound for the event which draws international viewership.

### **Civic Center Improvements**

During fiscal year 2007/08, city hall and the maintenance building was re-roofed. Civic Center improvements will be completed in fiscal year 2008/09 with the remodeling of the Council Chambers and reception area.

### **Long-term financial planning**

Each year the City embarks on a strategic planning process which begins in the spring with a discussion of the City Council goals and ends with adoption of the budget in June. The documents that are generated in this strategic planning process include a presentation of the financial achievements for the past fiscal year, a ten-year cash flow projection for each City and Redevelopment Agency fund and a financial management report for the coming fiscal year.

During fiscal year 2007/08, the General Fund’s excess of revenues over (under) expenditures was \$6.0 million consisting of revenue increases in each category: taxes, license and permit fees, charges for services, and interest earnings. In addition, expenses were less than budgeted in the police, fire and

planning administration divisions.

The General Fund Balances as of June 30, 2008 was \$61.9 million of which \$30.8 million was reserved and \$31.1 million was unreserved with designations. These designations include an emergency reserve. Other designations of the General Fund balances at year end can be found in the Footnotes to the Financial Statements.

### **Capital Improvement Plan**

This plan is primarily a planning document that establishes five-year funding priorities for capital improvements. The Capital Improvement Program refers to the on-going program for the development of the City's capital facilities and improvements. A Capital Improvement Program project includes the construction, acquisition, expansion, rehabilitation, or non-routine maintenance work, which costs \$25,000 or more and results in the creation or preservation of a capital asset.

The Capital Improvement Program attempts to identify all capital maintenance, facilities, and improvements needed within the next five years. It may also included major equipment purchases, capital related studies and master plans. The Capital Improvement Program defines the scope of the projects establishes priorities, develops preliminary time schedules, estimates project costs, and determines funding sources.

The Capital Improvement Program establishes cash flow timelines and analysis considering all projects in a fund. The cost of a Capital Improvement Program Project would include those activities that are necessary to facilitate acquisition and implementation. This would include planning and design work, financing, land acquisition, project management, construction, equipment purchase and installation, and any contingency set-aside for a project.

#### **Capital Improvement Program Policies**

- The City Manager shall propose to the City Council a five-year Capital Improvement Plan annually.
- Proposed capital improvements should be directed toward the accomplishment of the City Council's goals.
- Capital improvements shall be maintained at the level required to adequately protect the City's capital investment and minimize future replacement costs.

The Capital Improvement Program is organized on a yearly basis. A summary is provided for each year that lists the projects sequentially by functional group, identifies each project by name and shows the department responsible for implementation. In addition, key summary financial information is provided which includes the amount of funding per project, funding source and total appropriations for the year.

### **A Culture of Exceptional Service**

The City staff has embraced the Exceptional Service Program and continues to receive positive recognition from satisfied residents and guests. City employees are proud of their outstanding commitment to customer service. The City's work culture is performance-driven and continues to promote efficiency, teamwork, and creative thinking. The staff is encouraged to submit ideas supervisors to minimize bureaucracy and maximize innovation and efficiency.

### **Fiscal Integrity**

The City will maintain fiscal integrity of its operating, debt service, and capital improvement budgets, which provide services and maintain public facilities, streets, and public safety. The City will maintain a balanced budget over the biennial period of the financial plan. Requirements of the balanced budget include operating revenues which must fully cover operating expenses, including debt service. This means current operating expenses will be financed with current revenues. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment.

The City shall properly budget future maintenance needs which will be fully costed out, and added costs will be recognized and included in future year's budget projections. Productivity improvements resulting in cost reductions will remain an important budgetary goal. It is allowable for total expenses to exceed revenues in a given year; however, in this situation, beginning fund balance can only be used to fund capital improvement plan projects, or other one-time, nonrecurring expenses.

The City will maintain a budget control system to adhere to the budget. Ongoing operating program costs will not exceed the amount of ongoing revenue to finance those costs. The ongoing revenue source will be identified along with any new program costs. The City does not establish a contingency reserve as part of its budgeting practices; rather, supplemental appropriations are approved as new programs or projects come before the City Council.

### **Role of the Finance Committee**

The Finance Committee's role is to oversee the financial affairs of the City and review and make recommendations to the City Council about the financial affairs and policies of the City. The Finance Committee supports the City Council in the performance of its responsibilities for the protection of the City's financial well-being, and for the adoption of effective and appropriate strategies for fiscal prudence and wealth preservation.

The Finance Committee oversees the development of the City budget and capital improvement plan. The Finance Committee is responsible for reviewing, modifying, and approving draft forms of the City biennial operating budget and capital improvement plan. Once the City budget and capital improvement plan is approved by the Finance Committee, the City budget and capital improvement plan is forwarded to the City Council for final approval and adoption. The Finance Committee reviews the City's long-term cash flows, ensuring continued fiscal prudence while meeting the operational needs and capital goals of the City.

The Finance Committee oversees the City's annual audit. The accounting firm of Mayer Hoffman McCann P.C. was appointed by the City Council and reports directly to the Finance Committee to perform the annual audit. The Committee meets with the City auditors a minimum of two times a year. The first meeting is conducted during the interim audit to discuss additional audit measures, testing, weaknesses, or additional agreed upon procedure reviews. A final or "close out" meeting is conducted with the City's auditors at the conclusion of the annual audit to discuss any findings, adjustments, or improvements which need to be implemented. The Finance Committee annually reports the results of the City's annual audit directly to the City Council.

The Finance Committee is responsible for assisting the City Council in the assessment and enhancement of the effectiveness of internal controls and financial risk management. The Finance Committee provides advice to the City Council on appropriate frameworks for financial risk identification and management. The Finance Committee identifies and recommends measures to improve financial performance and achieve an adequate system of internal controls within the City.

### **Document Structure**

The following governmental agencies that provide services to the citizens of the City of Indian Wells have been 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, Mosquito Abatement District, Coachella Valley Water District, SunLine Transit, Palm Springs Desert Resorts Convention and Visitors Authority, and the Desert Regional Resorts Airport Authority.

In addition to the fund-by-fund financial information currently presented in the City's financial statements, the government-wide financial statements are also presented. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the financial statements emphasize the City's major funds as shown in the Governmental Fund Statements.

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 that affect 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. In addition to the preceding activities, the City is financially accountable for the City of Indian Wells Redevelopment Agency and the Fire Access Maintenance District. These entities are considered component units of the City and their activities have been blended into the reporting entity.

### **Financial Controls**

GASB 34 requires a separate "matter of fact" discussion of the City's financial condition that can be found in the required supplementary information section entitled "Management Discussion and Analysis (MD&A)".

The following paragraphs outline several of the major polices of the City and attempt to supplement, not supplant, the MD&A which can be found later in this report. Management of the City of Indian Wells is responsible for establishing and maintaining a framework of internal controls designed to ensure that assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are

compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The framework of internal controls is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (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 Mayer Hoffman McCann P.C. was appointed by the City Council and reports to the Finance Committee to perform the annual audit. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

**Annual Internal Control Review** - As a recipient of State and County financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's annual audit for the fiscal year ended June 30, 2008 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Accounting Controls** - The City of Indian Wells accounting system is designed upon the following principles: In the public sector, a city government maintains a variety of "funds" that 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 has been established because of some restriction on the use of the resources received by that fund. In the private sector, a corporation may have many subsidiaries that 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. Governmental funds include the General, Special Revenue, Debt Service, and Capital Projects 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. Expenses other than interest or long term debt, are recorded when liabilities are incurred. At year-end, the City has prepared the required entries necessary to report the City 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.

Budgetary Controls - The City Manager submits a preliminary budget to the City Council bi-annually. The City adopted a biennial budget in order to achieve cost and time efficiencies over a traditional one-year budget cycle. A public meeting is then held prior to July 1 to receive public comment. Amendments to the budget or budget transfers between funds require Council approval. Budget transfers within funds require City Manager approval. The City also maintains an encumbrance system. All fiscal year end appropriations and encumbrances lapse at year end unless specifically approved by the Finance Director for inclusion in the following year's appropriations. Department can receive a monthly budget-to-actual expense report. In addition, each department can access on-line budgetary data from the financial information system available throughout the City-wide computer network.

Gann Limit - Appropriations Subject to the Limit - In 1979, Proposition 4, the "Gann" initiative, was passed by the voters of California. The purpose of this law was to limit government spending by putting a cap on the total proceeds of taxes that may be appropriated each year. This limit is increased each year through a formula that takes into consideration changes in the Consumer Price Index and state per-capita income. If a city reaches this limit, excess tax revenue must be returned to the State or citizens through a process of refunds, rebates, or other means that may be defined at that time.

Risk Management - The California Joint Powers Insurance Authority (CJPIA) was formed in 1978 under a joint exercise of powers agreement between local governments for the purpose of jointly funding programs of insurance under Section 990 of the California Government Code. The Authority is governed by a Board of Directors, which is composed of one director from each member organization, which maintains membership in the Liability program.

Each year, the self-insured pool undergoes a retrospective deposit computation based on current incurred loss valuations. Appropriate adjustments are then made over a three-year period. The likelihood of the need for excess premiums is remote given the claims history of the cities involved and the length of time necessary to settle large claims. Generally, individual claims in excess of the self-insured amount for workers compensation and general liability fall under the insurance policies purchased by the City. The City joined the Southern California Joint Powers Insurance Authority (the Authority) in November 1987 to provide for the transfer of risk for general liability. The limit of insurance provided on June 30, 2008 was \$50 million, combined single limit occurrence.

The Authority is a pool of cities, which has formed an insurance group. Each member city pays into the pool annual deposits. In addition, various risk control techniques, including annual safety audits and employee accident prevention training, have been implemented to minimize loss. Additionally, the City has all risk property insurance as indicated on a list of scheduled property. The City also has environmental liability insurance and a fidelity blanket bond.

The City enrolled in the Authority's Workers' Compensation Insurance Program in April 1991. The coverage excludes CETA employees and provides statutory benefits for all remaining City employees plus \$10 million employer's liability.

All claims are investigated, valued, reserved, defended and/or settled in accordance with generally accepted insurance industry practices. There are no known existing claims that would exceed the City's applicable coverage.



Cash Management - Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested in obligations of the U.S. Government or its agencies, certificates of deposit, CDARS, passbook savings demand deposits and in the Local Agency Investment Fund, consistent with the City's Investment Policy.

The City's investment policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety, (2) liquidity and (3) yield. The basic premise underlying the City's investment policy is to ensure that money is always available when needed while at the same time reaping the highest and best return.

Summary of Investment Policy- It is the policy of the City of Indian Wells to invest public funds in a manner which will provide the maximum security of the City's capital while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds; and beyond that, to maximize return within an acceptable and defined level of risk.

The standard to be used by investment officials shall be that of a "prudent person" and shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

It is the City's intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long term rate of return.

The City Treasurer and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments. Safety of principal is the foremost objective of the investment program. Investments of the City of Indian Wells shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, the City will mitigate credit risk and interest rate risk.

The City of Indian Wells' investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This is accomplished by striving to have securities mature at the same time as cash is needed to meet anticipated demands (static liquidity). Additionally, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

The City of Indian Wells' investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to relatively low risk securities, as herein defined, in anticipation of earning a fair return relative to the

risk being assumed.

### **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, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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.

A Certificate of Achievement is valid for a period of one year only. The City of Indian Wells has received a Certificate of Achievement for the fiscal year ended June 30, 2007. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The Comprehensive Annual Financial Report of the City of Indian Wells for the fiscal year ended June 30, 2008 is hereby presented. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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 present fairly the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included.

### **Acknowledgments**

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated work of the Finance Department staff. Each member of the staff has my sincere appreciation for their contributions made in the preparation of this report. I appreciate the efforts of the City Council for providing the resources necessary to prepare this report and for their role in preserving the City's framework of internal controls. In addition, I wish to express my appreciation for the efforts of the Mayer Hoffman McCann P.C. audit team, for their professionalism in conducting the annual audit for the City of Indian Wells.

Respectfully submitted,



Gregory R. Johnson  
City Manager

# 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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

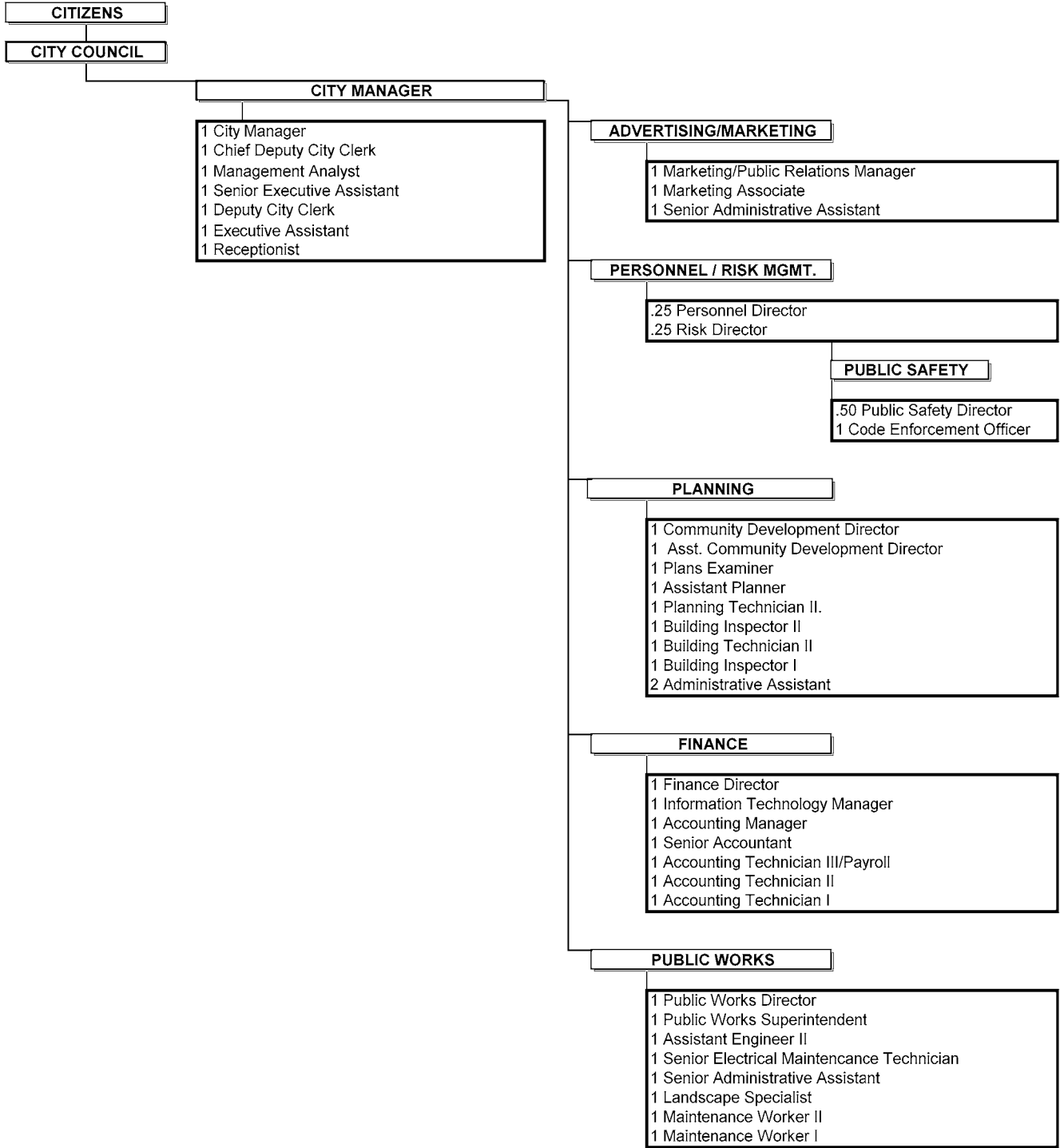
President

*Jeffrey R. Emery*

Executive Director

**CITY OF INDIAN WELLS  
ORGANIZATION CHART**

JUNE 30, 2008



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2008

Council — Manager Form of Government

CITY COUNCIL

MARY ROCHE  
Mayor

LARRY SPICER  
Mayor Pro Tem

ED MONARCH  
Council Member

ROBERT BERNHEIMER  
Council Member

PATRICK MULLANY  
Council Member

CITY ADMINISTRATION

GREG JOHNSON  
City Manager

Kevin McCarthy, Finance Director  
Corrie Kates, Planning Director  
Tim Wassil, Public Works Director  
Mel Windsor, Personnel/Risk Management Director  
Nancy Sarpa-Samuels, Marketing/Public Relations Director

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City Council  
City of Indian Wells  
Indian Wells, California

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Indian Wells, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Indian Wells. The prior year partial comparative summarized information has been derived from the City's financial statements as of and for the year ended June 30, 2007, which were audited by other auditors, and whose opinion dated October 3, 2007 expressed an unqualified opinion of those statements. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Indian Wells, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Indian Wells' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008, on our consideration of the City of Indian Wells' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffmann Melann P.C.*

Irvine, California  
December 3, 2008



## **Management's Discussion and Analysis**

The Management Discussion and Analysis (MD&A) is intended to provide the reader of the statements with a concise analysis of the financial results and financial position of the City of Indian Wells. Our discussion and analysis of the financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 7-18, and the accompanying basic financial statements, which can be found on pages 40-41 of the report.

### **Financial Highlights**

- Total assets exceed total liabilities by \$205.1 million (net assets). Of this amount, unrestricted net assets of \$43.0 million may be used to meet the City's on going obligations to citizens and creditors. In addition, restricted net assets of \$25.9 million are dedicated to specific purposes and \$136.2 million is invested in capital assets, net of related debt.
- The City's Net Assets increased \$48.5 million through out the year to reach \$205.1 million primarily due to Capital Contributions.
- Despite the economic slowdown affecting the nation the City's General Fund achieved a \$6.0 million operating surplus of revenues over expenses during the fiscal year.
- The City acquired \$99.3 million in capital assets during fiscal year 2007/08 with included acquisition of the State Highway 111, completion of the Indian Wells Golf Resort, local street and landscape enhancements, and land acquisition. The City received \$47.9 million in one-time Capital Contributions and Grants primarily for the acquisition of Highway 111 from the State of California.
- Total long-term obligations decreased by \$3.5 million during 2007/08 to \$126.9 million at June 30, 2008, a decrease of 3.5% over the amount at June 30, 2007 stemming from bonded debt payments to bond holders during the year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 that 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 of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation.

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

**Fund financial statements** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 of the 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 that of 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, expenditures, 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, expenditures, and changes in fund balances for the major funds of the government. The City maintains forty-seven (47) 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 for the general fund, three (3) special revenue funds, one (1) debt service fund and one (1) capital project fund. These six (6) funds are considered to be major funds.

Data from the forty seven (47) governmental funds are combined into a single, aggregated 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 has chosen to report eighteen

(18) Landscape and Lighting District funds as the Consolidated LLMD rather than reporting each of the funds separately. The City also combines four (4) Gas Tax funds and two (2) Affordable Housing Operations funds than reporting each of the funds separately.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found in the table of contents under the heading Basic Financial Statements.

*Enterprise funds* Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device 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* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** includes the budgetary schedules for General Fund and Housing Activities. In addition, pension schedules present the City of Indian Wells' progress towards funding its obligation to provide future pension benefits for its active and retired employees.

**Combining and individual fund statements and schedules** referred to earlier provide information for non-major governmental funds and fiduciary funds and are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities. The City has chosen to account for its golf course operations in a special revenue fund rather than in an enterprise fund. Therefore, no business type activities are reported in the government-wide statements. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

In the case of the City of Indian Wells, assets exceeded liabilities by \$205.1 million at the close of the most recent fiscal year. This marks a \$48.5 million increase in net assets over the previous fiscal year. The City of Indian Wells continues to maintain tremendous cash reserves. Unrestricted cash and investments account for 18% of the City's \$344.0 million in assets.

In recent years, however, the City's fastest growing assets are capital assets. Since fiscal year 2002/03, the City has undertaken a massive infrastructure improvement program. Today, much of the original capital program has been completed. It's interesting to note since the capital program began in fiscal year 2002/03, capital assets have increased \$211.2 million. The City's capital assets reached \$266.5 million this year and will continue to climb in the years ahead as the \$58.0 million Highway 111 street widening project begins to unfold.

The following table lists a condensed Statement of Net Assets for the fiscal year ending June 30, 2008 and 2007.

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

	Governmental Activities	
	2008	2007
Current and other assets	\$ 77.5	\$ 132.4
Capital assets	266.5	167.2
<b>Total Assets</b>	<b>344.0</b>	<b>299.6</b>
Long-term debt outstanding	126.9	130.4
Other liabilities	12.0	12.6
<b>Total Liabilities</b>	<b>138.9</b>	<b>143.0</b>
Net assets:		
Invested in capital assets, net of debt	136.2	69.6
Restricted	25.9	25.9
Unrestricted	43.0	61.1
<b>Total net Assets</b>	<b>\$ 205.1</b>	<b>\$ 156.6</b>

### Employees

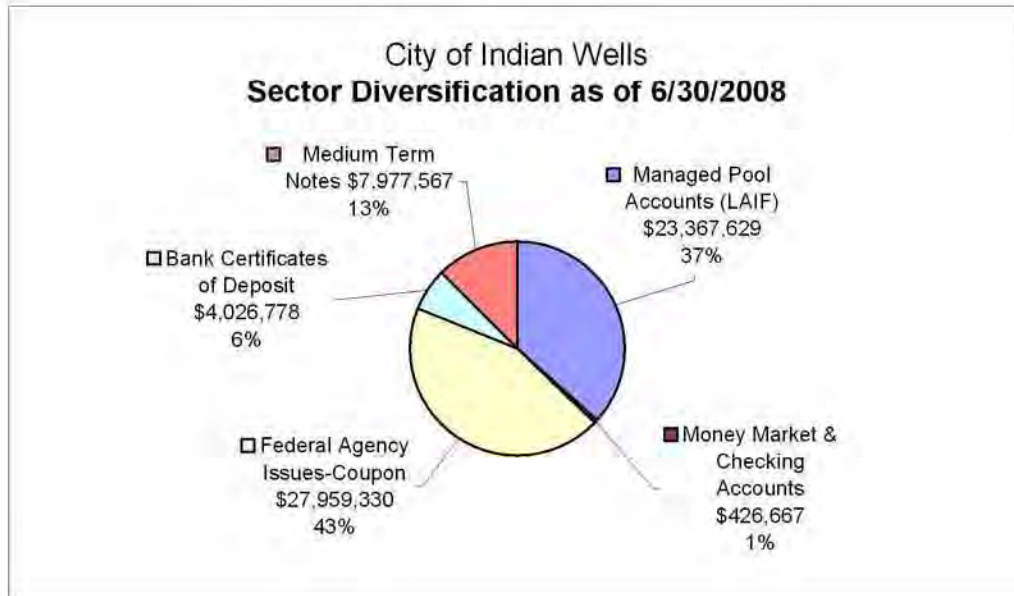
The employees of the City of Indian Wells are major assets. While not quantified on the books, the City has 38 authorized full time equivalent positions to provide the services required by the community. City of Indian Wells employees have undergone a true cultural change embracing exceptional customer service and stepping far away from the traditional bureaucracy commonplace in many government agencies. Early on, the City recognized its customers as both internal and external, so the exceptional service training was extended to all Public Officials and City Staff.

### Cash and Investments

The City of Indian Wells has cash and investments on hand to meet both immediate and long-term needs. The City Finance Director serves as the Treasurer and is appointed by the City Manager. The City has a conservative investment policy, which is more restrictive than the policy limitations set forth in 53601 of the Government Code of the State of California. The Treasurer is required to prepare a monthly Treasurer's Report that certifies that the City has, to the best of its ability, the cash to meet its obligations for both immediate and long-term needs. It is the policy of the City of Indian Wells to invest public funds in a manner which will provide the maximum security of the City's capital while meeting the daily cash flow demands of the City, conforming to all state and local statutes governing the investment of public funds, and to maximize return within an acceptable and defined level of risk.

Below is the City's sector diversification at June 30, 2008. The table below illustrates a wide range of investment vehicles with only 1% of the portfolio sitting un-invested for daily operations. The City incorporates a daily bank reconciliation and cash flow analysis to maximize invested cash.





### Net Assets

Net assets increased \$48.5 million as a result of this year's activities. This increase is derived from the change in net assets as recorded in the Statement of Activities and flows through the Statement of Net Assets. The City's net assets are broken down into three sections: (a) Invested in capital assets, net of related debt, (b) Restricted assets which are restricted for specific purposes, and (c) Unrestricted assets meaning they may be used for any governmental purpose. Understanding changes between these net asset classes provides readers an enhanced perspective of the City's financial condition.

Notable changes in the statement of net assets between June 30, 2008 and June 30, 2007 include:

- Invested in capital assets increased \$66.6 million reflecting the year's capital acquisitions net of depreciation, less capital related debt, and retirements. At \$136.2 million, the total investments in capital assets comprise 66% of the City of Indian Wells total net assets. Since these assets are not liquid and they provide services to citizens, they are not available for future spending.
- Restricted net assets remained consistent from the prior fiscal year at \$25.9 million indicating current operational revenues are keeping pace with overall operational expenses.
- Unrestricted net assets decreased \$18.1 million to \$43.0 million primarily due to interfund advances (loans) between the City's General Fund and Agency funds to complete capital projects.

## Governmental Activities

The City's governmental activities increased the net assets by \$48.5 million. The table below lists a condensed Statement of Activities for the fiscal year ending June 30, 2008 and 2007.

Table 2  
Statement of Activities  
(in Millions)

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues		
Charges for services	\$ 9.2	\$ 10.7
Operating contributions and grants	6.6	3.6
Capital contributions and grants	47.9	2.0
General revenues:		
Taxes		
Property taxes	18.6	17.5
Transient occupancy taxes	5.9	5.9
Sales taxes	1.0	1.2
Franchise taxes	0.9	0.9
Other taxes	1.9	1.1
Investment income	3.5	3.8
Gain on sale of property	-	0.4
Other	0.1	0.4
Total revenues	\$ 95.6	\$ 47.5
Expenses		
General government	10.0	7.6
Community development	6.3	4.8
Public safety	7.2	4.9
Public works	6.9	3.9
Golf resort	9.5	5.4
Interest Expense	7.2	6.0
Total expenses	\$ 47.1	\$ 32.6
Increase in net assets	\$ 48.5	\$ 14.9

### Revenues

For the most part the City's revenue growth was slow and steady in most sectors throughout the year. City wide revenues remained consistent with last year's performance with few notable exceptions. The City received \$47.9 million in one-time Capital Contributions and Grants primarily for the acquisition of Highway 111 from the State of California. This one-time Capital Contribution of \$47.9 million increased total revenues to \$95.6 million compared to \$47.5 million last year.

Throughout most of the year program revenues provided moderate growth when compared to the prior fiscal year. It should be noted however during the last quarter of fiscal year 2007/08; the City experienced a decrease in growth from permit fees and current service charges due to the economy and impact to the housing markets. Property taxes continued to grow climbing 6.3% over the prior fiscal year

as newly constructed residential housing was placed on the property tax roll. Transient occupancy tax growth remained flat at \$5.9 million when compared to the prior fiscal year. The City's investment income decreased from \$5.6 million to \$4.2 million. This decrease in investment income was due to a reduction in citywide investments stemming from continuing capital construction requirements rather than a decrease in investment rates.

## Expenses

Total City expenses increase \$14.5 million to \$47.1 million, an increase of 44.5% compared to the prior year. While this increase seems dramatic, for the most part, city wide expenses generally increased reflecting the cost of inflation and personnel costs remaining fairly consistent with last year's performance. To truly understand the increases, the reader must understand the additional services and resumed operations that occurred during the fiscal year. There were a few notable exceptions which significantly increased expenses over the prior fiscal year.

The City contracted two new public safety positions for \$0.3 million and preformed a one-time \$0.3 million city wide landscape replacement/improvement project. The Golf Resort resumed full operations at the completion of the second golf course which increase operating costs \$3.3 million compared to last fiscal year. The City negotiated a three year agreement for the annual Skins Game PGA tournament which increased expenses \$2.0 million compared to the prior year. Perhaps most dramatically was the added depreciation expense as new capital projects were completed and began to be depreciated. Deprecation in fiscal year 2007/08 was \$6.9 million reflecting an increase of \$4.4 million compared to the prior fiscal year.

## Financial Analysis of the Government's Funds

As noted earlier, the City of Indian Wells uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2008, the City's governmental funds reported combined fund balances of \$64.8 million, a decrease of \$55.8 million compared to the balance at June 30, 2007. *Unreserved fund balance* at \$33.2 million constitutes 51.1% of the combined balances and is available for spending at the City's discretion. The \$31.6 million remainders of the governmental fund balances are *reserved* to indicate that it is *not* available for new spending because the following portions have been committed to particular purposes:

- \$30.8 million for advances, loans, and other assets that are long-term in nature and thus do not represent currently available resources;
- \$0.1 million for prepaid items;
- \$0.7 million is reserved for inventory.

## **General Fund**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year the General Fund's fund balance was \$42.6 million of which \$30.8 million was reserved as advances to other funds and \$11.8 million of unreserved fund balance reported in the General Fund. As a measure of the General Fund's liquidity, readers should compare both the General Fund and the Emergency Reserve Fund balance to total fund expenditures. The City's Emergency Reserve Fund was developed in case of a severe economic downturn or major catastrophe. The unreserved fund balance in the emergency reserve fund at June 30, 2008 was \$19.3 million.

In 2007/08, General Fund revenues of \$16.6 million were \$1.3 million or 7.8% lower than 2006/07 revenues of \$17.9 million. The national deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, slow down to the tourism markets, and rising energy prices have continued to slow the growth rate of the region's economy and is the primary factor for the loss of General Fund revenues. Investment income decreased from \$3.8 million to \$3.5 million due to less investable General Fund cash stemming from advances (loans) to the Redevelopment Agency for capital construction purposes.

General Fund expenditures of \$10.5 million in 2007/08 were \$0.9 million or 9.4% higher than 2006/07 expenditures of \$9.6 million. Increases in general government of \$0.3 million and public safety of \$0.3 million were due to hiring additional staff and contracting for enhanced public safety services. Public works increases of \$0.3 million reflect the addition of one time landscape improvements and tree removal. See Fund Financial Statements tab page 44-50.

## **Golf Resort Operations Fund**

The Golf Resort recently completed a three year \$80.0 million renovation project. The Golf Resort began full operations of both golf courses during fiscal year 2007/08. Golf Resort revenues of \$5.7 million were \$0.9 million or 18.8% higher than 2006/07 revenues of \$4.8 million reflecting full golf course operations. Golf Resort Fund expenditures of \$9.3 million in 2007/08 were \$3.3 million or 55.0% higher than 2006/07 expenditures of \$6.0 million due to resuming full time operations of the golf courses. See Fund Financial Statements tab page 44-50.

## **Low & Moderate Housing Fund**

The Housing Fund was created to promote and encourage the retention, rehabilitation, and development of affordable housing units. Affordable housing units are those units occupied by households not exceeding the affordable income limits as established by the Department of Housing and Urban Development (HUD). Income limits are revised on a yearly basis by the United States Department of Housing and Urban Development (HUD).

The City is the owner of three affordable housing projects. The Indian Wells Villas is a 90-unit residential senior affordable housing community. The Mountain View Villas Phase 1 is a 128-unit residential senior affordable housing community. Mountain View Villas Phase 1 project has a full array of amenities and social programs for our senior residents and their guests. The Mountain View Villas Phase 2, now under construction, is a 57-unit residential senior affordable housing community contiguous to Mountain View Villas Phase 1.

The Redevelopment Agency is required to set-aside 20% of its gross tax increment allocated to affordable housing to facilitate the development of housing for persons with low and moderate incomes. This requirement must be paid into the Housing Fund annually unless the agency makes findings that it has met its housing needs. During fiscal year 2005/06, the City finished



construction of the 128 unit Mountain View Villas Phase 1 affordable housing project. Construction of new 57 units Mountain View Villas Phase 2 affordable housing project is now slated for completion in fiscal year 2009/10.

Housing revenues of \$1.1 million were \$0.1 million or 9.0% lower than 2006/07 revenues of \$1.2 million due to decreased interest income. Fiscal year 2007/08 operating and debt service expenses increased modestly reflecting the cost of administrative services. Operating and debt service expenses increased \$0.2 million to \$5.2 million compared with \$5.0 million in the prior fiscal year. Capital expenditures increased \$14.9 million over last year reaching \$17.3 million. The Housing Fund acquired 27 acres of property along Miles Avenue at a cost of \$15.0 million for a potential third affordable housing site. See Fund Financial Statements tab page 44-50.

### **Redevelopment Agency Capital Improvement Fund**

The purpose of a Redevelopment Agency is to provide economic stimulus within the City's redevelopment project area. The Whitewater project area comprises approximately 80% of the City's overall developable area. The Agency's overall goals are to assist with revitalization of the community through capital improvement and infrastructure projects, economic development, creation of affordable housing, and the elimination of blight.

The cost of administrative expenses and other operational charges closely paralleled growth in demand for services. The Agency continues its plans of capital development within the City of Indian Wells. The Agency spent \$39.2 million on capital projects during fiscal year 2007/08. The Agency's largest capital project is the Golf Resort Improvement Project and construction has spanned several fiscal years. This \$80 million project was substantially completed in March 2008. See Fund Financial Statements tab page 44-50.

### **Redevelopment Agency Debt Service Fund**

The Whitewater Debt Service Fund accounts for the receipt of property tax revenue known as tax increment generated by the Whitewater Project Area of the Redevelopment Agency. Pursuant to California redevelopment law, twenty percent (20%) of tax increment revenue generated in the project area is to be expended for affordable (low & moderate) housing purposes. Approximately fifty-eight percent (58%) will be shared with other taxing agencies pursuant to formal agreements commonly known as "pass-through" agreements. Prior to the effective date (January 1, 1994) of California Assembly Bill 1290 ("AB 1290"), a redevelopment agency in California could enter into an agreement to pay Tax Increment Revenues to any taxing agency that had territory located within a redevelopment project area in an amount which the agency determined was appropriate to alleviate any financial burden or detriment to such agency caused by the redevelopment project. These agreements normally provided for a pass-through of Tax Increment Revenues directly to the affected taxing agency, and, therefore, are commonly referred to as "pass-through agreements." Such agreements adopted prior to the effective date of AB 1290 continue in full force and effect. In connection with the Agency's election to eliminate the time limit to incur indebtedness pursuant to SB211, the Agency must make additional statutory pass-through payments to various affected taxing agencies which are senior in right of payment of the bonded debt. The remaining twenty-two percent (22%) is available for Agency debt service and operating costs such as administration.

In 2007/08, Agency revenues of \$37.9 million were \$2.0 million or 5.6% higher than 2006/07 revenues of \$35.9 million. During fiscal year 2007/08 the Agency collected \$37.5 million in tax increment increasing \$2.9 million compared to \$34.6 million in the prior year.

Agency expenses of \$31.0 million in 2007/08 were \$2.8 million or 9.9% higher than 2006/07 expenses of \$28.2 million. Reflecting the collection of additional tax increment; the Agency's tax sharing agreements with other public agencies topped \$21.5 million reflecting an increase of \$1.6 million. See Fund Financial Statements tab page 44-50.

### Government Activities

Table 3 presents the cost of each of the City's five largest programs—general government, community development public safety, public works and golf resort—as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Table 3**  
**Net Cost of Governmental Activities**  
**(in Millions)**

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General government	\$ 10.0	\$ 7.6	\$ (8.9)	\$ (7.5)
Community development	6.3	4.8	(0.3)	(1.0)
Public safety	7.2	4.9	(3.8)	(0.2)
Public works	6.9	3.9	41.2	(0.9)
Golf Resort	9.5	5.4	(4.4)	(0.6)
Interest expense	7.2	6.0	(7.2)	(6.0)
Totals	<u>\$ 47.1</u>	<u>\$ 32.6</u>	<u>\$ 16.6</u>	<u>\$ (16.2)</u>

The net cost of services in all but the Public Works program indicates that the overall cost of government is greater than the revenues generated to support it from fees and user charges. This is an indication that the taxes and general revenues charged by the City are necessary to support its operations. To some degree this may seem obvious, but it is important that the reader understand to true operating cost of the government.

Program revenues include capital grants and contributions which may be deceptive to the reader since program expenditures exclude capital acquisitions, which could create a misleading net cost of program services. Such is the case for the City's Public Works program during fiscal year 2007/08 when the net cost of services is \$41.2 million. This could be interpreted as the Public Works department generated \$41.2 million more than it spent. While Public Works is highly appreciated, one could hardly call it a profit center. Readers need to account for this revenue source when reviewing the City's financials. See the Statement of Activities on page 41 for further detail.

### General Fund Budgetary Highlights

The City continues to maintain a net operating surplus in the General Fund. The City monitors revenues and expenditures on a month to month basis. A city-wide mid-year budget analysis is preformed for the Finance Committee to review all City revenues and expenditures. Upon approval by the Finance Committee, the City Council reviews the changes and formally adopts revisions to the budget.

Originally, General Fund revenues were budgeted at \$15.3 million for the fiscal year. At the City's mid-year budget review the City Council formally increased the General Fund's revenue budget to \$17.3 million. Actual revenue collections in the General Fund were \$16.6 million.

The original General Fund expenditure budget was \$9.7 million. That budget was formally increased to \$11.9 million at the City's mid-year budget review to account for an increased level of operational spending primarily from costs associated with the marketing and branding of the City. At year-end, the City left much of the revised budget unexpended. Actual General Fund expenditures were \$10.5 million. As a result, the General Fund achieved excess revenues over expenditures of \$6.0 million. See the Budgetary Comparison Schedule on page 97 for further details and budgetary analysis.

### Capital Assets

The City of Indian Wells' investment in capital assets, net of accumulated depreciation amounted to \$266.5 million at June 30, 2008. This investment includes land, infrastructure, structures and improvements, vehicles, equipment, intangible assets, and construction-in-progress. During fiscal year 2007/08, the City continued tracking additions and deletions of capital assets. These additions and deletions took the form of completed Capital Improvement Projects. The primary purpose of including infrastructure assets in the financial statements is to report the total amount of improvements and the amount that these assets have been depreciated.

Infrastructure assets included in the Statement of Net Assets were City maintained streets, street medians, curb and gutter, traffic signals, sidewalks, bridges, artwork, sound walls, bike paths, storm drains and retention basins. Infrastructure assets, except for land, have been depreciated to reflect a net infrastructure amount. Infrastructure assets not included in the Statement of Net Assets were the construction costs of Highway 111, private streets (generally behind gates), and public water, mountain trails, and sewer, electricity, gas and cable utilities maintained by others.

Details of the City's capital assets can be found in Section 6 Capital Assets on page 77 of the Notes to Basic Financial Statements.

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation, in Millions)**

	Government Activities	
	2008	2007
Land	\$ 64.8	\$ 31.6
Buildings and improvements	107.3	80.5
Equipment	3.1	0.6
Infrastructure	91.3	54.5
Totals	\$ 266.5	\$ 167.2

At year-end, depreciable capital assets were 11% depreciated at year-end compared with 13% in the previous year. This is due to the fact that new assets are added at a faster rate than existing assets can be depreciated. The City acquired \$99.3 million in new capital assets during the fiscal year (net of depreciation) which included \$46.5 million capital contributions stemming from the relinquishment of State Highway 111 to the City of Indian Wells.

The crown jewel of the City of Indian Wells is the recently completed \$80 million remodel of the Indian Wells Golf Resort featuring two brand new eighteen hole championship golf courses, world class practice facilities and a stunning 53,000-square-foot clubhouse named the IW Club.

The City began initial site work the Mountain View Villas Phase 2 Community Housing project. The project contains 57 units continuous with the Mountain View Villas Phase 1 project. Initial site work costs reached \$1.1 million during fiscal year 2007/08.

The City spent \$3.7 million on street improvements along Highway 111, Cook Street and Indian Wells Lane. Improvements included median development and landscaping, additional landscaping along Highway 111, remodeling the pedestrian bridge at the Golf Resort, repaving Indian Wells Lane with segments of pavers, and adding rubberized slurry seal to Cook Street.

The City completed a number of smaller improvements surrounding City Hall. Roofing at City Hall and the Fire Station was replaced at a cost of \$0.2 million. The Fire Station received a fresh coat of paint and new doors at a cost of \$0.05 million.

**Long-term Debt**

At year-end, the City had \$134.5 million in tax allocation bonds and compensated absences outstanding, as shown in Table 5 below.

**Table 5  
Outstanding Debt, at Year-end  
(in Millions)**

	<u>Government Activities</u>	
	2008	2007
Refunding tax allocation bonds (backed by the Redevelopment Agency)	\$ 130.3	\$ 134.3
Compensated absences (backed by the City)	0.5	0.4
Totals	\$ 130.8	\$ 134.7

The City of Indian Wells Redevelopment Agency maintains four series of outstanding tax allocation bonds. Pursuant to the Redevelopment Law, a portion of all property tax revenues collected by or for each taxing agency on any increase in the taxable value of certain property within the Project Area over that shown on the assessment rolls for the base year (which for the Project Area is the 1981/82 fiscal year) may be pledged to the repayment of indebtedness incurred by the Agency in connection with Project Area redevelopment. Subject to certain prior claims to such tax increments discussed herein, under the Agreement, the Agency has pledged such tax increments to the payment of the principal of, premium, if any, and interest on the Parity Obligations

During fiscal year 2002/03 the Agency issued \$43.6 million in Series 2003A tax allocation bonds to refund the outstanding Series 1992 bonds, \$12.5 million, at a lower rate of interest and to fund capital projects benefiting the Agency. The Agency also issued \$46.1 million in Series 2003AT tax allocation bonds to construct affordable housing within the City. During fiscal year 2005/06, the Agency refinanced the remaining \$14.1 million of Series 1996 Tax Allocation Bonds at a lower interest rate. The outstanding debt was refinanced with Series 2005A Tax Allocation Bonds.

In September 2006, the Redevelopment Agency approved the issuance of Series 2006A Tax Allocation Bonds to refund a portion of the Series 2003A Bonds and to finance the remaining construction costs associated with the Indian Wells Golf Resort. The Series 2006A refinanced \$24.5 million of the existing Series 2003A bonds and provided \$43.2 million in new money. The Series 2006A bonds are issued on parity with the Agency's existing bonds and will maintain 120% debt service coverage from existing tax increment. This coverage does not require any future growth in tax increment.

The City of Indian Wells Redevelopment Agency maintains an insured "AAA" bond rating from Standard & Poor's Corporation and "Aaa" bond rating from Moody's Investors Service. Details of the Agency's outstanding debt can be found in Section 8 Long Term Liabilities on page 79 of the Notes to Basic Financial Statements.

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

To the degree that the economy negatively affects tourism, the Indian Wells economy, as well as that of California, will face many challenges in calendar year 2008 and 2009. The national deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices have continued to slow the growth rate of the region's economy. Upward resets of sub-prime mortgages have increased the rate of mortgage defaults and foreclosures nationwide to record levels, with California experiencing some of the strongest effects. Although very small in Indian Wells, we have seen foreclosure rates increase and the number of homes sold has declined, pushing the inventory of unsold homes to its highest level since the early 1990's.

Despite the economic slowdown affecting the nation, Indian Wells' economy is expected to continue to grow, albeit at a much slower pace than in past years. The total fiscal year 2008/09 proposed General Fund revenue budget is \$17.7 million, which represents a conservative 2.3% increase over the fiscal year 2007/08 Annual Budget. General Fund revenue pays for essential City services including public safety, planning, public works, community assistance, and administrative services.

The City's formally adopted 2008/09 and 2009/10 Biennial budget and five-year Capital Improvement Program considering all anticipated revenues and expenditures based upon the following: historical factors, current economic conditions, property values, local tourism, current salaried administration costs, contract agreements for professional services, and County resources.

### **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 and Agency Treasurer, at the City of Indian Wells, 44-950 Eldorado Drive, Indian Wells, California 92210-7497. E-mail address: [kmccarthy@indianwells.com](mailto:kmccarthy@indianwells.com)

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## THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities"? The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

The Statement of Net Assets and the Statement of Activities, present information about the following:

Governmental Activities - All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, and golf resort. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.

Component Units - The City's governmental activities include the blending of two separate legal entities - the Redevelopment Agency of the City of Indian Wells and the City of Indian Wells Fire Access Maintenance District No. 1. Although legally separate, these "component units" are important because the City is financially accountable for them.



CITY OF INDIAN WELLS

Statement of Net Assets

June 30, 2008

(with comparative totals for the prior year)

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Assets:		
Cash and investments (note 2)	\$ 63,454,926	77,033,079
Restricted assets:		
Cash and investments with fiscal agents (note 2)	6,540,354	33,571,821
Receivables:		
Accounts (note 3)	3,539,269	2,415,011
Interest	517,249	1,159,653
Prepaid items	64,094	76,516
Inventory	724,063	97,252
Deferred charges	2,688,928	2,893,349
Land held for resale	-	15,074,119
Capital assets, not depreciated (note 6)	128,662,045	55,941,501
Capital assets, depreciated, net (note 6)	<u>137,834,850</u>	<u>111,307,178</u>
Total assets	<u>344,025,778</u>	<u>299,569,479</u>
Liabilities:		
Accounts payable	5,296,459	6,195,210
Accrued liabilities	227,907	105,269
Interest payable	1,957,956	2,005,548
Deposits payable	665,165	74,109
Unearned revenue	-	65,092
Noncurrent liabilities:		
Due within on year (note 7)	3,888,807	4,085,547
Due in more than one year (note 7)	<u>126,867,318</u>	<u>130,434,715</u>
Total liabilities	<u>138,903,612</u>	<u>142,965,490</u>
Net assets:		
Invested in capital assets, net of related debt	136,211,882	69,590,685
Restricted for:		
Community development	22,401,222	21,060,513
Public safety	3,199,900	2,993,323
Public works	325,432	1,877,244
Unrestricted	<u>42,983,730</u>	<u>61,082,224</u>
Total net assets	<u>\$ 205,122,166</u>	<u>156,603,989</u>

See accompanying notes to basic financial statements.



CITY OF INDIAN WELLS  
Statement of Activities  
For the Year ended June 30, 2008  
(with comparative totals for the prior year)

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	2008	2007
Governmental activities:						
General government	\$ 9,998,984	627,106	519,133	-	(8,852,745)	(7,540,965)
Community development	6,356,163	2,528,006	2,038,691	1,445,778	(343,688)	(993,405)
Public safety	7,211,930	873,761	2,493,117	-	(3,845,052)	(191,175)
Public works	6,895,396	68,639	1,543,290	46,463,133	41,179,666	(890,074)
Golf resort	9,518,594	5,138,846	-	-	(4,379,748)	(574,396)
Interest on long-term debt	7,166,630	-	-	-	(7,166,630)	(6,009,532)
Total governmental activities	<u>\$ 47,147,697</u>	<u>9,236,358</u>	<u>6,594,231</u>	<u>47,908,911</u>	<u>16,591,803</u>	<u>(16,199,547)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					18,582,342	17,459,500
Transient occupancy taxes					5,874,128	5,940,739
Sales taxes					1,054,972	1,202,051
Franchise taxes					902,634	894,378
Other taxes					1,875,547	1,112,636
Investment income					3,467,226	3,758,188
Gain on sale of property					-	350,454
Miscellaneous					169,525	438,121
Total general revenues					<u>31,926,374</u>	<u>31,156,067</u>
Change in net assets					48,518,177	14,956,520
Net assets at beginning of year					<u>156,603,989</u>	<u>141,647,469</u>
Net assets at end of year					<u>\$ 205,122,166</u>	<u>156,603,989</u>

See accompanying notes to basic financial statements.

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## GOVERNMENTAL FUNDS

### GENERAL FUND

The General 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:

Emergency Reserve - This fund is used to account for reserving General Fund operating expenses in case of emergencies or catastrophic losses.

Golf Resort Operations - This fund is used to account for the operations of the Golf Resort at Indian Wells and provide monies to the General Fund.

Low/Moderate Housing - This fund is used to account for the redevelopment requirement to set aside 20% of available tax increment, and to use those funds only for the benefit of providing low and moderate income housing to residents of Indian Wells.

### DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest on specific long-term obligations of the City and the Redevelopment Agency. The following has been classified as a major fund in the accompanying financial statements.

RDA Whitewater Debt Service - The RDA Whitewater Debt Service Fund accounts for the receipt of the tax increment collected from the Riverside County Tax Roll generated by the Whitewater Project to ensure payments for principal and interest on the Redevelopment Agency Tax Allocation Bonds. In addition, the RDA Whitewater Debt Service Fund pays the pass-through expenditures. Any remaining increment is then transferred to the RDA Whitewater Capital Improvement Fund for projects within the redevelopment area.

### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities. The following has been classified as a major fund in the accompanying financial statements:

RDA Whitewater Capital Improvement - This fund was established to account for the construction of certain capital projects necessary to implement the goals and policies of the Redevelopment Plan for the project areas. These projects are being financed on a pay-as-you-go basis through tax increment allocated to the Redevelopment Agency.

CITY OF INDIAN WELLS  
Balance Sheet  
Governmental Funds  
June 30, 2008  
(with comparative totals for the prior year)

	Special Revenue Funds			
General	Emergency Reserve	Golf Resort Operations	Low/Moderate Housing	
Assets:				
Cash and investments	\$ 6,236,068	19,300,000	1,122,466	7,282,310
Cash and investments with fiscal agents	-	-	-	6,537,770
Receivables:				
Accounts	922,313	-	409,623	155,517
Interest	226,758	-	-	63,971
Prepaid items	700	-	56,944	-
Inventory	-	-	724,063	-
Due from other funds (note 4)	5,753,942	-	845,861	-
Advances to other funds (note 4)	31,647,711	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 44,787,492	19,300,000	3,158,957	14,039,568
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 566,114	-	396,561	1,139,969
Accrued liabilities	117,896	-	109,855	-
Deposits payable	608,505	-	-	-
Deferred revenue	849,985	-	265,371	-
Due to other funds (note 4)	-	-	4,036,660	-
Advances from other funds (note 4)	-	-	-	-
Total liabilities	2,142,500	-	4,808,447	1,139,969
Fund balances:				
Reserved:				
Inventory	-	-	724,063	-
Prepaid items	700	-	56,944	-
Golf resort operations	-	-	-	-
Low and moderate housing	-	-	-	-
Advances to other funds	30,797,726	-	-	-
Land held for resale	-	-	-	-
Unreserved, reported in:				
General fund	11,846,566	-	-	-
Special revenue funds	-	19,300,000	(2,430,497)	12,899,599
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	42,644,992	19,300,000	(1,649,490)	12,899,599
Total liabilities and fund balances	\$ 44,787,492	19,300,000	3,158,957	14,039,568

See accompanying notes to basic financial statements.

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals	
			2008	2007
RDA Whitewater Debt Service	RDA Whitewater Capital Improvement			
2	11,221,913	15,630,186	60,792,945	75,432,758
2,043	541	-	6,540,354	33,571,824
777,585	492,632	781,599	3,539,269	2,415,011
-	98,579	127,941	517,249	751,630
-	-	6,450	64,094	76,516
-	-	-	724,063	97,252
-	1,081,510	16,965	7,698,278	214,982
-	-	-	31,647,711	20,000,000
-	-	-	-	15,074,119
<u>779,630</u>	<u>12,895,175</u>	<u>16,563,141</u>	<u>111,523,963</u>	<u>147,634,092</u>
612,590	2,163,498	417,727	5,296,459	6,195,210
-	156	-	227,907	105,269
-	-	56,660	665,165	74,109
-	57,500	-	1,172,856	443,036
1,081,510	845,861	1,734,247	7,698,278	214,982
<u>31,647,711</u>	<u>-</u>	<u>-</u>	<u>31,647,711</u>	<u>20,000,000</u>
<u>33,341,811</u>	<u>3,067,015</u>	<u>2,208,634</u>	<u>46,708,376</u>	<u>27,032,606</u>
-	-	-	724,063	97,252
-	-	6,450	64,094	76,516
-	-	-	-	838,138
-	-	-	-	26,850,170
-	-	-	30,797,726	20,000,000
-	-	-	-	15,074,119
-	-	-	11,846,566	7,715,559
-	-	14,407,104	44,176,206	43,620,019
(32,562,181)	-	-	(32,562,181)	558,376
-	9,828,160	(59,047)	9,769,113	5,771,337
<u>(32,562,181)</u>	<u>9,828,160</u>	<u>14,354,507</u>	<u>64,815,587</u>	<u>120,601,486</u>
<u>779,630</u>	<u>12,895,175</u>	<u>16,563,141</u>	<u>111,523,963</u>	<u>147,634,092</u>

See accompanying notes to basic financial statements.

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CITY OF INDIAN WELLS

RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2008

Fund balances - total governmental funds		\$ 64,815,587
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet		266,496,895
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Assets:		
Tax allocation bonds payable	(129,615,000)	
Bond premium	(670,013)	
Deferred charges for issuance costs and bond discounts	2,688,928	
Compensated absences	<u>(471,112)</u>	(128,067,197)
Accrued liabilities in the Statement of Net Assets differ from the amounts reported in the governmental funds due to accrued interest on the tax allocation bonds payable		(1,957,956)
Receivable amounts that were earned in the audit period but not collected within the availability period have not been recorded as revenues in the governmental funds		1,172,856
Internal service funds are used by management to charge the costs of certain activities, such as employee benefit expense, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets		<u>2,661,981</u>
Net assets of governmental activities		<u>\$ 205,122,166</u>

See accompanying notes to basic financial statements.



CITY OF INDIAN WELLS  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year ended June 30, 2008  
(with comparative totals for the prior year)

	Special Revenue Funds			
	General	Emergency Reserve	Golf Resort Operations	Low/Moderate Housing
<b>Revenues:</b>				
Taxes	\$ 11,221,085	-	-	-
Assessments	-	-	-	-
Licenses and permits	397,407	-	-	-
Intergovernmental	475,489	-	-	-
Fines and forfeitures	21,399	-	-	-
Charges for services	682,133	-	5,575,817	-
Investment income	3,467,226	-	2,026	1,065,798
Rental income	-	-	-	-
Development fees	-	-	-	-
Other revenue	311,399	-	98,230	-
Total revenues	<u>16,576,138</u>	<u>-</u>	<u>5,676,073</u>	<u>1,065,798</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	5,203,519	-	-	1,192,946
Community development	953,040	-	-	225,526
Public safety	2,722,379	-	-	-
Public works	1,666,082	-	-	-
Golf resort	-	-	9,333,933	-
Capital outlay	-	-	-	17,298,409
<b>Debt service</b>				
Principal retirement	-	-	-	1,785,000
Interest and fiscal charges	-	-	-	2,006,312
Bond issuance costs	-	-	-	-
Pass-through expenditures	-	-	-	-
Total expenditures	<u>10,545,020</u>	<u>-</u>	<u>9,333,933</u>	<u>22,508,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,031,118</u>	<u>-</u>	<u>(3,657,860)</u>	<u>(21,442,395)</u>
<b>Other financing sources (uses):</b>				
Transfers in (note 5)	15,000,000	4,300,000	1,000,000	7,491,824
Transfers out (note 5)	(6,101,685)	(15,000,000)	-	-
Sale of property	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>8,898,315</u>	<u>(10,700,000)</u>	<u>1,000,000</u>	<u>7,491,824</u>
Net change in fund balances	14,929,433	(10,700,000)	(2,657,860)	(13,950,571)
Fund balances at beginning of year	<u>27,715,559</u>	<u>30,000,000</u>	<u>1,008,370</u>	<u>26,850,170</u>
Fund balances (deficit) at end of year	<u>\$ 42,644,992</u>	<u>19,300,000</u>	<u>(1,649,490)</u>	<u>12,899,599</u>

See accompanying notes to basic financial statements.

Debt Service Fund RDA Whitewater Debt Service	Capital Projects Fund RDA Whitewater Capital Improvement	Nonmajor Governmental Funds	Totals	
			2008	2007
37,459,121	-	2,857,241	51,537,447	48,314,537
-	-	3,483,606	3,483,606	3,036,321
-	-	1,596	399,003	728,761
-	364,567	620,210	1,460,266	2,682,465
-	-	30,684	52,083	109,671
-	-	-	6,257,950	5,518,266
333,074	795,149	898,591	6,561,864	7,311,799
-	-	1,473,829	1,473,829	1,384,314
-	-	214,938	214,938	582,880
112,114	-	634,894	1,156,637	1,213,908
<u>37,904,309</u>	<u>1,159,716</u>	<u>10,215,589</u>	<u>72,597,623</u>	<u>70,882,922</u>
-	3,135,646	72,803	9,604,914	8,076,374
376,430	578,020	1,958,183	4,091,199	4,045,155
-	44,793	4,366,704	7,133,876	6,156,103
-	-	1,640,280	3,306,362	2,843,400
-	-	-	9,333,933	6,042,600
-	39,159,528	3,329,358	59,787,295	35,637,285
2,180,000	-	-	3,965,000	3,330,000
6,927,249	5,553	-	8,939,114	7,213,797
-	-	-	-	1,540,154
<u>21,471,829</u>	<u>-</u>	<u>-</u>	<u>21,471,829</u>	<u>19,874,202</u>
<u>30,955,508</u>	<u>42,923,540</u>	<u>11,367,328</u>	<u>127,633,522</u>	<u>94,759,070</u>
<u>6,948,801</u>	<u>(41,763,824)</u>	<u>(1,151,739)</u>	<u>(55,035,899)</u>	<u>(23,876,148)</u>
-	32,687,033	111,080	60,589,937	52,624,250
(40,069,358)	(59,394)	(109,500)	(61,339,937)	(53,374,250)
-	-	-	-	375,848
-	-	-	-	67,805,000
-	-	-	-	57,498
-	-	-	-	(25,054,069)
<u>(40,069,358)</u>	<u>32,627,639</u>	<u>1,580</u>	<u>(750,000)</u>	<u>42,434,277</u>
(33,120,557)	(9,136,185)	(1,150,159)	(55,785,899)	18,558,129
558,376	18,964,345	15,504,666	120,601,486	102,043,357
<u>(32,562,181)</u>	<u>9,828,160</u>	<u>14,354,507</u>	<u>64,815,587</u>	<u>120,601,486</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

June 30, 2008

Net changes in fund balances - total governmental funds \$ (55,785,899)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeded capital expense in the current period:

Capital expenditures	106,530,052	
Disposition of capital assets	(383,050)	
Depreciation expense	<u>(6,898,786)</u>	99,248,216

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Principal payments	3,965,000	
Accrued interest included in fiscal agent accounts	<u>(207,680)</u>	3,757,320

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Interest expense	47,592	
Amortization of bond premium	45,556	
Amortization of issuance costs and bond discounts	(204,421)	
Compensated absences	<u>(38,739)</u>	(150,012)

Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as deferred revenue in the governmental funds. This is the net change in deferred revenue for the current period. 379,297

Since the amount of business license revenue collected in December of each fiscal year pertains to a license period extending six months into the following fiscal year, it is recorded as unearned revenue on the Statement of Net Assets 7,592

Internal services funds are used by management to charge the costs of certain activities, such as employee benefit expense, to individual funds. The revenues (expenses) of the internal service funds is reported with governmental activities 1,061,663

Net changes in net assets of governmental funds \$ 48,518,177

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008  
(with comparative totals for the prior year)

	Internal Service Fund	
	2008	2007
Current Assets:		
Cash and investments	\$ 2,661,981	1,600,318
Total assets	2,661,981	1,600,318
Net Assets:		
Unrestricted	2,661,981	1,600,318
Total net assets	\$ 2,661,981	1,600,318

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS  
 Statements of Revenues, Expenses and Changes in Net Assets  
 Proprietary Fund  
 For the Year ended June 30, 2008  
 (with comparative information for the prior year)

	Internal Service Fund	
	2008	2007
Operating revenues:		
Charges for services	\$ 367,951	337,755
Operating expenses:		
Professional services	203,607	186,179
Operating income	164,344	151,576
Nonoperating revenues (expenses):		
Investment income	147,319	58,382
Total nonoperating revenues (expenses)	147,319	58,382
Income before transfers	311,663	209,958
Transfers in (note 5)	750,000	750,000
Change in net assets	1,061,663	959,958
Total net assets at beginning of year	1,600,318	640,360
Total net assets at end of year	\$ 2,661,981	1,600,318

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS  
Statement of Cash Flows  
Proprietary Fund  
For the Year ended June 30, 2008  
(with comparative information for the prior year)

	Internal Service Fund	
	2008	2007
Cash flows from operating activities:		
Receipts from user departments	\$ 367,951	337,755
Payments to suppliers for goods and services	<u>(203,607)</u>	<u>(186,179)</u>
Net cash provided by operating activities	164,344	151,576
Cash flows from noncapital financing activities		
Cash received from other funds	750,000	750,000
Cash flows from investing activities		
Investment income	<u>147,319</u>	<u>58,382</u>
Net increase in cash and cash equivalents	1,061,663	959,958
Cash and cash equivalents at beginning of year	<u>1,600,318</u>	<u>640,360</u>
Cash and cash equivalents at end of year	<u>\$ 2,661,981</u>	<u>1,600,318</u>

Noncash Financing and Investing Transactions

For the year ended June 30, 2008, there were no significant noncash investing or financing transactions.

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# CITY OF INDIAN WELLS

## NOTES TO BASIC FINANCIAL STATEMENTS

For the Year ended June 30, 2008

### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. 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 more significant of the government's accounting policies are described below:

#### **The Financial Reporting Entity:**

The City of Indian Wells (the 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 Number 14 (The Financial Reporting Entity), the City (the primary government) has included within its reporting entity, for financial reporting purposes, all component units over which the City exercises financial accountability. GASB Statement No. 14 defines financial accountability as follows: The level of accountability that exists if a primary government appoints a voting majority of that organization 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 with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

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

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Summary of Significant Accounting Policies (Continued):

**The Financial Reporting Entity (Continued):**

The Redevelopment Agency of the City of Indian Wells (the Agency) was established in September 1982 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". The Agency's purpose is to eliminate blighted areas, enhance job creation and retention, improve the tax base for the City, promote quality new development and improve the image of the City. The activity of the Agency is reported in the Special Revenue, Debt Service and Capital Projects Funds.

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.

Since the City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. Only the Redevelopment Agency of the City of Indian Wells issues separate component unit financial statements, which, upon completion, can be obtained at City Hall.

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

The City applies applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus and Basis of Accounting (Continued):

**Government-wide Financial Statements:**

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City of Indian Wells has no business-type activities or discretely presented component units.

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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other 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 an expenditure.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus and Basis of Accounting (Continued):

**Fund Financial Statements:**

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

Fund financial statements for the primary government's governmental and fiduciary 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. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

**Governmental Funds:**

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

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus and Basis of Accounting (Continued):

**Governmental Funds (Continued):**

upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) 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 assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Measurement Focus and Basis of Accounting (Continued):

**Governmental Funds (Continued):**

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, 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 an other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures. When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

**Proprietary Fund:**

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

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

**Emergency Reserve** - This fund is used to account for reserving General Fund operating expenses in case of emergencies or catastrophic losses.

**Low/Moderate Housing** - This fund is used to account for the redevelopment agency requirement to set aside 20% of available tax increment, and to use those funds only for the benefit of providing low and moderate income housing to residents of Indian Wells.

**RDA Whitewater Debt Service** - This fund is used to accumulate monies for payment of principal and interest on the Redevelopment Agency Tax Allocation Bonds by tax increments collected from the Riverside County Tax Roll.

**RDA Whitewater Capital Improvement** - This fund was established to account for the construction of certain capital projects necessary to implement the goals and policies of the Redevelopment Plan for the project areas. These projects are being financed through the use of bond proceeds and tax increment allocated to the Redevelopment Agency.

**Golf Resort Operations** - This fund is used to account for the operations of the Golf Resort at Indian Wells and provide monies to the General Fund.

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

**Proprietary Fund - Internal Service Fund** - This fund is used to account for activities and services performed for other departments within the City on a cost reimbursement basis. The specific activity accounted for is the employee benefit expense.

CITY OF INDIAN WELLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

I. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED):

D. Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets (Continued):

	Total Governmental Funds	Capital Related Items	Compensated Absences	Long-term Debt
Assets				
Cash and investments	\$ 60,792,945	-	-	-
Cash and investments with fiscal agents	6,540,354	-	-	-
Receivables:				
Accounts	3,539,269	-	-	-
Interest	517,249	-	-	-
Prepaid items	64,094	-	-	-
Inventory	724,063	-	-	-
Due from other funds	7,698,278	-	-	-
Advances to other funds	31,647,711	-	-	-
Deferred charges	-	-	-	2,688,928
Capital assets	-	292,482,503	-	-
Accumulated depreciation	-	(25,985,608)	-	-
<b>Total assets</b>	<b>\$ 111,523,963</b>	<b>266,496,895</b>	<b>-</b>	<b>2,688,928</b>
Liabilities:				
Accounts payable	\$ 5,296,459	-	-	-
Accrued liabilities	227,907	-	-	-
Deposits payable	665,165	-	-	-
Deferred revenue	1,172,856	-	-	-
Due to other funds	7,698,278	-	-	-
Advances from other funds	31,647,711	-	-	-
Noncurrent liabilities:				
Due within one year	-	-	123,251	3,765,556
Due in more than one year	-	-	347,861	126,519,457
<b>Total liabilities</b>	<b>46,708,376</b>	<b>-</b>	<b>471,112</b>	<b>130,285,013</b>
<b>FUND BALANCES/NET ASSETS</b>	<b>64,815,587</b>	<b>266,496,895</b>	<b>(471,112)</b>	<b>(127,596,085)</b>
<b>TOTAL NET ASSETS/LIABILITIES</b>	<b>\$ 111,523,963</b>	<b>266,496,895</b>	<b>-</b>	<b>2,688,928</b>



CITY OF INDIAN WELLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

I. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED):

D. Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets (Continued):

<u>Interest Payable</u>	<u>Accrued Interest Receivable</u>	<u>Business License</u>	<u>Deferred Revenue</u>	<u>Internal Service Fund</u>	<u>Reclassifications and Eliminations</u>	<u>Total Statement of Net Assets</u>
-	-	-	-	2,661,981	-	63,454,926
-	-	-	-	-	-	6,540,354
-	-	-	-	-	-	3,539,269
-	-	-	-	-	-	517,249
-	-	-	-	-	-	64,094
-	-	-	-	-	-	724,063
-	-	-	-	-	(7,698,278)	-
-	-	-	-	-	(31,647,711)	-
-	-	-	-	-	-	2,688,928
-	-	-	-	-	-	292,482,503
-	-	-	-	-	-	(25,985,608)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,661,981</u>	<u>(39,345,989)</u>	<u>344,025,778</u>
-	-	-	-	-	-	5,296,459
1,957,956	-	-	-	-	-	2,185,863
-	-	-	-	-	-	665,165
-	-	-	(1,172,856)	-	-	-
-	-	-	-	-	(7,698,278)	-
-	-	-	-	-	(31,647,711)	-
-	-	-	-	-	-	3,888,807
-	-	-	-	-	-	126,867,318
<u>1,957,956</u>	<u>-</u>	<u>-</u>	<u>(1,172,856)</u>	<u>-</u>	<u>(39,345,989)</u>	<u>138,903,612</u>
<u>(1,957,956)</u>	<u>-</u>	<u>-</u>	<u>1,172,856</u>	<u>2,661,981</u>	<u>-</u>	<u>205,122,166</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,661,981</u>	<u>(39,345,989)</u>	<u>344,025,778</u>

CITY OF INDIAN WELLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Explanation of Differences between Governmental Funds Operating Statements and the Statement of Activities  
(Continued):

	Total Governmental Funds	Capital Related Items	Compensated Absences	Long-term Debt
Revenues:				
Taxes	\$ 51,537,447	-	-	-
Assessments	3,483,606	-	-	-
Licenses and permits	399,003	-	-	-
Intergovernmental	1,460,266	-	-	-
Fines and forfeitures	52,083	-	-	-
Charges for services	6,257,950	-	-	-
Investment income	6,561,864	-	-	-
Rental income	1,473,829	-	-	-
Development fees	214,938	-	-	-
Developer contributed asset	-	46,446,323	-	-
Other revenue	<u>1,156,637</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>72,597,623</u>	<u>46,446,323</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	9,604,914	437,584	38,739	-
Community development	4,091,199	2,355,373	-	-
Public safety	7,133,876	159,147	-	-
Public works	3,306,362	3,727,617	-	-
Golf resort	9,333,933	305,681	-	-
Capital outlay	59,787,295	(59,787,295)	-	-
Debt service:				
Principal	3,965,000	-	-	(3,965,000)
Interest	8,939,114	-	-	366,545
Pass-through expenditures	<u>21,471,829</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>127,633,522</u>	<u>(52,801,893)</u>	<u>38,739</u>	<u>(3,598,455)</u>
Other financing sources (uses):				
Transfers in	60,589,937	-	-	-
Transfers out	<u>(61,339,937)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(750,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(55,785,899)	99,248,216	(38,739)	3,598,455
FUND BALANCES (DEFICITS)/NET ASSETS AT BEGINNING OF YEAR	<u>120,601,486</u>	<u>167,248,679</u>	<u>(432,373)</u>	<u>(131,194,540)</u>
FUND BALANCES (DEFICITS)/NET ASSETS AT END OF YEAR	<u>\$ 64,815,587</u>	<u>266,496,895</u>	<u>(471,112)</u>	<u>(127,596,085)</u>

CITY OF INDIAN WELLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Explanation of Differences between Governmental Funds Operating Statements and the Statement of Activities  
(Continued):

Interest Payable	Accrued Interest Receivable	Business License	Deferred Revenue	Internal Service Fund	Reclassifications and Eliminations	Total Statement of Activities
-	-	7,592	-	-	(21,471,829)	30,073,210
-	-	-	-	-	-	3,483,606
-	-	-	-	-	-	399,003
-	-	-	-	-	-	1,460,266
-	-	-	-	-	-	52,083
-	-	-	-	-	-	6,257,950
-	(408,023)	-	787,320	147,319	(2,091,437)	4,997,043
-	-	-	-	-	(349,014)	1,124,815
-	-	-	-	-	-	214,938
-	-	-	-	-	-	46,446,323
-	-	-	-	-	-	1,156,637
<u>-</u>	<u>(408,023)</u>	<u>7,592</u>	<u>787,320</u>	<u>147,319</u>	<u>(23,912,280)</u>	<u>95,665,874</u>
-	-	-	-	(82,253)	-	9,998,984
-	-	-	-	(41,578)	(48,831)	6,356,163
-	-	-	-	(7,184)	(73,909)	7,211,930
-	-	-	-	(27,462)	(111,121)	6,895,396
-	-	-	-	(5,867)	(115,153)	9,518,594
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(47,592)	-	-	-	-	(2,091,437)	7,166,630
-	-	-	-	-	(21,471,829)	-
<u>(47,592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,344)</u>	<u>(23,912,280)</u>	<u>47,147,697</u>
-	-	-	-	750,000	(61,339,937)	-
-	-	-	-	-	61,339,937	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>-</u>
47,592	(408,023)	7,592	787,320	1,061,663	-	48,518,177
<u>(2,005,548)</u>	<u>408,023</u>	<u>(7,592)</u>	<u>385,536</u>	<u>1,600,318</u>	<u>-</u>	<u>156,603,989</u>
<u>(1,957,956)</u>	<u>-</u>	<u>-</u>	<u>1,172,856</u>	<u>2,661,981</u>	<u>-</u>	<u>205,122,166</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. 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 reports interest earnings. Net increase (decrease) in fair value of investments reports changes in fair value.

The City's pools cash and investments of all funds, except for amounts held by fiscal agents and management companies for the Golf Resort at Indian Wells, 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, except for approximately \$2,187,934 of investment income (associated with funds not legally required to receive pooled investment income) that has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), 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 regardless of their amount.

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 backtrending (i.e., estimating the current replacement cost of

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Capital Assets (Continued)

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 estimated fair 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 range of lives used for depreciation purposes for each capital asset class are as follows:

Building and improvements	30 - 50 years
Equipment	15 years
Infrastructure	40 - 60 years

H. Property Taxes:

Property taxes attach as an enforceable lien on property as of March 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% of full market value (at time of purchase) and can increase the assessed values no more than 2%. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. Inventory:

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

J. Prepaid items:

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 items.

K. Compensated Absences:

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

L. 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 of assets and liabilities and disclosure of contingent assets and liabilities 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.

M. Prior Year Data:

Selected information regarding the prior year had been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Deferred Charges:

Discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which materially approximates the effective interest method. Unamortized loss on refunding is amortized over the shorter of the term of the new debt or the refunded debt. Discounts, issuance costs and unamortized loss on refunding are recorded as an asset, deferred charges.

O. Bond premiums:

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which materially approximates the effective interest method. They are presented as a reduction of the face amount of the bonds payable.

2. CASH AND INVESTMENTS:

Cash and investments at June 30, 2008 are classified in the accompanying financial statements as follows:

Unrestricted assets:

Cash and investments	\$ 63,454,926
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Restricted assets:

Cash and investments with fiscal agent	<u>6,540,354</u>
--	------------------

\$ 69,995,280

Cash and investments at June 30, 2008 consisted of the following:

Demand accounts (overdraft)	\$ (63,181)
Petty cash	1,400
Investments	<u>70,057,061</u>

Total cash and investments	<u>\$ 69,995,280</u>
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CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

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, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Bonds and Notes	5 years	75%	None
U.S. Government Sponsored Entities Securities	5 years	70%	15,000,000
Banker's Acceptances Notes	180 days	20%	2,000,000
Certificates of Deposits and Negotiable Certificates of Deposits	5 years	30%	5,000,000
Repurchase Agreements	30 days	10%	2,000,000
Medium-Term Corporate Notes	5 years	10%	1,000,000
Local Agency Investment Fund (LAIF)	N/A	60%	20,000,000 per entity
N/A - Not Applicable			



CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by Debt Agreements:**

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

**Disclosures Relating to Interest Rate Risk:**

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

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk (Continued):**

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:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	
U.S. Government - Sponsored				
Entities Securities	\$ 1,003,900	2,056,260	25,251,860	28,312,020
Negotiable Certificate of Deposit	3,026,777	1,000,000	-	4,026,777
Local Agency Investment Funds	23,367,629	-	-	23,367,629
Medium Term Notes	-	-	7,810,281	7,810,281
Held by fiscal agent:				
Money Market Mutual Funds	<u>6,540,354</u>	<u>-</u>	<u>-</u>	<u>6,540,354</u>
	<u>\$33,938,660</u>	<u>3,056,260</u>	<u>33,062,141</u>	<u>70,057,061</u>

**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:

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Credit Risk (Continued):**

<u>Investment Type</u>	<u>Total As of June 30, 2008</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
U.S. Government Sponsored Entities Securities	\$28,312,020	AAA	-	28,312,020	-	-
Negotiable certificate of deposit	4,026,777	N/A	4,026,777	-	-	-
Local Agency Investment Fund	23,367,629	N/A	23,367,629	-	-	-
Medium Term Notes Held By Bond Trustee:	7,810,281	AA	-	-	7,810,281	-
Money Market Mutual Funds	<u>6,540,354</u>	A	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,540,354</u>
<b>Total</b>	<b><u>\$70,057,061</u></b>		<b><u>27,394,406</u></b>	<b><u>28,312,020</u></b>	<b><u>7,810,281</u></b>	<b><u>6,540,354</u></b>

N/A - Not Applicable

**Concentration of Credit Risk:**

Investments in any one issuer that represent 5% 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	U.S. Government Sponsored Entities Securities	\$9,206,880	13.15%
Federal Home Loan Bank	U.S. Government Sponsored Entities Securities	8,053,460	11.50%
Federal National Mortgage Association	U.S. Government Sponsored Entities Securities	7,024,400	10.03%
Federal Home Loan Mortgage Association	U.S. Government Sponsored Entities Securities	4,027,280	5.75%

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

2. CASH AND INVESTMENTS (CONTINUED):

**Custodial Credit Risk:**

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

A number of financial institutions have reported financial difficulties as an indirect result of delinquencies associated with home mortgages. The full ramifications of this are not determinable at this time and it is not possible to determine with certainty all of the institutions that might be impacted by current market conditions.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

3. COMPOSITION OF ACCOUNTS RECEIVABLE:

Receivables at June 30, 2008, are composed of the following:

	Due from Other <u>Governments</u>	Other <u>Receivable</u>	Taxes <u>Receivable</u>	<u>Total</u>
General	\$ 64,915	76,233	781,165	922,313
Golf Resort Operations	-	409,623	-	409,623
Low/Moderate Housing	-	-	155,517	155,517
RDA Whitewater Debt Service	-	-	777,585	777,585
RDA Whitewater Capital Imp.	492,632	-	-	492,632
Nonmajor Governmental Funds	<u>458,545</u>	<u>75,637</u>	<u>247,417</u>	<u>781,599</u>
Total	<u>\$1,016,092</u>	<u>561,493</u>	<u>1,961,684</u>	<u>3,539,269</u>

4. INTERFUND BALANCES:

Current interfund receivables and payables as of June 30, 2008 are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$1,717,282
General Fund	Golf Resort Operations Special Revenue Fund	4,036,660
RDA Capital Improvement Fund	RDA Whitewater Debt Service Fund	1,081,510
RDA Capital Improvement Fund	Golf Resort Operation Special Revenue Fund	845,861
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>16,965</u>
		<u>\$7,698,278</u>

Interfund balances are a result of short-term interfund borrowings to manage cash flows.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

4. INTERFUND BALANCES (CONTINUED):

Current interfund advances as of June 30, 2008 are as follows:

<u>Advances From Fund</u>	<u>Advances To Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency Whitewater Debt Service Fund	<u>\$31,647,711</u>

During the fiscal year ended June 30, 2008, the City of Indian Wells issued unsecured notes in which the City advanced to the Redevelopment Agency of the City of Indian Wells a total of \$10,797,725. These advances accrue interest annually at 9.5%. Accrued interest charges of \$849,985 to date have been added to the balance of the advances. Also, in prior years, the City advanced \$20,000,000 to the Redevelopment Agency of the City of Indian Wells, for which 9.5% interest is paid annually.

5. INTERFUND TRANSFERS:

Transfers in and out for the year ended June 30, 2008 are as follows:

<u>Transfer Out of Fund</u>	<u>Transfer In to Fund</u>	<u>Amount</u>
General Fund	Emergency Reserve Special Revenue Fund	\$ 4,300,000
	Golf Resort Operations Special Revenue Fund	1,000,000
	Internal Service Fund	750,000
	Nonmajor Governmental Funds	51,686
Emergency Reserve Special Revenue Fund	General Fund	15,000,000
Redevelopment Agency Whitewater Debt Service	Low/Moderate Housing Special Fund Revenue Fund	7,491,824
	Redevelopment Agency Whitewater Capital Improvement Fund	32,577,533
Redevelopment Agency Whitewater Capital Improvements Fund	Nonmajor Governmental Funds	59,394
Nonmajor Governmental Funds	Redevelopment Agency Whitewater Capital Improvement Fund	<u>109,500</u>
		<u>\$61,339,937</u>

CITY OF INDIAN WELLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

5. INTERFUND TRANSFERS (CONTINUED):

The General Fund transferred \$4,300,000 to the Emergency Reserve Special Revenue Fund to fund reserve for emergencies.

The RDA Whitewater Debt Service Fund transferred \$7,491,824 to the Low/Moderate Housing Special Revenue Fund as part of the 20% set-aside in tax increment and \$32,577,533 to the RDA Capital Improvement Fund to fund capital projects.

The Emergency Reserve Special Revenue Fund transferred \$15,000,000 to the General Fund to advance loans to the RDA Debt Service Fund to finance a portion of the Golf Resort capital construction.

6. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 31,648,247	33,157,503	-	64,805,750
Construction in progress	<u>24,293,254</u>	<u>40,947,417</u>	<u>(1,384,376)</u>	<u>63,856,295</u>
Total capital assets not being depreciated	<u>55,941,501</u>	<u>74,104,920</u>	<u>(1,384,376)</u>	<u>128,662,045</u>
Capital assets, being depreciated:				
Buildings and improvements	74,754,255	-	(800,598)	73,953,657
Equipment	1,598,346	5,359,175	(260,862)	6,696,659
Infrastructure	<u>54,960,270</u>	<u>28,450,333</u>	<u>(240,461)</u>	<u>83,170,142</u>
Total capital assets being depreciated	<u>131,312,871</u>	<u>33,809,508</u>	<u>(1,301,921)</u>	<u>163,820,458</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,078,383)	(4,094,544)	409,793	(12,763,134)
Equipment	(1,008,840)	(1,095,267)	154,966	(1,949,141)
Infrastructure	<u>(9,918,470)</u>	<u>(1,708,975)</u>	<u>354,112</u>	<u>(11,273,333)</u>
Total accumulated depreciation	<u>(20,005,693)</u>	<u>(6,898,786)</u>	<u>918,871</u>	<u>(25,985,608)</u>
Total capital assets being depreciated, net	<u>111,307,178</u>	<u>26,910,722</u>	<u>(383,050)</u>	<u>137,834,850</u>
Total capital assets, net	<u>\$167,248,679</u>	<u>101,015,642</u>	<u>(1,767,426)</u>	<u>266,496,895</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

6. CAPITAL ASSETS (CONTINUED):

Capital construction commitments for the year ended June 30, 2008 was as follows:

**Capital Construction in Progress:**

<u>Description</u>	<u>Total Project Budget</u>	<u>Total Expended During Fiscal Year Ending 2008</u>	<u>Unexpended</u>
Mountain View Villas Phase II	\$ 28,761,710	1,096,292	17,093,987
Garden Villas	23,700,126	182,444	18,715,910
Indian Wells Tennis Garden Event Parking	1,847,208	937,153	907,585
Highway 111 Improvement	9,289,515	1,113,516	3,386,867
Fred Waring Widening	13,999,841	696,499	60,363
Indian Wells Golf Resort	64,328,000	25,308,252	4,060,545
Indian Wells Golf Event Parking	3,954,662	6,286	3,747,989
Cook Street	<u>850,000</u>	<u>418,685</u>	<u>431,315</u>
	<u>\$146,731,062</u>	<u>29,759,127</u>	<u>48,404,561</u>

**Depreciation Expense:**

Depreciation expense was charged in the following functions in the Statement of Activities:

General Government	\$ 504,823
Community Development	2,717,298
Public Safety	183,601
Public Works	3,140,411
Golf Resort	<u>352,653</u>
	<u>\$6,898,786</u>



CITY OF INDIAN WELLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

7. LONG-TERM LIABILITIES:

The changes in long-term liabilities for the year ended June 30, 2008 were as follows:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2008</u>	<u>Due Within One Year</u>
Bonds payable:					
2003A Tax Allocation Bonds	\$ 11,080,000	-	(510,000)	10,570,000	520,000
2003A-T Tax Allocation Bonds	40,570,000	-	(1,785,000)	38,785,000	1,835,000
2005 Refunding Tax Allocation Bonds	14,125,000	-	(660,000)	13,465,000	685,000
2006A Tax Allocation Bonds	<u>67,805,000</u>	<u>-</u>	<u>(1,010,000)</u>	<u>66,795,000</u>	<u>680,000</u>
Subtotal	<u>133,580,000</u>	<u>-</u>	<u>(3,965,000)</u>	<u>129,615,000</u>	<u>3,720,000</u>
Add (less) deferred amounts:					
Bond premium	<u>715,569</u>	<u>-</u>	<u>(45,556)</u>	<u>670,013</u>	<u>45,556</u>
Subtotal	<u>715,569</u>	<u>-</u>	<u>(45,556)</u>	<u>670,013</u>	<u>45,556</u>
Total bonds payable	<u>134,295,569</u>	<u>-</u>	<u>(4,010,556)</u>	<u>130,285,013</u>	<u>3,765,556</u>
Other liabilities:					
Compensated absences	<u>432,373</u>	<u>424,278</u>	<u>(385,539)</u>	<u>471,112</u>	<u>123,251</u>
Total long-term liabilities	<u>\$134,727,942</u>	<u>424,278</u>	<u>(4,396,095)</u>	<u>130,756,125</u>	<u>3,888,807</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

7. LONG-TERM LIABILITIES (CONTINUED):

**2003A Tax Allocation Bonds:**

In 1992, the Redevelopment Agency of the City of Indian Wells issued \$15,275,000 of Refunding Tax Allocation Bonds (1992 TABS) to defease the Tax Allocation Bonds issued in 1986. On May 7, 2003, the Agency issued \$41,135,000 of Tax Allocation bonds to provide funds to refund in advance the 1992 Refunding Tax Allocation Bond issued by the Agency and fund certain capital improvements. A portion of the proceeds from the bonds issued in 2003 were placed in an escrow fund to provide the debt service on the 1992 Refunding Tax Allocation Bonds. The advance refunding met the requirements of an in-substance defeasance and the bonds were removed from the Agency's long-term debt.

The 2003A Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2003A-T Tax Allocation Bonds (see 2003A-T TABS below). 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. On October 18, 2006, the 2003A Bonds were partially refunded by proceeds from the 2006A Tax Allocation Bonds.

The Bonds are payable in annual installments ranging from \$520,000 to \$960,000 until maturity on September 1, 2022. Interest is payable semiannually on March 1 and September 1, with rates ranging from 2.5% to 5.0% per annum. Bonds outstanding at June 30, 2008 were \$10,570,000.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

7. LONG-TERM LIABILITIES (CONTINUED):

**2003A Tax Allocation Bonds (Continued):**

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 520,000	487,665	1,007,665
2010	535,000	472,087	1,007,087
2011	555,000	456,045	1,011,045
2012	570,000	438,162	1,008,162
2013	595,000	412,564	1,007,564
2014-2018	3,430,000	1,618,977	5,048,977
2019-2023	<u>4,365,000</u>	<u>675,104</u>	<u>5,040,104</u>
Subtotal	10,570,000	4,560,604	15,130,604
Add deferred amounts:			
Bond premium	<u>571,068</u>	<u>-</u>	<u>571,068</u>
	<u>\$11,141,068</u>	<u>4,560,604</u>	<u>15,701,672</u>

**2003A-T Tax Allocation Bonds:**

On May 7, 2003, the Agency issued Tax Allocation Bonds; consisting of \$9,160,000 of Serial Bonds and \$36,950,000 of Term Bonds. The proceeds were used to provide funds for variety of projects to increase the supply of low and moderate income housing within the Agency's project area.

The 2003A-T 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. 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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

7. LONG-TERM LIABILITIES (CONTINUED):

**2003A-T Tax Allocation Bonds (Continued):**

The serial bonds are payable in annual installments ranging from \$1,735,000 to \$1,835,000 through September 1, 2008. The term bonds mature in the years 2013 and 2022 in the amounts of \$10,385,000, at 4.480% and \$26,565,000, at 5.460%, respectively. The term bonds maturing September 1, 2013 are subject to mandatory redemption ranging from \$1,900,000 to \$2,226,000 annually starting September 1, 2009. The term bonds maturing September 1, 2002 are subject to mandatory redemption ranging from \$2,365,000 to \$3,615,000 starting September 1, 2014. Interest is payable semiannually on March 1 and September 1, with rates ranging from 1.380% to 5.460%. At June 30, 2008, bonds outstanding were \$38,785,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,835,000	1,977,353	3,812,353
2010	1,900,000	1,915,697	3,815,697
2011	1,985,000	1,830,577	3,815,577
2012	2,075,000	1,741,649	3,816,649
2013	2,165,000	1,648,689	3,813,689
2014-2018	12,520,000	6,550,054	19,070,054
2019-2023	<u>16,305,000</u>	<u>2,764,944</u>	<u>19,069,944</u>
	<u>\$38,785,000</u>	<u>18,428,963</u>	<u>57,213,963</u>

**2005 Refunding Tax Allocation Bonds:**

On August 15, 2005, the Redevelopment Agency of the City of Indian Wells issued \$14,125,000 of Refunding Tax Allocation Bonds (2005 TABS) to defease the Tax Allocation Bonds issued in 1996. The net proceeds of \$14,548,480 (after payment of \$489,096 in underwriting fees, insurance and other issuance costs plus and additional \$866,156 from restricted accounts related to the 1996 bonds) were used to purchase direct obligations of the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 bonds. The advance refunding met the requirements of an in-substance defeasance and the bonds were removed from the Agency's long-term debt. As of June 30, 2008, the 1996 Refunding Tax Allocation Bonds are fully paid.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

7. LONG-TERM LIABILITIES (CONTINUED):

**2005 Refunding Tax Allocation Bonds (Continued):**

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

The bonds are payable in annual installments ranging from \$685,000 to \$1,160,000 until maturity on September 1, 2022. Interest is payable semiannually on March 1 and September 1, with rates ranging from 4.0% to 4.25% per annum. Bonds outstanding at June 30, 2008 were \$13,465,000.

Future debt service requirements on these bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 685,000	525,084	1,210,084
2010	710,000	497,684	1,207,684
2011	740,000	469,284	1,209,284
2012	770,000	439,684	1,209,684
2013	795,000	413,696	1,208,696
2014-2018	4,415,000	1,635,179	6,050,179
2019-2023	<u>5,350,000</u>	<u>695,288</u>	<u>6,045,288</u>
Subtotal	13,465,000	4,675,899	18,140,899
Add deferred amounts:			
Bond premium	<u>45,212</u>	<u>-</u>	<u>45,212</u>
	<u>\$13,510,212</u>	<u>4,675,899</u>	<u>18,186,111</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

7. LONG-TERM LIABILITIES (CONTINUED):

**2006A Tax Allocation Bonds:**

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

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

The Bonds are payable in annual installments ranging from \$680,000 to \$5,555,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1, with rates ranging from 4.0% to 5.0% per annum. Bonds outstanding at June 30, 2008 were \$66,795,000.

Future debt service requirements on these bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 680,000	2,914,638	3,594,638
2010	715,000	2,884,038	3,599,038
2011	735,000	2,855,438	3,590,438
2012	780,000	2,817,769	3,597,769
2013	810,000	2,786,569	3,596,569
2014-2018	4,550,000	13,420,445	17,970,445
2019-2023	5,550,000	12,431,245	17,981,245
2024-2028	18,845,000	10,225,146	29,070,146
2029-2033	23,280,000	5,794,357	29,074,357
2034	<u>10,850,000</u>	<u>779,238</u>	<u>11,629,238</u>
Subtotal	66,795,000	56,908,883	123,703,883
Add deferred amounts:			
Bond premium	<u>53,733</u>	<u>-</u>	<u>53,733</u>
	<u>\$66,848,733</u>	<u>56,908,883</u>	<u>123,757,616</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

7. LONG-TERM LIABILITIES (CONTINUED):

**Compensated Absences:**

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$471,112 at June 30, 2008 is expected to be paid in future years from future resources. The recognition of compensated absences is a liability of the City's General Fund. Payments of employees' accrued vacation and compensatory time are expended by department within the City's General Fund.

8. BOND DEFEASANCES

In prior years, various bonds were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for these defeased bonds are not reflected in the City's basic financial statements. At June 30, 2008, the following represents the amounts still outstanding on bonds considered defeased:

\$23,466,900 2003A Tax Allocation Bonds

9. PASS-THROUGH AGREEMENTS:

The Redevelopment Agency of the City has entered into agreements with various governmental entities to "pass-through" applicable portions of tax increments received by the Whitewater Project Area attributable to this entity to the extent that its territorial limits reside within the Agency's project area. Entities with which the Agency has entered into such agreements are the Desert Sands Unified School District, the Riverside County Superintendent of Schools, the College of the Desert, the Coachella Valley Recreation and Park District and the Coachella Valley Mosquito Abatement District.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

10. DEFINED BENEFIT PENSION PLAN:

**Plan Description:**

The City of Indian Wells participates in the Miscellaneous 2% at 55 Risk Pool of the California Public Employee's Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of the PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

**Contributions:**

Miscellaneous participants are required to contribute 7% of their annual covered salary to PERS. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The City's covered payroll for PERS was \$3,319,212 for the year ended June 30, 2008, while the City's total payroll for all employees was \$3,716,357 for the same period. In order to calculate the dollar value of the ARC for inclusion in the financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.



CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

10. DEFINED BENEFIT PENSION PLAN (CONTINUED):

Three-Year Trend Information

*Annual Pension Cost (Miscellaneous)*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	10.099%	\$ 414,162	100%	-
6/30/07	10.411%	543,406	100%	-
6/30/08	10.366%	601,504	100%	-

11. DEFINED CONTRIBUTION PLAN:

The City contributes to the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust, a defined contribution plan 401(a). The plan is a multiple-employer public employee retirement program. The reportable payroll for the employees covered by the plan is \$3,369,053 compared with a total payroll of \$3,716,357 for the fiscal year ended June 30, 2008.

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% of earnings. No employee contributions are permitted. The total contribution made by the City was \$84,228.

12. DEFERRED COMPENSATION PAYABLE:

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code Section 457 for its eligible employees wherein they may execute an individual agreement with the City for amounts earned by them to be paid at a future date when certain circumstances are met. These circumstances are termination by reasons of death, disability, retirement or unforeseeable emergency. Employees may contribute into the deferred compensation plan up to \$15,500 in any year. 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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

12. DEFERRED COMPENSATION PAYABLE (CONTINUED):

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.

13. POST EMPLOYMENT BENEFIT PLAN:

Employees who retire from the City are eligible to receive health care benefits covering themselves and any qualified family members. The City pays 100% of all premiums charged under a health benefit plan administered by the Public Employee's Retirement System (PERS) in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. The cost of retiree health care benefits is recognized as an expense as claims are paid. For fiscal year 2007-08, those costs totaled \$203,607.

The Government Accounting Standards Board (GASB) has recently issued its final accrual accounting standards for retiree healthcare benefits, GASB 43 and GASB 45. GASB 43/45 requires public employees such as the City to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these benefits. The City is not required to implement GASB 43/45 until the year ended June 30, 2009.

The City contracted with a firm to perform an actuarial valuation of the retiree insurance program as of July 1, 2007. The valuation determined that the amount of actuarial liability for current and future retirees, as of July 1, 2007 is \$8,100,129. This represents the present value of all benefits expected to be paid by the City for its current and future retirees. The City plans to exceed the requirements of the Annually Required Contribution (ARC) over the next several years to reduce this outstanding liability.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

14. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 114 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 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 coverage's. The Authority's pool began covering claims of its members in 1978. Each member government has a representative on the Board of Directors. The Board operates through a nine member Executive Committee.

**General Liability:**

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claim.

Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000, \$18,000,000 to \$23,000,000, and \$45,000,000 to \$50,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$10,000,000 to 18,000,000 and \$23,000,000 to \$45,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid for the Authority's investment earnings.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

14. RISK MANAGEMENT (CONTINUED):

**Workers' Compensation:**

The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit.

Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$200,000,000 are transferred to reinsurance carriers. Costs in excess of \$200,000,000 are pooled among the members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

**Property Insurance:**

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$500,000,000. There is a \$5,000 per occurrence except for non-emergency vehicle which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

14. RISK MANAGEMENT (CONTINUED):

**Earthquake and Flood Insurance:**

The City purchase earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City property currently has earthquake protection in the amount of \$75,000,000. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

**Fidelity Bonds:**

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

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

15. OTHER REQUIRED DISCLOSURES:

**Transient Occupancy Tax Revenue:**

Approximately 35% or \$5,874,128 of General Fund revenue is provided by the resort hotels within the City.

**Expenditures in Excess of Appropriations:**

The following departments reported expenditures in excess of appropriations:

General Fund:	
Public Works:	
Administration	\$11,892

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

15. OTHER REQUIRED DISCLOSURES (CONTINUED):

**Deficit Fund Balance:**

The following Funds reported a deficit fund balance at June 30, 2008:

Golf Resort Operations Special Revenue Fund	\$ 1,649,490
RDA Whitewater Debt Service Fund	32,562,181
South Coast Air Quality Management District Vehicle Registration Special Revenue Fund	12,991
Hwy 111 Circulation Improvement Capital Projects Fund	53,373
Park Facilities in Lieu Capital Projects Fund	1,619,658

The deficit in the Golf Resort Operations Special Revenue Fund is due to the partial closure of the Golf Resort during the remodel period. This deficit balance is temporary. During the next fiscal year, the Golf Resort will resume full revenue operations and anticipates a positive fund balance within two fiscal years.

The deficit in the Redevelopment Agency Debt Service Fund is due to advances for the City's General Fund to finance a portion of the Golf Resort capital construction. A full refunding of the advance is expected to take several fiscal years.

The deficit in the South Coast Air Quality Management District Vehicle Registration Special Revenue Fund will be eliminated through the collection of vehicle registration fees from the State of California to repay the outstanding loan to the City's General Fund and eliminate the deficit.

The deficit in the Hwy 111 Circulation improvement Capital Projects Fund will be eliminated through Highway 111 circulation improvement fees collected from developers building along the Highway 111 corridor.

The deficit in the Park Facilities in Lieu Capital Projects Fund will be eliminated through Quimby Act Park fees to be collected from developers.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the Year ended June 30, 2008

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.

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## **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. The budget-actual comparisons for these funds have been presented in the accompanying financial statements as required supplementary information:

Emergency Reserve - This fund is used to account for reserving General Fund operating expenses in case of emergencies or catastrophic losses.

Golf Resort Operations - This fund is used to account for the operations of the Golf Resort at Indian Wells and provide monies to the General Fund.

Low/Moderate Housing - This fund is used to account for the redevelopment requirement to set aside 20% of available tax increment, and to use those funds only for the benefit of providing low and moderate income housing to residents of Indian Wells.

CITY OF INDIAN WELLS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year ended June 30, 2008

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 City Manager is authorized to transfer appropriated funds between major expenditure categories within departments. However, any revisions that alter the total appropriations of any department must be approved by the City Council. Expenditures may not legally exceed appropriations at the department level.

Appropriations lapse at the end of the fiscal year. Appropriations (encumbered or unencumbered) for capital projects in progress are allowed to carry forward with the amount being adopted for the current year budget.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS:

The following departments reported expenditures in excess of appropriations:

General Fund:	
Public Works:	
Administration	\$11,892

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Property taxes	\$ 2,040,180	2,218,100	2,396,288	178,188	2,097,328
Franchise taxes	703,600	967,625	902,635	(64,990)	894,379
General sales tax	935,200	1,145,000	1,054,972	(90,028)	1,202,051
Transient occupancy tax	6,175,000	6,025,000	5,874,128	(150,872)	5,940,739
Business license tax	18,000	20,000	31,912	11,912	15,184
Real property transfer tax	303,200	160,000	203,424	43,424	190,109
Admissions tax	688,320	765,000	757,726	(7,274)	747,596
Licenses and permits	783,500	430,500	397,407	(33,093)	660,576
Intergovernmental	465,790	518,790	475,489	(43,301)	1,027,192
Fines and forfeitures	45,750	40,000	21,399	(18,601)	36,272
Charges for services	801,324	713,575	682,133	(31,442)	811,565
Investment income	2,036,115	3,891,000	3,467,226	(423,774)	3,758,188
Other	343,275	436,750	311,399	(125,351)	513,584
Total revenues	<u>15,339,254</u>	<u>17,331,340</u>	<u>16,576,138</u>	<u>(755,202)</u>	<u>17,894,763</u>
Expenditures:					
Current:					
General government:					
Legislation and policy	52,841	49,972	47,552	2,420	29,209
City manager	175,422	234,191	225,376	8,815	214,851
City clerk	47,980	102,475	68,088	34,387	75,113
Community relations	371,400	302,000	275,035	26,965	227,986
City attorney	123,727	131,777	115,707	16,070	90,459
Financial services	161,366	265,702	240,899	24,803	228,089
Central services	14,412	71,667	31,636	40,031	28,542
Cultural events	3,383,469	4,014,340	3,363,564	650,776	3,403,219
Human resources	420,506	503,206	480,891	22,315	287,571
Technology	366,535	374,731	354,771	19,960	329,637
Community development:					
Administration	44,139	44,139	43,514	625	43,879
Inspections and examinations	613,465	815,425	709,550	105,875	696,020
Current and advanced planning	107,018	271,126	199,976	71,150	201,682

(Continued)

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		Final Budget	
				Positive	Actual
				(Negative)	
Expenditures (Continued):					
Current:					
Public safety:					
Administration	\$ 176,099	204,469	179,900	24,569	170,938
Code enforcement	103,080	149,574	127,688	21,886	112,854
Public services	1,854,000	2,123,849	2,001,313	122,536	1,768,078
Community service officers	408,558	429,558	408,420	21,138	361,392
Emergency preparedness	8,400	16,500	5,058	11,442	5,545
Public works:					
Administration	54,986	177,114	189,006	(11,892)	189,831
City engineering	124,490	291,708	251,928	39,780	264,197
Maintenance services	754,259	942,216	895,222	46,994	718,000
City parkway landscape	<u>291,000</u>	<u>408,263</u>	<u>329,926</u>	<u>78,337</u>	<u>159,265</u>
Total expenditures	<u>9,657,152</u>	<u>11,924,002</u>	<u>10,545,020</u>	<u>1,378,982</u>	<u>9,606,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,682,102</u>	<u>5,407,338</u>	<u>6,031,118</u>	<u>(623,780)</u>	<u>8,288,406</u>
Other financing sources (uses):					
Transfers in	9,000,000	15,000,000	15,000,000	-	500,000
Transfers out	<u>(250,523)</u>	<u>(8,801,686)</u>	<u>(6,101,685)</u>	<u>2,700,001</u>	<u>(11,800,011)</u>
Total other financing sources (uses)	<u>8,749,477</u>	<u>6,198,314</u>	<u>8,898,315</u>	<u>2,700,001</u>	<u>(11,300,011)</u>
Net change in fund balance	14,431,579	11,605,652	14,929,433	2,076,221	(3,011,605)
Fund balances at beginning of year	<u>27,715,559</u>	<u>27,715,559</u>	<u>27,715,559</u>	<u>-</u>	<u>30,727,164</u>
Fund balance at end of year	<u>\$ 42,147,138</u>	<u>39,321,211</u>	<u>42,644,992</u>	<u>2,076,221</u>	<u>27,715,559</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Emergency Reserve Special Revenue Fund  
 For the Year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with	Prior
	Original	Final		Final Budget Positive (Negative)	Year Actual
Other financing sources (uses):					
Transfers in	\$ -	7,000,000	4,300,000	(2,700,000)	10,000,000
Transfers out	(9,000,000)	(15,000,000)	(15,000,000)	-	-
Total other financing sources (uses)	(9,000,000)	(8,000,000)	(10,700,000)	(2,700,000)	10,000,000
Net change in fund balance	(9,000,000)	(8,000,000)	(10,700,000)	(2,700,000)	10,000,000
Fund balance at beginning of year	30,000,000	30,000,000	30,000,000	-	20,000,000
Fund balance at end of year	\$ 21,000,000	22,000,000	19,300,000	(2,700,000)	30,000,000

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Golf Resort Operations Special Revenue Fund  
 For the Year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Licenses and permits	\$ -	-	-	-	68,185
Charges for services	7,600,458	4,663,242	5,575,817	912,575	4,706,701
Investment income	8,000	8,000	2,026	(5,974)	14,393
Other revenue	300,000	1,380,597	98,230	(1,282,367)	21,139
Total revenues	<u>7,908,458</u>	<u>6,051,839</u>	<u>5,676,073</u>	<u>(375,766)</u>	<u>4,810,418</u>
Expenditures:					
Current:					
Golf resort	<u>8,315,162</u>	<u>9,479,584</u>	<u>9,333,933</u>	<u>145,651</u>	<u>6,042,600</u>
Total expenditures	<u>8,315,162</u>	<u>9,479,584</u>	<u>9,333,933</u>	<u>145,651</u>	<u>6,042,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(406,704)</u>	<u>(3,427,745)</u>	<u>(3,657,860)</u>	<u>(230,115)</u>	<u>(1,232,182)</u>
Other financing sources (uses):					
Transfers in	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,901,341</u>
Total other financing sources (uses)	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,901,341</u>
Net change in fund balance	(406,704)	(2,427,745)	(2,657,860)	(230,115)	669,159
Fund balance at beginning of year	<u>1,008,370</u>	<u>1,008,370</u>	<u>1,008,370</u>	<u>-</u>	<u>339,211</u>
Fund balance (deficit) at end of year	<u>\$ 601,666</u>	<u>(1,419,375)</u>	<u>(1,649,490)</u>	<u>(230,115)</u>	<u>1,008,370</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Low/Moderate Housing Special Revenue Fund  
 For the Year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Investment income	\$ 950,000	915,000	1,065,798	150,798	1,224,843
Total revenues	950,000	915,000	1,065,798	150,798	1,224,843
Expenditures:					
Current:					
General government	1,179,656	1,212,823	1,192,946	19,877	1,149,731
Community development	258,632	234,422	225,526	8,896	141,700
Capital outlay	-	42,640,577	17,298,409	25,342,168	2,422,029
Debt service:					
Principal retirement	1,785,000	1,785,000	1,785,000	-	1,735,000
Interest and fiscal charges	2,014,307	2,014,307	2,006,312	7,995	2,056,121
Total expenditures	5,237,595	47,887,129	22,508,193	25,378,936	7,504,581
Excess (deficiency) of revenues over (under) expenditures	(4,287,595)	(46,972,129)	(21,442,395)	25,529,734	(6,279,738)
Other financing sources (uses):					
Transfers in	7,374,269	7,492,022	7,491,824	(198)	6,926,823
Transfers out	-	-	-	-	(7,531,250)
Sale of property	-	4,476,713	-	(4,476,713)	-
Total other financing sources (uses)	7,374,269	11,968,735	7,491,824	(4,476,911)	(604,427)
Net change in fund balance	3,086,674	(35,003,394)	(13,950,571)	21,052,823	(6,884,165)
Fund balance at beginning of year	26,850,170	26,850,170	26,850,170	-	33,734,335
Fund balance (deficit) at end of year	\$ 29,936,844	(8,153,224)	12,899,599	21,052,823	26,850,170

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**SUPPLEMENTARY SCHEDULES**

Combining Other Governmental Funds

CITY OF INDIAN WELLS  
Combining Balance Sheet

Other Governmental Funds

June 30, 2008

Special Revenue Funds

	Traffic Safety	Public Safety 1/2 % Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast Air Quality Management District Vehicle Registration	Citizens Option for Public Safety Program	Gas Tax
<u>Assets</u>							
Cash and investments	\$227,909	14,811	6	943,051	2,353	14,591	251
Accounts receivable	4,186	1,368	58,545	44,558	1,600	336	32,209
Interest receivable	2,002	130	-	8,284	21	128	2
Prepaid items	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$234,097</u>	<u>16,309</u>	<u>58,551</u>	<u>995,893</u>	<u>3,974</u>	<u>15,055</u>	<u>32,462</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 308	-	-	53,912	-	-	-
Due to other funds	-	-	26,625	-	16,965	-	17,622
Deposits payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>308</u>	<u>-</u>	<u>26,625</u>	<u>53,912</u>	<u>16,965</u>	<u>-</u>	<u>17,622</u>
Fund balances (deficits):							
Reserved:							
Prepaid items	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	233,789	16,309	31,926	941,981	(12,991)	15,055	14,840
Capital projects funds	-	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>233,789</u>	<u>16,309</u>	<u>31,926</u>	<u>941,981</u>	<u>(12,991)</u>	<u>15,055</u>	<u>14,840</u>
<b>Total liabilities and fund balances</b>	<u>\$234,097</u>	<u>16,309</u>	<u>58,551</u>	<u>995,893</u>	<u>3,974</u>	<u>15,055</u>	<u>32,462</u>

Special Revenue Funds							Capital Projects Fund	
Emergency Services Upgrade	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Cooperative Marketing	Affordable Housing Operations	Hwy 111 Circulation Improvement	Park Facilities In Lieu
2,284,985	386,242	136,894	1,012,115	3,838	21,293	9,393,372	2	2
57,653	7,346	26,512	85,121	-	-	46,354	-	-
20,072	-	4,596	8,890	34	187	73,156	-	-
-	-	-	-	-	6,450	-	-	-
-	-	-	-	-	-	-	-	-
<u>2,362,710</u>	<u>393,588</u>	<u>168,002</u>	<u>1,106,126</u>	<u>3,872</u>	<u>27,930</u>	<u>9,512,882</u>	<u>2</u>	<u>2</u>
277,645	6,000	26,512	14,481	101	8,967	12,099	-	-
-	-	-	-	-	-	-	53,375	1,619,660
-	-	-	-	-	-	56,660	-	-
-	-	-	-	-	-	-	-	-
<u>277,645</u>	<u>6,000</u>	<u>26,512</u>	<u>14,481</u>	<u>101</u>	<u>8,967</u>	<u>68,759</u>	<u>53,375</u>	<u>1,619,660</u>
-	-	-	-	-	6,450	-	-	-
2,085,065	387,588	141,490	1,091,645	3,771	12,513	9,444,123	-	-
-	-	-	-	-	-	-	(53,373)	(1,619,658)
<u>2,085,065</u>	<u>387,588</u>	<u>141,490</u>	<u>1,091,645</u>	<u>3,771</u>	<u>18,963</u>	<u>9,444,123</u>	<u>(53,373)</u>	<u>(1,619,658)</u>
<u>2,362,710</u>	<u>393,588</u>	<u>168,002</u>	<u>1,106,126</u>	<u>3,872</u>	<u>27,930</u>	<u>9,512,882</u>	<u>2</u>	<u>2</u>

(Continued)

CITY OF INDIAN WELLS  
Combining Balance Sheet

Other Governmental Funds

(Continued)

	Capital Projects Funds				
	Citywide Public Improvement	Capital Improvement	Art in Public Places	Totals	
				2008	2007
<u>Assets</u>					
Cash and investments	\$ 140	942,734	245,597	15,630,186	16,038,404
Accounts receivable	-	415,811	-	781,599	355,786
Interest receivable	1	8,281	2,157	127,941	-
Prepaid items	-	-	-	6,450	3,536
Due from other funds	-	16,965	-	16,965	19,290
Total assets	\$ 141	1,383,791	247,754	16,563,141	16,417,016
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	17,702	-	417,727	571,706
Due to other funds	-	-	-	1,734,247	123,991
Deposits payable	-	-	-	56,660	74,109
Deferred revenue	-	-	-	-	142,544
Total liabilities	-	17,702	-	2,208,634	912,350
Fund balances (deficits):					
Reserved:					
Prepaid items	-	-	-	6,450	3,536
Unreserved, reported in:					
Special revenue funds	-	-	-	14,407,104	13,620,019
Capital projects funds	141	1,366,089	247,754	(59,047)	1,881,111
Total fund balances (deficits)	141	1,366,089	247,754	14,354,507	15,504,666
Total liabilities and fund balances	\$ 141	1,383,791	247,754	16,563,141	16,417,016

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CITY OF INDIAN WELLS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds

For the Year ended June 30, 2008

	Special Revenue Funds						
	Traffic Safety	Public Safety 1/2 % Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1	South Coast Air Quality Management District Vehicle Registration	Citizens Option for Public Safety Program	Gas Tax
Revenues:							
Taxes	\$ -	-	232,772	196,409	-	-	-
Assessments	-	-	-	1,207,051	-	-	-
Licenses and permits	-	-	-	1,596	-	-	-
Intergovernmental	-	17,895	-	2,352	5,961	100,000	94,002
Fines and forfeitures	30,684	-	-	-	-	-	-
Investment income	15,642	836	3,280	46,906	84	2,281	140
Rental income	-	-	-	-	-	-	-
Development fees	-	-	-	-	-	-	-
Other revenue	-	-	-	720	-	824	-
<b>Total revenues</b>	<u>46,326</u>	<u>18,731</u>	<u>236,052</u>	<u>1,455,034</u>	<u>6,045</u>	<u>103,105</u>	<u>94,142</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	16,342	-	871,813	-	100,000	-
Public works	143,978	-	420,000	-	1,291	-	97,103
Capital outlay	87,393	-	-	614,913	-	-	-
<b>Total expenditures</b>	<u>231,371</u>	<u>16,342</u>	<u>420,000</u>	<u>1,486,726</u>	<u>1,291</u>	<u>100,000</u>	<u>97,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(185,045)</u>	<u>2,389</u>	<u>(183,948)</u>	<u>(31,692)</u>	<u>4,754</u>	<u>3,105</u>	<u>(2,961)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(185,045)</u>	<u>2,389</u>	<u>(183,948)</u>	<u>(31,692)</u>	<u>4,754</u>	<u>3,105</u>	<u>(2,961)</u>
Fund balances (deficits) at beginning of year	<u>418,834</u>	<u>13,920</u>	<u>215,874</u>	<u>973,673</u>	<u>(17,745)</u>	<u>11,950</u>	<u>17,801</u>
Fund balances (deficits) at end of year	<u>\$ 233,789</u>	<u>16,309</u>	<u>31,926</u>	<u>941,981</u>	<u>(12,991)</u>	<u>15,055</u>	<u>14,840</u>

Special Revenue Funds						Capital Projects Fund		
Emergency Services Upgrade	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Cooperative Marketing	Affordable Housing Operations	Hwy 111 Circulation Improvement	Park Facilities In Lieu
2,428,060	-	-	-	-	-	-	-	-
582,573	137,433	720,302	834,730	1,517	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
117,725	-	40,573	58,665	205	11,823	510,498	-	-
-	-	-	-	-	-	1,473,829	-	-
-	-	-	-	-	-	-	-	61,815
-	5,000	-	-	-	573,986	54,364	-	-
<u>3,128,358</u>	<u>142,433</u>	<u>760,875</u>	<u>893,395</u>	<u>1,722</u>	<u>585,809</u>	<u>2,038,691</u>	<u>-</u>	<u>61,815</u>
2,673	-	1,595	-	-	-	-	-	-
-	-	-	-	-	581,071	1,377,112	-	-
2,648,407	-	730,142	-	-	-	-	-	-
-	176,303	-	800,307	1,298	-	-	-	-
<u>160,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,636,083</u>
<u>2,811,138</u>	<u>176,303</u>	<u>731,737</u>	<u>800,307</u>	<u>1,298</u>	<u>581,071</u>	<u>1,377,112</u>	<u>-</u>	<u>1,636,083</u>
<u>317,220</u>	<u>(33,870)</u>	<u>29,138</u>	<u>93,088</u>	<u>424</u>	<u>4,738</u>	<u>661,579</u>	<u>-</u>	<u>(1,574,268)</u>
-	-	-	111,080	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	111,080	-	-	-	-	-
317,220	(33,870)	29,138	204,168	424	4,738	661,579	-	(1,574,268)
<u>1,767,845</u>	<u>421,458</u>	<u>112,352</u>	<u>887,477</u>	<u>3,347</u>	<u>14,225</u>	<u>8,782,544</u>	<u>(53,373)</u>	<u>(45,390)</u>
<u>2,085,065</u>	<u>387,588</u>	<u>141,490</u>	<u>1,091,645</u>	<u>3,771</u>	<u>18,963</u>	<u>9,444,123</u>	<u>(53,373)</u>	<u>(1,619,658)</u>

(Continued)

CITY OF INDIAN WELLS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds

(Continued)

	Capital Projects Funds				
	Citywide Public Improvement	Capital Improvement	Art in Public Places	Totals	
				2008	2007
Revenues:					
Taxes	\$ -	-	-	2,857,241	2,593,034
Assessments	-	-	-	3,483,606	3,036,321
Licenses and permits	-	-	-	1,596	-
Intergovernmental	-	400,000	-	620,210	221,031
Fines and forfeitures	-	-	-	30,684	73,399
Investment income	9	68,785	21,139	898,591	785,128
Rental income	-	-	-	1,473,829	1,384,314
Development fees	109,516	-	43,607	214,938	582,880
Other revenue	-	-	-	634,894	559,890
	<u>109,525</u>	<u>468,785</u>	<u>64,746</u>	<u>10,215,589</u>	<u>9,235,997</u>
Total revenues					
Expenditures:					
Current:					
General government	-	68,535	-	72,803	57,410
Community development	-	-	-	1,958,183	2,730,451
Public safety	-	-	-	4,366,704	3,737,296
Public works	-	-	-	1,640,280	1,512,107
Capital outlay	-	553,281	277,630	3,329,358	2,917,632
	<u>-</u>	<u>621,816</u>	<u>277,630</u>	<u>11,367,328</u>	<u>10,954,896</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>109,525</u>	<u>(153,031)</u>	<u>(212,884)</u>	<u>(1,151,739)</u>	<u>(1,718,899)</u>
Other financing sources (uses):					
Transfers in	-	-	-	111,080	7,641,903
Transfers out	(109,500)	-	-	(109,500)	(815,630)
Sale of property	-	-	-	-	13,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,580</u>	<u>6,839,273</u>
Total other financing sources (uses)					
Net change in fund balances	<u>25</u>	<u>(153,031)</u>	<u>(212,884)</u>	<u>(1,150,159)</u>	<u>5,120,374</u>
Fund balances (deficits) at beginning of year	<u>116</u>	<u>1,519,120</u>	<u>460,638</u>	<u>15,504,666</u>	<u>10,384,292</u>
Fund balances (deficits) at end of year	<u>\$ 141</u>	<u>1,366,089</u>	<u>247,754</u>	<u>14,354,507</u>	<u>15,504,666</u>



## **SPECIAL REVENUE FUNDS**

The following Special Revenue funds have been classified as other governmental funds in the accompanying balance sheet:

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 Southern California. These monies are to be used in air quality maintenance programs locally and/or regionally.

Citizens Option for Public Safety Program - Police Funding (COPS) - 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.

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

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 services for home owners within the City.

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 within the City.

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.

Cooperative Marking - This fund is used to account for the revenues and expenditures incurred in advertising and promoting the City and its attributes.

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  
 Budgetary Comparison Schedule  
 Traffic Safety Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Fines and forfeitures	\$ 58,000	30,684	(27,316)	73,399
Investment income	<u>20,170</u>	<u>15,642</u>	<u>(4,528)</u>	<u>22,400</u>
Total revenues	<u>78,170</u>	<u>46,326</u>	<u>(31,844)</u>	<u>95,799</u>
Expenditures:				
Current:				
Public works	164,451	143,978	20,473	63,651
Capital outlay	<u>87,393</u>	<u>87,393</u>	<u>-</u>	<u>140,908</u>
Total expenditures	<u>251,844</u>	<u>231,371</u>	<u>20,473</u>	<u>204,559</u>
Excess (deficiency) of revenues over (under) expenditures	(173,674)	(185,045)	(11,371)	(108,760)
Fund balance at beginning of year	<u>418,834</u>	<u>418,834</u>	<u>-</u>	<u>527,594</u>
Fund balance at end of year	<u>\$ 245,160</u>	<u>233,789</u>	<u>(11,371)</u>	<u>418,834</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Public Safety 1/2% Tax Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 17,000	17,895	895	17,787
Investment income	<u>400</u>	<u>836</u>	<u>436</u>	<u>576</u>
Total revenues	<u>17,400</u>	<u>18,731</u>	<u>1,331</u>	<u>18,363</u>
Expenditures:				
Current:				
Public safety	<u>16,342</u>	<u>16,342</u>	<u>-</u>	<u>15,564</u>
Total expenditures	<u>16,342</u>	<u>16,342</u>	<u>-</u>	<u>15,564</u>
Excess (deficiency) of revenues over (under) expenditures	1,058	2,389	1,331	2,799
Fund balance at beginning of year	<u>13,920</u>	<u>13,920</u>	<u>-</u>	<u>11,121</u>
Fund balance at end of year	<u>\$ 14,978</u>	<u>16,309</u>	<u>1,331</u>	<u>13,920</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Measure "A" Transportation Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 255,000	232,772	(22,228)	258,807
Investment income	<u>8,000</u>	<u>3,280</u>	<u>(4,720)</u>	<u>10,734</u>
Total revenues	<u>263,000</u>	<u>236,052</u>	<u>(26,948)</u>	<u>269,541</u>
Expenditures:				
Current:				
Public works	<u>420,000</u>	<u>420,000</u>	<u>-</u>	<u>450,000</u>
Total expenditures	<u>420,000</u>	<u>420,000</u>	<u>-</u>	<u>450,000</u>
Excess (deficiency) of revenues over (under) expenditures	(157,000)	(183,948)	(26,948)	(180,459)
Fund balance at beginning of year	<u>215,874</u>	<u>215,874</u>	<u>-</u>	<u>396,333</u>
Fund balance at end of year	<u>\$ 58,874</u>	<u>31,926</u>	<u>(26,948)</u>	<u>215,874</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Fire Access Maintenance District No. 1 Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 206,450	196,409	(10,041)	184,123
Assessments	1,200,000	1,207,051	7,051	1,165,382
Licenses and permits	750	1,596	846	-
Intergovernmental	2,810	2,352	(458)	2,590
Investment income	22,500	46,906	24,406	-
Other revenues	-	720	720	51,542
Total revenues	<u>1,432,510</u>	<u>1,455,034</u>	<u>22,524</u>	<u>1,403,637</u>
Expenditures:				
Current:				
Public safety	955,825	871,813	84,012	826,878
Capital outlay	<u>730,000</u>	<u>614,913</u>	<u>115,087</u>	<u>1,047,399</u>
Total expenditures	<u>1,685,825</u>	<u>1,486,726</u>	<u>199,099</u>	<u>1,874,277</u>
Excess (deficiency) of revenues over (under) expenditures	(253,315)	(31,692)	221,623	(470,640)
Fund balance at beginning of year	<u>973,673</u>	<u>973,673</u>	<u>-</u>	<u>1,444,313</u>
Fund balance at end of year	<u>\$ 720,358</u>	<u>941,981</u>	<u>221,623</u>	<u>973,673</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 South Coast Air Quality Management District Vehicle Registration Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 5,200	5,961	761	5,599
Investment income	<u>30</u>	<u>84</u>	<u>54</u>	<u>46</u>
Total revenues	<u>5,230</u>	<u>6,045</u>	<u>815</u>	<u>5,645</u>
Expenditures:				
Current:				
Public works	<u>2,500</u>	<u>1,291</u>	<u>1,209</u>	<u>2,520</u>
Total expenditures	<u>2,500</u>	<u>1,291</u>	<u>1,209</u>	<u>2,520</u>
Excess (deficiency) of revenues over (under) expenditures	2,730	4,754	2,024	3,125
Fund balance (deficit) at beginning of year	<u>(17,745)</u>	<u>(17,745)</u>	<u>-</u>	<u>(20,870)</u>
Fund balance (deficit) at end of year	<u>\$ (15,015)</u>	<u>(12,991)</u>	<u>2,024</u>	<u>(17,745)</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Citizens Option for Public Safety Program - Police Funding Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 100,000	100,000	-	100,000
Investment income	870	2,281	1,411	1,065
Other revenue	<u>4,250</u>	<u>824</u>	<u>(3,426)</u>	<u>4,983</u>
Total revenues	<u>105,120</u>	<u>103,105</u>	<u>(2,015)</u>	<u>106,048</u>
Expenditures:				
Current:				
Public safety	<u>105,000</u>	<u>100,000</u>	<u>5,000</u>	<u>100,516</u>
Total expenditures	<u>105,000</u>	<u>100,000</u>	<u>5,000</u>	<u>100,516</u>
Excess (deficiency) of revenues over (under) expenditures	120	3,105	2,985	5,532
Fund balance at beginning of year	<u>11,950</u>	<u>11,950</u>	<u>-</u>	<u>6,418</u>
Fund balance at end of year	<u>\$ 12,070</u>	<u>15,055</u>	<u>2,985</u>	<u>11,950</u>



CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Gas Tax Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 94,820	94,002	(818)	95,055
Investment income	<u>789</u>	<u>140</u>	<u>(649)</u>	<u>222</u>
Total revenues	<u>95,609</u>	<u>94,142</u>	<u>(1,467)</u>	<u>95,277</u>
Expenditures:				
Current:				
Public works	<u>98,079</u>	<u>97,103</u>	<u>976</u>	<u>95,650</u>
Total expenditures	<u>98,079</u>	<u>97,103</u>	<u>976</u>	<u>95,650</u>
Excess (deficiency) of revenues over (under) expenditures	(2,470)	(2,961)	(491)	(373)
Fund balance at beginning of year	<u>17,801</u>	<u>17,801</u>	-	<u>18,174</u>
Fund balance at end of year	<u>\$ 15,331</u>	<u>14,840</u>	<u>(491)</u>	<u>17,801</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Emergency Services Upgrade Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 2,428,000	2,428,060	60	2,150,104
Assessments	582,000	582,573	573	508,266
Investment income	60,250	117,725	57,475	85,568
Other revenue	500	-	(500)	223
Total revenues	<u>3,070,750</u>	<u>3,128,358</u>	<u>57,608</u>	<u>2,744,161</u>
Expenditures:				
Current:				
General government	2,840	2,673	167	2,659
Public safety	2,973,637	2,648,407	325,230	2,252,688
Capital outlay	161,022	160,058	964	191,727
Total expenditures	<u>3,137,499</u>	<u>2,811,138</u>	<u>326,361</u>	<u>2,447,074</u>
Excess (deficiency) of revenues over (under) expenditures	(66,749)	317,220	383,969	297,087
Fund balance at beginning of year	<u>1,767,845</u>	<u>1,767,845</u>	<u>-</u>	<u>1,470,758</u>
Fund balance at end of year	<u>\$ 1,701,096</u>	<u>2,085,065</u>	<u>383,969</u>	<u>1,767,845</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 AB 939 Recycling Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 134,500	137,433	2,933	128,798
Other revenue	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total revenues	<u>139,500</u>	<u>142,433</u>	<u>2,933</u>	<u>133,798</u>
Expenditures:				
Current:				
Public works	<u>181,719</u>	<u>176,303</u>	<u>5,416</u>	<u>152,595</u>
Total expenditures	<u>181,719</u>	<u>176,303</u>	<u>5,416</u>	<u>152,595</u>
Excess (deficiency) of revenues over (under) expenditures	(42,219)	(33,870)	8,349	(18,797)
Fund balance at beginning of year	<u>421,458</u>	<u>421,458</u>	<u>-</u>	<u>440,255</u>
Fund balance at end of year	<u>\$ 379,239</u>	<u>387,588</u>	<u>8,349</u>	<u>421,458</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Solid Waste Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 749,000	720,302	(28,698)	556,203
Investment income	<u>28,660</u>	<u>40,573</u>	<u>11,913</u>	<u>26,948</u>
Total revenues	<u>777,660</u>	<u>760,875</u>	<u>(16,785)</u>	<u>583,151</u>
Expenditures:				
Current:				
General government	1,975	1,595	380	1,290
Public safety	<u>752,350</u>	<u>730,142</u>	<u>22,208</u>	<u>541,650</u>
Total expenditures	<u>754,325</u>	<u>731,737</u>	<u>22,588</u>	<u>542,940</u>
Excess (deficiency) of revenues over (under) expenditures	23,335	29,138	5,803	40,211
Fund balance at beginning of year	<u>112,352</u>	<u>112,352</u>	<u>-</u>	<u>72,141</u>
Fund balance at end of year	<u>\$ 135,687</u>	<u>141,490</u>	<u>5,803</u>	<u>112,352</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Consolidated LLMD Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 823,646	834,730	11,084	676,276
Investment income	<u>27,505</u>	<u>58,665</u>	<u>31,160</u>	<u>43,620</u>
Total revenues	<u>851,151</u>	<u>893,395</u>	<u>42,244</u>	<u>719,896</u>
Expenditures:				
Current:				
Public works	<u>1,133,070</u>	<u>800,307</u>	<u>332,763</u>	<u>746,499</u>
Total expenditures	<u>1,133,070</u>	<u>800,307</u>	<u>332,763</u>	<u>746,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(281,919)</u>	<u>93,088</u>	<u>375,007</u>	<u>(26,603)</u>
Other financing sources (uses):				
Transfers in	<u>111,080</u>	<u>111,080</u>	<u>-</u>	<u>110,653</u>
Total other financing sources (uses)	<u>111,080</u>	<u>111,080</u>	<u>-</u>	<u>110,653</u>
Net change in fund balance	(170,839)	204,168	375,007	84,050
Fund balance at beginning of year	<u>887,477</u>	<u>887,477</u>	<u>-</u>	<u>803,427</u>
Fund balance at end of year	<u>\$ 716,638</u>	<u>1,091,645</u>	<u>375,007</u>	<u>887,477</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Street Lighting District 2000-1 Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 1,480	1,517	37	1,396
Investment income	<u>100</u>	<u>205</u>	<u>105</u>	<u>153</u>
Total revenues	<u>1,580</u>	<u>1,722</u>	<u>142</u>	<u>1,549</u>
Expenditures:				
Current:				
Public works	<u>1,730</u>	<u>1,298</u>	<u>432</u>	<u>1,192</u>
Total expenditures	<u>1,730</u>	<u>1,298</u>	<u>432</u>	<u>1,192</u>
Excess (deficiency) of revenues over (under) expenditures	(150)	424	574	357
Fund balance at beginning of year	<u>3,347</u>	<u>3,347</u>	-	<u>2,990</u>
Fund balance at end of year	<u>\$ 3,197</u>	<u>3,771</u>	<u>574</u>	<u>3,347</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Cooperative Marketing Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 10,584	11,823	1,239	12,291
Other revenue	<u>573,986</u>	<u>573,986</u>	-	<u>546,081</u>
Total revenues	<u>584,570</u>	<u>585,809</u>	<u>1,239</u>	<u>558,372</u>
Expenditures:				
Current:				
Community development	<u>584,716</u>	<u>581,071</u>	<u>3,645</u>	<u>673,975</u>
Total expenditures	<u>584,716</u>	<u>581,071</u>	<u>3,645</u>	<u>673,975</u>
Excess (deficiency) of revenues over (under) expenditures	(146)	4,738	4,884	(115,603)
Fund balance at beginning of year	<u>14,225</u>	<u>14,225</u>	-	<u>129,828</u>
Fund balance at end of year	<u>\$ 14,079</u>	<u>18,963</u>	<u>4,884</u>	<u>14,225</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Affordable Housing Operations Special Revenue Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 396,500	510,498	113,998	418,899
Rental income	1,472,240	1,473,829	1,589	1,384,314
Other revenue	<u>55,000</u>	<u>54,364</u>	<u>(636)</u>	<u>3,603</u>
Total revenues	<u>1,923,740</u>	<u>2,038,691</u>	<u>114,951</u>	<u>1,806,816</u>
Expenditures:				
Current:				
Community development	<u>1,537,613</u>	<u>1,377,112</u>	<u>160,501</u>	<u>2,056,476</u>
Total expenditures	<u>1,537,613</u>	<u>1,377,112</u>	<u>160,501</u>	<u>2,056,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>386,127</u>	<u>661,579</u>	<u>275,452</u>	<u>(249,660)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,531,250</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,531,250</u>
Net change in fund balance	386,127	661,579	275,452	7,281,590
Fund balance at beginning of year	<u>8,782,544</u>	<u>8,782,544</u>	<u>-</u>	<u>1,500,954</u>
Fund balance at end of year	<u>\$ 9,168,671</u>	<u>9,444,123</u>	<u>275,452</u>	<u>8,782,544</u>



## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on specific long-term obligations of the City and the Redevelopment Agency. The following has been classified as a major fund in the accompanying financial statements.

RDA Whitewater Debt Service - The RDA Whitewater Debt Service Fund accounts for the receipt of the tax increment collected from the Riverside County Tax Roll generated by the Whitewater Project to ensure payments for principal and interest on the Redevelopment Agency Tax Allocation Bonds. In addition, the RDA Whitewater Debt Service Fund pays the pass-through expenditures. Any remaining increment is then transferred to the RDA Whitewater Capital Improvement Fund for projects within the redevelopment area.

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 RDA Whitewater Debt Service Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
<b>Revenues:</b>				
Taxes	\$ 37,457,110	37,459,121	2,011	34,634,117
Investment income	810,000	333,074	(476,926)	1,166,441
Other revenue	<u>110,000</u>	<u>112,114</u>	<u>2,114</u>	<u>108,876</u>
Total revenues	<u>38,377,110</u>	<u>37,904,309</u>	<u>(472,801)</u>	<u>35,909,434</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Community development	379,949	376,430	3,519	-
Pass-throughs	21,471,829	21,471,829	-	19,874,202
<b>Debt service:</b>				
Principal retirement	2,180,000	2,180,000	-	1,595,000
Interest and fiscal charges	6,927,251	6,927,249	2	5,148,263
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,540,154</u>
Total expenditures	<u>30,959,029</u>	<u>30,955,508</u>	<u>3,521</u>	<u>28,157,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,418,081</u>	<u>6,948,801</u>	<u>(469,280)</u>	<u>7,751,815</u>
<b>Other financing sources (uses):</b>				
Transfers out	(40,069,358)	(40,069,358)	-	(32,265,376)
Refunding bonds issued	-	-	-	67,805,000
Bond premium	-	-	-	57,498
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,054,069)</u>
Total other financing sources (uses)	<u>(40,069,358)</u>	<u>(40,069,358)</u>	<u>-</u>	<u>10,543,053</u>
Net change in fund balance	(32,651,277)	(33,120,557)	(469,280)	18,294,868
Fund balance (deficit) at beginning of year	<u>558,376</u>	<u>558,376</u>	<u>-</u>	<u>(17,736,492)</u>
Fund balance at end of year	<u>\$ (32,092,901)</u>	<u>(32,562,181)</u>	<u>(469,280)</u>	<u>558,376</u>

## CAPITAL PROJECTS FUNDS

The following Capital Projects Fund has been classified as a major fund in the accompanying financial statements:

RDA Whitewater Capital Improvement - This fund was established to account for the construction of certain capital projects necessary to implement the goals and policies of the Redevelopment Plan for the project areas. These projects are being financed on a pay-as-you-go basis through tax increment allocated to the Redevelopment Agency.

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.

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

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 governmental capital projects.

Storm Drain - This fund was established to account for the construction of storm drain infrastructure. These projects were financed through City contributions and developer exactions.

Golf Resort Capital Improvement - This fund was established to account for the construction of capital facilities related to the Golf Resort at Indian Wells. These projects are being financed through operating transfers from 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.

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

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 RDA Whitewater Capital Improvement Capital Projects Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 365,000	364,567	(433)	1,434,242
Investment income	550,625	795,149	244,524	362,806
Other revenue	-	-	-	10,419
Total revenues	<u>915,625</u>	<u>1,159,716</u>	<u>244,091</u>	<u>1,807,467</u>
Expenditures:				
Current:				
General government	3,257,681	3,135,646	122,035	1,954,557
Community development	665,561	578,020	87,541	231,423
Public safety	47,792	44,793	2,999	-
Capital outlay	49,130,783	39,159,528	9,971,255	30,297,624
Debt service:				
Interest and fiscal charges	12,000	5,553	6,447	9,413
Total expenditures	<u>53,113,817</u>	<u>42,923,540</u>	<u>10,190,277</u>	<u>32,493,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,198,192)</u>	<u>(41,763,824)</u>	<u>10,434,368</u>	<u>(30,685,550)</u>
Other financing sources (uses):				
Transfers in	32,687,721	32,687,033	(688)	25,654,183
Transfers out	(59,394)	(59,394)	-	(961,983)
Sale of property	15,074,121	-	(15,074,121)	362,848
Total other financing sources (uses)	<u>47,702,448</u>	<u>32,627,639</u>	<u>(15,074,809)</u>	<u>25,055,048</u>
Net change in fund balance	(4,495,744)	(9,136,185)	(4,640,441)	(5,630,502)
Fund balance at beginning of year	<u>18,964,345</u>	<u>18,964,345</u>	<u>-</u>	<u>24,594,847</u>
Fund balance (deficit) at end of year	<u>\$ 14,468,601</u>	<u>9,828,160</u>	<u>(4,640,441)</u>	<u>18,964,345</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Hwy 111 Circulation Improvement Capital Projects Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 50	-	(50)	72
Development fees	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>	<u>24,914</u>
Total revenues	<u>15,050</u>	<u>-</u>	<u>(15,050)</u>	<u>24,986</u>
Fund balance (deficit) at beginning of year	<u>(53,373)</u>	<u>(53,373)</u>	<u>-</u>	<u>(78,359)</u>
Fund balance (deficit) at end of year	<u><u>\$ (38,323)</u></u>	<u><u>(53,373)</u></u>	<u><u>(15,050)</u></u>	<u><u>(53,373)</u></u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Park Facilities In Lieu Capital Projects Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 50	-	50	46
Development fees	<u>65,000</u>	<u>61,815</u>	<u>(3,185)</u>	<u>154,008</u>
Total revenues	<u>65,000</u>	<u>61,815</u>	<u>(3,185)</u>	<u>154,054</u>
Expenditures:				
Capital outlay	<u>1,645,514</u>	<u>1,636,083</u>	<u>9,431</u>	<u>210,012</u>
Total expenditures	<u>1,645,514</u>	<u>1,636,083</u>	<u>9,431</u>	<u>210,012</u>
Excess (deficiency) of revenues over (under) expenditures	(1,580,514)	(1,574,268)	6,246	(55,958)
Fund balance (deficit) at beginning of year	<u>(45,390)</u>	<u>(45,390)</u>	<u>-</u>	<u>10,568</u>
Fund balance (deficit) at end of year	<u>\$ (1,625,904)</u>	<u>(1,619,658)</u>	<u>6,246</u>	<u>(45,390)</u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Citywide Public Improvement Capital Projects Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 50	9	41	959
Development fees	<u>115,000</u>	<u>109,516</u>	<u>(5,484)</u>	<u>286,235</u>
Total revenues	<u>115,050</u>	<u>109,525</u>	<u>(5,443)</u>	<u>287,194</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,633</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,050</u>	<u>109,525</u>	<u>(5,443)</u>	<u>274,561</u>
Other financing sources (uses):				
Transfers out	<u>(318,270)</u>	<u>(109,500)</u>	<u>208,770</u>	<u>(315,630)</u>
Total other financing sources (uses)	<u>(318,270)</u>	<u>(109,500)</u>	<u>208,770</u>	<u>(315,630)</u>
Net change in fund balance	(203,220)	25	203,327	(41,069)
Fund balance at beginning of year	<u>116</u>	<u>116</u>	<u>-</u>	<u>41,185</u>
Fund balance (deficit) at end of year	<u><u>\$ (203,104)</u></u>	<u><u>141</u></u>	<u><u>203,327</u></u>	<u><u>116</u></u>

CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Capital Improvement Capital Projects Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 400,000	400,000	-	-
Investment income	<u>65,835</u>	<u>68,785</u>	<u>2,950</u>	<u>82,243</u>
Total revenues	<u>465,835</u>	<u>468,785</u>	<u>2,950</u>	<u>82,243</u>
Expenditures:				
Current:				
General government	69,910	68,535	1,375	53,461
Capital outlay	<u>1,036,031</u>	<u>553,281</u>	<u>482,750</u>	<u>233,208</u>
Total expenditures	<u>1,105,941</u>	<u>621,816</u>	<u>484,125</u>	<u>286,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(640,106)</u>	<u>(153,031)</u>	<u>487,075</u>	<u>(204,426)</u>
Other financing sources (uses):				
Transfers out	-	-	-	(500,000)
Sale of property	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(487,000)</u>
Net change in fund balance	(640,106)	(153,031)	487,075	(691,426)
Fund balance at beginning of year	<u>1,519,120</u>	<u>1,519,120</u>	<u>-</u>	<u>2,210,546</u>
Fund balance at end of year	<u>\$ 879,014</u>	<u>1,366,089</u>	<u>487,075</u>	<u>1,519,120</u>



CITY OF INDIAN WELLS  
 Budgetary Comparison Schedule  
 Art in Public Places Capital Projects Fund  
 For the year ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 13,700	21,139	7,439	21,161
Development fees	<u>40,000</u>	<u>43,607</u>	<u>3,607</u>	<u>104,227</u>
Total revenues	<u>53,700</u>	<u>64,746</u>	<u>11,046</u>	<u>125,388</u>
Expenditures:				
Capital outlay	<u>600,000</u>	<u>277,630</u>	<u>322,370</u>	-
Total expenditures	<u>600,000</u>	<u>277,630</u>	<u>322,370</u>	-
Excess (deficiency) of revenues over (under) expenditures	(546,300)	(212,884)	333,416	125,388
Fund balance at beginning of year	<u>460,638</u>	<u>460,638</u>	-	<u>335,250</u>
Fund balance (deficit) at end of year	<u>\$ (85,662)</u>	<u>247,754</u>	<u>333,416</u>	<u>460,638</u>

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## DESCRIPTION OF STATISTICAL SECTION

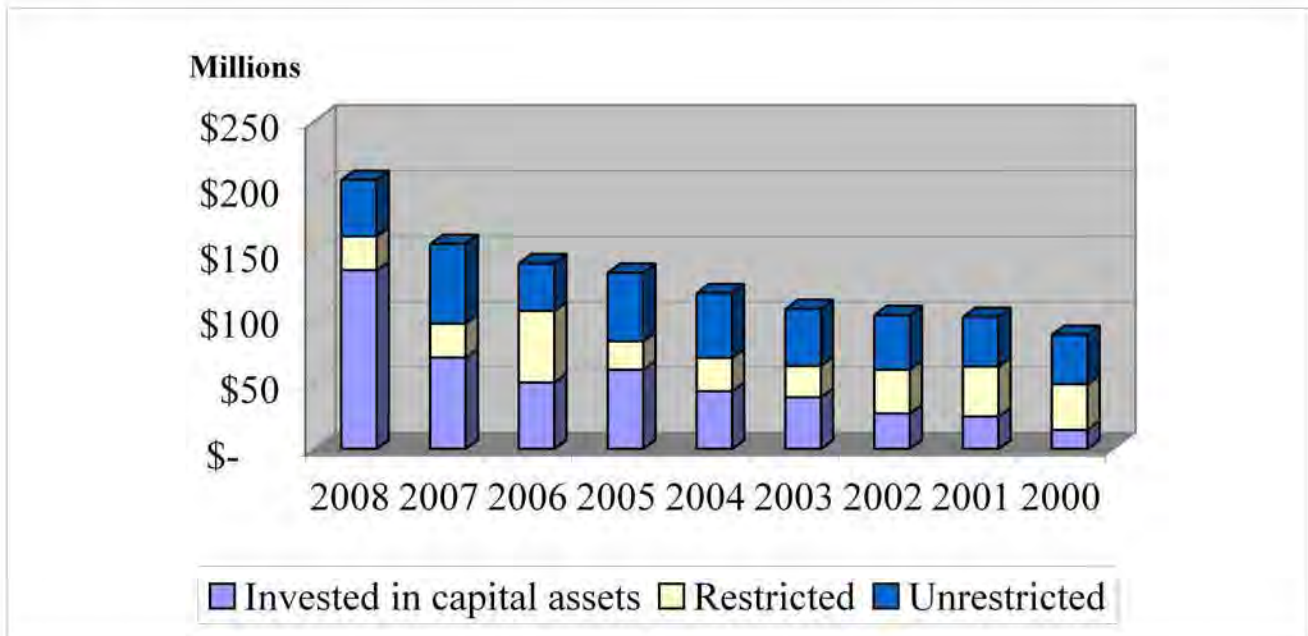
June 30, 2008

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 say about the government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> – these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138 - 146
<u>Revenue Capacity</u> – these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	147 - 150
<u>Debt Capacity</u> – these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	151 - 154
<u>Demographic and Economic Information</u> – these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	155 - 156
<u>Operating Information</u> – these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	157 - 161

CITY OF INDIAN WELLS  
 Net Assets by Component  
 Last Nine Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year			
	2008	2007	2006	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$136,211,882	\$ 69,674,222	\$ 50,749,510	60,447,659
Restricted for:				
Community development	22,401,222	21,060,513	49,567,249	10,483,905
Public safety	3,199,900	2,926,727	2,932,610	1,895,904
Public works	325,432	1,863,275	2,094,899	3,765,506
Debt service	-	-	-	5,553,793
Unrestricted	<u>42,983,730</u>	<u>60,839,232</u>	<u>36,303,201</u>	<u>52,240,076</u>
Total governmental activities net assets	<u>\$205,122,166</u>	<u>\$156,363,969</u>	<u>\$141,647,469</u>	<u>134,386,843</u>



*The City of Indian Wells implemented GASB 34 for the fiscal year ended June 30, 2000. Information prior to the implementation of GASB 34 is not available.*

Fiscal Year				
2004	2003	2002	2001	2000
44,033,129	39,495,887	27,071,086	24,844,138	14,540,232
12,430,215	10,996,014	22,228,581	24,171,926	24,226,464
2,165,299	2,107,802	2,051,350	2,131,199	1,736,284
3,991,647	3,183,822	3,228,288	2,825,982	2,605,797
6,837,944	7,509,228	5,850,327	8,873,442	6,215,738
<u>49,387,174</u>	<u>43,500,468</u>	<u>41,759,341</u>	<u>37,984,919</u>	<u>37,816,985</u>
<u>118,845,408</u>	<u>106,793,221</u>	<u>102,188,973</u>	<u>100,831,606</u>	<u>87,141,500</u>

CITY OF INDIAN WELLS

Changes in Net Assets

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2008	2007	2006	2005
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 627,106	2,235	5,069	1,037
Community development	2,528,006	1,934,844	1,772,860	1,570,382
Public safety	873,761	2,470,623	2,527,477	2,056,493
Public works	68,639	1,463,364	1,359,833	1,381,225
Golf resort	5,138,846	4,817,513	5,234,850	7,138,609
Operating grants and contributions:				
General government	519,133	77,946	41,205	14,691
Community development	2,038,691	314,980	338,311	364,975
Public safety	2,493,117	2,259,723	2,212,899	1,832,677
Public works	1,543,290	926,673	354,123	309,305
Capital grants and contributions:				
Community development	1,445,778	1,434,242		
Public works	46,463,133	582,880	3,508,743	11,002,296 <sup>1</sup>
Total program revenue	<u>63,739,500</u>	<u>16,285,023</u>	<u>17,355,370</u>	<u>25,671,690</u>
Expenses:				
Governmental activities:				
General government	9,998,984	7,763,532	7,082,129	6,476,847
Community development	6,356,163	24,966,021	28,957,231	20,563,959
Public safety	7,211,930	6,146,364	5,903,241	6,279,925
Public works	6,895,396	3,862,991	3,367,663	3,288,793
Golf resort	9,518,594	5,406,302	7,491,500	8,008,708
Interest on long-term debt	7,166,630	6,009,532	4,706,168	4,951,228
Total expenses	<u>47,147,697</u>	<u>54,154,742</u>	<u>57,507,932</u>	<u>49,569,460</u>
Net revenue (expense)	<u>16,591,803</u>	<u>(37,869,719)</u>	<u>(40,152,562)</u>	<u>(23,897,770)</u>
General revenues:				
Taxes:				
Property taxes	18,582,342	37,093,682	35,791,172	29,371,922
Transient occupancy taxes	5,874,128	5,940,739	5,352,889	4,656,403
Sales taxes	1,054,972	1,202,051	1,057,899	897,119
Franchise taxes	902,634	894,378	726,333	641,951
Other taxes	1,875,547	1,112,636	1,024,505	820,887
Investment income	3,467,226	5,554,158	3,217,562	2,894,907
Gain on sale of asset	-	350,454	-	-
Other	169,525	438,121	242,828	156,016
Total general revenues	<u>31,926,374</u>	<u>52,586,219</u>	<u>47,413,188</u>	<u>39,439,205</u>
Change in net assets	<u>\$ 48,518,177</u>	<u>14,716,500</u>	<u>7,260,626</u>	<u>15,541,435</u>

The City of Indian Wells implemented GASB 34 for the fiscal year ended June 30, 2000.

Information prior to the implementation of GASB 34 is not available.

<sup>1</sup> The increase from the prior period was the result of a \$8.9 million grant for capital development of the Fred Waring Drive widening project and improvements within the Indian Wells Village Area.

<sup>2</sup> The increase from the prior period was the result of a \$6.6 million capital grant for the Whitewater River Channel storm crossing.

<sup>3</sup> Investment income included a \$1.7 million increase in the fair value of investments.

Fiscal Year				
2004	2003	2002	2001	2000
1,577	-	-	-	-
1,142,076	1,539,238	1,445,126	1,890,360	2,055,354
2,017,645	2,082,454	1,919,640	1,938,243	1,877,324
1,589,854	721,574	755,604	1,253,138	1,440,153
7,103,298	6,324,063	6,166,706	7,625,215	7,978,102
44,721	-	-	-	-
733,311	535,000	-	-	-
1,852,363	1,660,138	1,485,935	1,419,880	1,053,421
313,453	268,264	258,401	241,414	229,623
<u>7,775,714</u> <sup>2</sup>	<u>132,727</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,574,012</u>	<u>13,263,458</u>	<u>12,031,412</u>	<u>14,368,250</u>	<u>14,633,977</u>
6,550,342	8,246,755	5,898,875	6,399,803	3,692,407
18,643,445	16,027,330	19,557,970	14,027,933	15,361,863
6,260,002	5,650,403	5,109,718	4,809,561	3,885,920
2,699,525	3,470,564	3,092,393	2,520,733	1,878,286
7,041,090	6,835,918	6,416,191	6,587,627	6,543,445
<u>4,899,758</u>	<u>2,362,254</u>	<u>1,646,067</u>	<u>1,685,994</u>	<u>-</u>
<u>46,094,162</u>	<u>42,593,224</u>	<u>41,721,214</u>	<u>36,031,651</u>	<u>31,361,921</u>
<u>(23,520,150)</u>	<u>(29,329,766)</u>	<u>(29,689,802)</u>	<u>(21,663,401)</u>	<u>(16,727,944)</u>
27,998,756	25,511,291	23,143,109	22,714,005	19,983,706
4,141,094	3,640,130	3,166,058	4,421,308	4,432,357
820,736	659,452	665,394	743,627	624,842
617,422	587,964	542,740	492,259	436,961
608,303	805,388	671,031	448,836	171,278
1,206,620	1,781,327	2,575,704	6,013,397 <sup>3</sup>	3,424,194
-	357,347	-	243,458	55,072
<u>179,406</u>	<u>591,121</u>	<u>283,127</u>	<u>276,615</u>	<u>398,047</u>
<u>35,572,337</u>	<u>33,934,020</u>	<u>31,047,163</u>	<u>35,353,505</u>	<u>29,526,457</u>
<u>12,052,187</u>	<u>4,604,254</u>	<u>1,357,361</u>	<u>13,690,104</u>	<u>12,798,513</u>

CITY OF INDIAN WELLS  
Fund Balances of Governmental Funds  
Last Nine Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2007	2006	2005
General fund:				
Reserved for:				
Encumbrances	\$ -	-	-	-
Prepaid items	700	-	-	6,000
Advances to other funds	30,797,726	20,000,000	20,000,000	-
Unreserved	<u>11,846,566</u>	<u>7,715,559</u>	<u>10,727,164</u>	<u>10,217,412</u>
Total general fund	<u>\$ 42,644,992</u>	<u>\$ 27,715,559</u>	<u>\$ 30,727,164</u>	<u>10,223,412</u>
All other governmental funds				
Reserved for:				
Encumbrances	\$ -	-	-	-
Continued appropriations	-	-	-	-
Inventory	724,063	97,252	189,573	183,252
Prepaid items	63,394	76,516	53,269	91,690
Other long-term assets	-	-	-	-
Golf course operation	-	838,138	96,369	639,790
Low/moderate housing	-	26,850,170	33,734,335	30,761,975
Debt service	-	-	-	6,875,205
Land held for resale	-	15,074,119	19,102,515	4,028,395
Unreserved, reported in:				
Special revenue funds	44,176,206	43,620,019	26,803,436	40,771,632
Debt service	(32,562,181)	558,376	(17,736,492)	-
Capital projects funds	<u>9,769,113</u>	<u>5,771,337</u>	<u>9,073,188</u>	<u>21,852,557</u>
Total all other governmental funds	<u>\$ 22,170,595</u>	<u>92,885,927</u>	<u>71,316,193</u>	<u>105,204,496</u>

*The City of Indian Wells implemented GASB 34 for the fiscal year ended June 30, 2000. Information prior to the implementation of GASB 34 is not available.*



Fiscal Year				
2004	2003	2002	2001	2000
-	-	134,414	-	186,584
417,725	178,647	163,562	-	-
-	-	-	-	-
<u>6,482,083</u>	<u>5,577,793</u>	<u>5,847,482</u>	<u>5,089,494</u>	<u>2,261,911</u>
<u>6,899,808</u>	<u>5,756,440</u>	<u>6,145,458</u>	<u>5,089,494</u>	<u>2,448,495</u>
-	-	1,561,891	9,951,289	11,616,123
-	-	14,468,745	-	-
346,399	425,311	508,855	440,593	422,398
87,989	127,535	139,841	85,500	91,874
-	-	792,290	993,843	4,568,263
717,691	790,898	1,030,465	1,878,283	1,203,946
34,485,602	50,178,629	860,004	-	-
8,172,862	8,045,149	5,977,665	9,003,667	6,348,620
4,028,395	4,028,395	4,028,395	4,028,395	4,028,395
40,637,254	35,302,727	34,747,887	19,823,123	15,000,000
-	-	-	-	-
<u>32,329,471</u>	<u>32,783,529</u>	<u>5,314,818</u>	<u>20,006,453</u>	<u>22,301,375</u>
<u>120,805,663</u>	<u>131,682,173</u>	<u>69,430,856</u>	<u>66,211,146</u>	<u>65,580,994</u>

CITY OF INDIAN WELLS  
Changes in Fund Balances of Governmental Funds  
Last Nine Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2007	2006	2005
Revenues:				
Taxes	\$ 51,537,447	\$ 48,314,537	\$ 46,131,556	\$ 38,106,070
Assessments	3,483,606	3,036,321	3,084,600	2,552,226
Licenses and permits	399,003	728,761	617,834	949,622
Intergovernmental	1,460,266	2,682,465	4,958,972	9,562,484
Fines and forfeitures	52,083	109,671	96,056	114,078
Charges for services	6,257,950	5,518,266	5,869,314	7,943,064
Investment income	8,035,693	8,696,113	5,496,516	4,001,528
Development fees	214,938	582,880	600,668	647,957
Other	1,156,637	1,213,908	959,066	883,644
Total revenues	<u>72,597,623</u>	<u>70,882,922</u>	<u>67,814,582</u>	<u>64,760,673</u>
Expenditures				
Current:				
General government	9,604,914	8,076,374	7,308,390	6,649,994
Community development	4,091,199	4,045,155	7,855,308	2,161,045
Public safety	7,133,876	6,156,103	5,911,765	6,376,941
Public works	3,306,362	2,843,400	2,578,102	2,377,858
Golf resort	9,333,933	6,042,600	6,263,126	8,125,952
Pass-throughs	21,471,829	19,874,202	20,862,080	17,384,055
Capital outlay	59,787,295	35,637,285	20,802,188	24,745,401
Debt service:				
Principal retirement	3,965,000	3,330,000	3,260,000	3,665,000
Interest and fiscal charges	8,939,114	8,753,951 <sup>1</sup>	6,855,103 <sup>2</sup>	5,051,990
Total expenditures	<u>127,633,522</u>	<u>94,759,070</u>	<u>81,696,062</u>	<u>76,538,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,035,899)</u>	<u>(23,876,148)</u>	<u>(13,881,480)</u>	<u>(11,777,563)</u>
Other financing sources (uses):				
Transfers in	60,589,937	52,624,250	56,208,798	8,034,396
Transfers out	(61,339,937)	(53,374,250)	(56,208,798)	(8,534,396)
Issuance of bonds		67,805,000	14,125,000	-
Premium (discount) on bonds		57,498	54,253	-
Payment to bond escrow agent		(25,054,069)	(13,682,324)	-
Sale of property		375,848	-	-
Total other financing sources (uses)	<u>(750,000)</u>	<u>42,434,277</u>	<u>496,929</u>	<u>(500,000)</u>
Net change in fund balances	<u>\$ (55,785,899)</u>	<u>\$ 18,558,129</u>	<u>\$ (13,384,551)</u>	<u>\$ (12,277,563)</u>
Debt service as a percentage of noncapital expenditures	14.3%	20.9%	21.6%	20.2%

<sup>1</sup> Includes bond issue and discount costs of \$1,540,154

<sup>2</sup> Includes bond issue and discount costs of \$489,096 and Payment to refunded bond escrow agent of \$866,156

<sup>3</sup> Includes bond issue and discount costs of \$1,702,739.

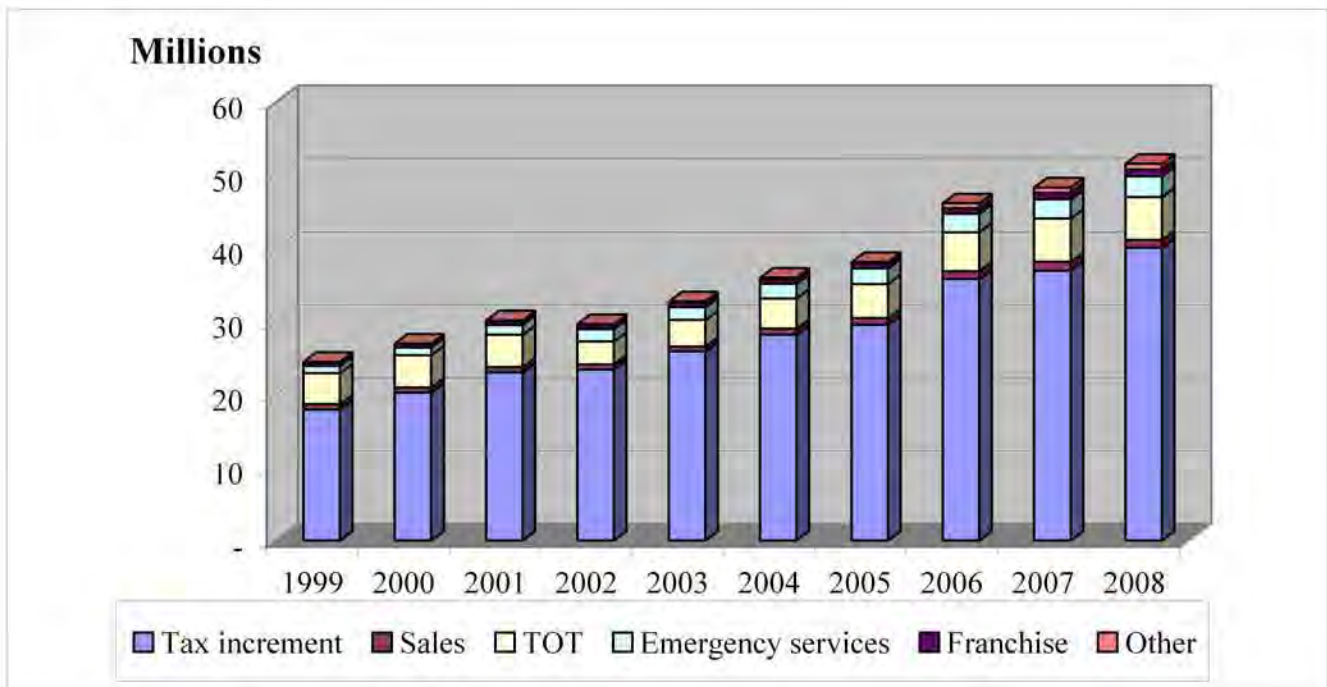
*The City of Indian Wells implemented GASB 34 for the fiscal year ended June 30, 2000.  
Information prior to the implementation of GASB 34 is not available.*

		Fiscal Year							
		2004	2003	2002	2001	2000			
\$	35,953,987	\$	32,711,763	\$	28,114,977	\$	28,774,118	\$	25,700,156
	2,476,024		2,462,295		2,420,202		2,390,401		2,338,309
	1,115,792		297,789		353,911		611,025		682,531
	7,362,480		508,366		1,921,609		1,817,575		1,356,462
	190,446		153,597		-		-		-
	8,070,440		7,189,375		6,989,223		8,539,747		8,970,802
	1,095,279		1,735,207		2,430,459		5,587,043		3,168,053
	889,384		131,338		124,286		550,285		854,546
	1,485,931		1,603,467		1,124,146		1,283,677		1,262,511
	<u>58,639,763</u>		<u>46,793,197</u>		<u>43,478,813</u>		<u>49,553,871</u>		<u>44,333,370</u>
	6,346,124		8,072,119		5,760,306		6,030,741		3,697,869
	2,062,582		1,834,577		6,725,603		1,657,802		1,847,595
	6,347,279		5,596,779		5,055,745		4,755,588		3,844,659
	2,011,325		2,697,392		2,393,882		1,831,939		1,328,663
	7,070,963		6,459,480		5,973,851		6,240,818		6,331,842
	15,872,682		13,916,479		12,206,283		11,853,498		10,175,077
	26,928,496		26,868,088		3,227,266		11,612,264		6,493,303
	1,705,000		765,000		730,000		695,000		670,000
	4,201,194		3,664,778 <sup>3</sup>		2,002,536		2,032,901		2,046,591
	<u>72,545,645</u>		<u>69,874,692</u>		<u>44,075,472</u>		<u>46,710,551</u>		<u>36,435,599</u>
	<u>(13,905,882)</u>		<u>(23,081,495)</u>		<u>(596,659)</u>		<u>2,843,320</u>		<u>7,897,771</u>
	11,925,669		25,638,690		22,601,526		6,715,071		17,706,173
	(11,925,669)		(25,638,690)		(17,729,194)		(6,715,071)		(17,706,173)
	-		87,245,000		-		-		-
	-		1,979,695		-		-		-
	-		(12,839,946)		-		-		-
	4,172,740		8,559,049		-		427,830		75,000
	<u>4,172,740</u>		<u>84,943,798</u>		<u>4,872,332</u>		<u>427,830</u>		<u>75,000</u>
\$	<u>(9,733,142)</u>	\$	<u>61,862,303</u>	\$	<u>4,275,673</u>	\$	<u>3,271,150</u>	\$	<u>7,972,771</u>
	14.9%		10.0%		7.2%		8.4%		9.6%

CITY OF INDIAN WELLS  
 Tax Revenues by Source - Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Fiscal Year End	Property and RDA Tax Increment	Sales	Transient Occupancy	Emergency Services	Franchise	Other	Total
1999	17,897,285	732,152	4,265,822	970,507	439,744	134,526	24,440,036
2000	20,241,645	682,842	4,432,357	1,038,878	436,962	109,790	26,942,474
2001	23,006,615	743,627	4,421,308	1,292,499	492,259	173,685	30,129,993
2002	23,394,480	665,394	3,166,058	1,655,097	542,740	183,005	29,606,774
2003	25,860,500	659,452	3,640,130	1,772,739	587,965	190,977	32,711,763
2004	28,142,675	820,736	4,141,094	2,000,233	617,422	231,827	35,953,987
2005	29,525,111	897,119	4,656,403	2,155,574	641,951	229,912	38,106,070
2006	35,763,535	1,057,899	5,352,889	2,548,714	726,333	682,186	46,131,556
2007	36,921,554	1,202,051	5,940,739	2,593,034	894,379	762,780	48,314,537
2008	40,058,833	1,054,972	5,874,128	2,857,241	902,634	789,637	51,537,445

Percentage change:  
 1999-2008      123.8%      44.1%      37.7%      194.4%      105.3%      487.0%      110.9%



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			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
1999	(NA)	(NA)	22,220,249	1,983,615,150	16,898,073	2,000,513,223	1.119
2000	29,697,263	2,540,783	32,238,046	2,178,821,148	22,060,375	2,200,881,523	1.119
2001	37,371,865	3,429,068	40,800,933	2,465,377,598	24,377,643	2,489,755,241	1.119
2002	314,877,736	4,285,527	319,163,263	2,503,517,088	23,124,585	2,526,641,673	1.119
2003	381,213,595	8,863,688	390,077,283	2,708,154,009	24,804,386	2,732,958,395	1.119
2004	427,150,933	8,090,787	435,241,720	2,888,390,842	29,985,511	2,918,376,353	1.119
2005	444,469,346	8,517,701	452,987,047	3,028,027,769	34,709,051	3,062,736,820	1.137
2006	555,697,154	5,463,790	561,160,944	3,333,128,375	34,010,781	3,367,139,156	1.118
2007	641,953,540	5,656,440	647,609,980	3,568,878,418	38,357,547	3,607,235,965	1.187
2008	835,797,894	4,502,911	840,300,805	3,878,756,903	33,552,882	3,912,309,785	1.206

\* Combined City/RDA.

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

CITY OF INDIAN WELLS  
Direct and Overlapping Property Tax Rates

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City Direct Rates:										
City basic rate	0.07000	0.07000	0.07000	0.07000	0.07000	0.07000	0.07000	0.07000	0.07000	0.07000
Agency basic rate	0.25815	0.24490	0.23866	0.23875	0.23617	0.23249	0.23051	0.22471	0.29460	0.29679
Low & Mod 20% Set-aside	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>
Total City Direct Rate	0.52815	0.51490	0.50866	0.50875	0.50617	0.50249	0.50051	0.49471	0.56460	0.56679
Overlapping Rates:										
Riverside County General & Fire	0.28402	0.28975	0.29021	0.29024	0.29080	0.29080	0.29087	0.28868	0.28791	0.28371
Coachella Valley Water District	0.06246	0.06196	0.06062	0.05989	0.05866	0.05881	0.05855	0.05891	0.05885	0.05877
Desert Sands Unified School District	0.07858	0.08322	0.08734	0.08769	0.08955	0.09159	0.09279	0.09694	0.09745	0.09857
Riverside County School Superintendent of Schools	0.00888	0.00941	0.00987	0.00991	0.01012	0.01035	0.01049	0.01096	0.01102	0.01114
College of the Desert	0.01633	0.01729	0.01815	0.01822	0.01861	0.01903	0.01928	0.02014	0.02025	0.02048
Coachella Valley Parks & Recreation District	0.01299	0.01413	0.01514	0.01523	0.01571	0.01621	0.01650	0.01750	0.01763	0.01792
Coachella Valley Mosquito & Vector Control District	0.00859	0.00934	0.01001	0.01007	0.01038	0.01072	0.01091	0.01157	0.01166	0.01185
Riverside County Regional Park & Open Space							0.00003	0.00019	0.00021	0.00026
Coachella Valley Public Cemetery							0.00003	0.00015	0.00017	0.00021
Desert Regional Medical Center							0.00004	0.00024	0.00025	0.00029
Coachella Valley Resource Conservation							-	0.00001	0.00001	0.00002
Coachella Valley Water District	0.02100	0.02100	0.02100	0.02100	0.02100	0.02100	0.02100	0.02100	0.02080	0.04000
Desert Community College							0.02000	0.02000	0.01995	0.01995
Desert Sands Unified School District	<u>0.09800</u>	<u>0.09800</u>	<u>0.09800</u>	<u>0.09800</u>	<u>0.09800</u>	<u>0.09800</u>	<u>0.09600</u>	<u>0.07700</u>	<u>0.07613</u>	<u>0.07561</u>
Total Direct Rate	<u>1.11900</u>	<u>1.11900</u>	<u>1.11900</u>	<u>1.11900</u>	<u>1.11900</u>	<u>1.11900</u>	<u>1.13700</u>	<u>1.11800</u>	<u>1.18688</u>	<u>1.20556</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax (basic) rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of certain Coachella Valley Water District bonds, Desert Community College bonds, and Desert Sands Unified School District bonds.

Source: County of Riverside

CITY OF INDIAN WELLS  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2008		1999	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Charles B. Dickson	\$ 91,423,428	0.0021%		0.0000%
Vintage Club	65,246,795	0.0017%	51,857,807	0.0026%
Garden of Champions	64,421,157	0.0015%		0.0000%
Felcor Esmeralda, LLC	53,607,494	0.0014%		0.0000%
Toscana Homes/Toscana Land	34,431,891	0.0009%		0.0000%
LH Indian Wells Holding LLC	29,931,115	0.0008%		0.0000%
Deep Canyon Associates	28,425,487	0.0007%		0.0000%
Toscana Country Club, Inc.	27,713,647	0.0007%		0.0000%
IWCC Acquisition Corporation	22,840,174	0.0006%	19,152,322	0.0010%
El Dorado Country Club	22,822,730	0.0006%	11,495,814	0.0006%
Daon Stouffer	-	0.0000%	87,457,804	0.0044%
Sunrise Desert Partners	-	0.0000%	22,208,600	0.0011%
Leo W. Cook	-	0.0000%	14,727,165	0.0007%
Alexander & Baldwin Inc	-	0.0000%	10,848,025	0.0005%
Marcue Geneva Inc	-	0.0000%	9,924,271	0.0005%
Faye P. Johnson	-	0.0000%	9,659,509	0.0005%
Grand Champions LLC		0.0000%	40,988,854	0.0020%
	<u>\$ 440,863,918</u>	<u>0.0109%</u>	<u>\$ 278,320,171</u>	<u>0.0139%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Sources: HdL Coren & Cone  
Riverside County Assessor 2006/2007 Combined Tax Rolls

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
1999	16,987,523	17,395,923	102.40%	-	17,395,923	100.16%
2000	18,930,457	19,983,696	105.56%	-	19,983,696	96.40%
2001	21,843,780	22,714,005	103.98%	-	22,714,005	103.98%
2002	22,655,397	23,143,109	102.15%	-	23,143,109	102.15%
2003	24,978,009	25,511,291	102.14%	-	25,511,291	102.14%
2004	26,913,427	27,998,756	104.03%	-	27,998,756	98.65%
2005	28,448,075	29,371,922	103.25%	-	29,371,922	100.91%
2006	31,641,148	33,116,720	104.66%	2,219,271	35,335,991	111.68%
2007	34,302,868	36,066,069	105.14%	633,286	36,699,355	106.99%
2008	37,565,868	39,072,989	104.01%	558,647	39,631,636	105.50%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: County Auditor Controller's Office



CITY OF INDIAN WELLS  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year End	Governmental Activities			Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	Tax Allocation Bonds	Notes Payable	Total		
1999	30,355,000	473,327	30,828,327	11.39%	9,442
2000	29,685,000	-	29,685,000	9.78%	8,716
2001	28,990,000	-	28,990,000	8.93%	8,139
2002	28,260,000	-	28,260,000	9.11%	7,406
2003	102,200,000 <sup>1</sup>	-	102,200,000	28.90%	23,505
2004	100,495,000	-	100,495,000	27.35%	22,861
2005	96,830,000	-	96,830,000	23.59%	20,253
2006	93,670,000	-	93,670,000	22.03%	19,254
2007	133,580,000 <sup>3</sup>	-	133,580,003	28.57%	27,030
2008	129,615,000	-	129,615,000	27.91%	25,794

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

<sup>1</sup> The City issued over \$87 million of new tax allocation bonds in the fiscal year ended June 30, 2003.

<sup>2</sup> These ratios are calculated using personal income and population for the prior calendar year.

<sup>3</sup> The City issued over \$67 million of new tax allocation bonds and refunded over \$25 million in the fiscal year ended June 30, 2007.

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		Per Capita	Less:	Total Net	Legal Debt		
	Tax Allocation Bonds	% of Assessed Value <sup>1</sup>		Amounts Set Aside To Repay Debt	Debt Applicable To Debt Limit	Legal Debt Limit	Legal Debt Margin	Margin as a % of Limit
1999	30,355	1.5%	9,297	16,585	13,770	306,393	292,622	95.5%
2000	29,685	1.3%	8,716	18,839	10,846	337,915	327,069	96.8%
2001	28,990	1.2%	8,139	21,730	7,260	379,583	372,323	98.1%
2002	28,260	1.1%	7,406	22,031	6,229	428,172	421,944	98.5%
2003	102,200	3.7%	23,505	24,054	78,146	469,807	391,661	83.4%
2004	100,495	3.4%	22,861	26,258	74,237	504,541	430,304	85.3%
2005	96,830	3.2%	20,253	27,594	69,236	529,957	460,721	86.9%
2006	93,670	2.8%	19,254	33,544	60,126	591,143	531,017	89.8%
2007	133,580	3.7%	27,030	34,634	98,946	643,399	544,453	84.6%
2008	129,615	3.3%	25,794	37,459	92,156	714,418	622,262	87.1%

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

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

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

CITY OF INDIAN WELLS  
Direct and Overlapping Debt  
June 30, 2008

2007-2008 Assessed Valuation:	\$ 4,762,784,390
Redevelopment Incremental Valuation:	<u>3,546,458,919</u>
Adjusted Assessed Valuation:	<u>\$ 1,216,325,471</u>

	%	
	<u>Applicable</u>	<u>Debt 6/30/08</u>
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Desert Sands Unified School District General Obligation Bonds	7.773%	\$ 16,609,206
Desert Community College District	3.435%	11,605,846
<b>City of Indian Wells</b>	<b>100.000%</b>	-
Coachella Valley County Water District, I.D. No. 54	31.907%	1,044,954
Coachella Valley County Water District, I.D. No. 55	45.000%	<u>20,655</u>
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		 <u>\$ 29,280,661</u>
OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Riverside County General Fund Obligations	0.700%	\$ 4,910,938
Riverside County Pension Obligations	0.700%	2,715,965
Riverside County Board of Education Certificates of Participation	0.700%	64,925
Desert Sands Unified School District Certificates of Participation	7.731%	960,190
Coachella Valley County Water District I.D. No. 71 Certificates of Participation	4.745%	303,206
Coachella Valley Recreation and Park District Certificates of Participation	5.777%	<u>145,003</u>
 TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		 9,100,227
Less: Riverside County Administrative Center Authority (100% self-supporting)		<u>(122,529)</u>
 TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		 <u>\$ 8,977,698</u>
 GROSS COMBINED TOTAL DEBT		 <u>\$ 39,431,531</u> <sup>1</sup>
 NET COMBINED TOTAL DEBT		 <u>\$ 39,309,002</u>

Notes:

<sup>1</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Indian Wells. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

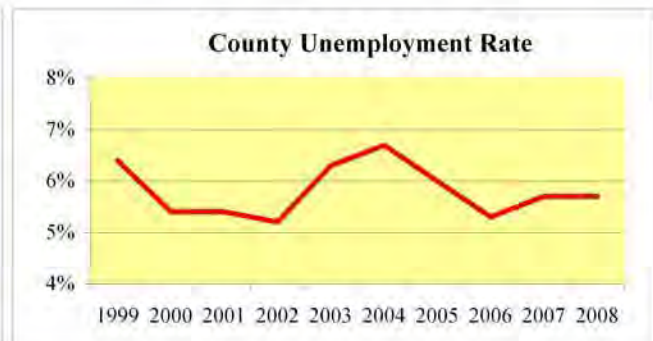
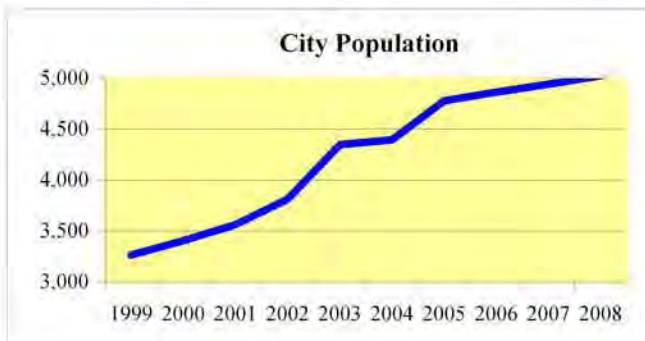
CITY OF INDIAN WELLS  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
1998	13,780,300	610,000	1,784,601	5.75
1999	16,584,516	640,000	1,638,538	7.28
2000	18,839,212	670,000	1,697,081	7.96
2001	21,729,683	695,000	1,677,289	9.16
2002	22,031,374	730,000	1,648,954	9.26
2003	24,054,133	765,000	1,962,039	8.82
2004	26,257,808	1,705,000	4,201,194	4.45
2005	27,593,501	3,665,000	5,051,990	3.17
2006	33,544,087	3,260,000	5,499,851	3.83
2007	34,634,116	3,330,000	7,213,797	3.28
2008	37,459,122	3,965,000	5,977,740	3.77

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 Calendar Years**

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median House Value (2)	Median Age (2)	Unemployment Rate (3)
1999	3,265	270,652	82,895	372,900	60.4	6.4%
2000	3,406	303,396	89,077	372,900	60.4	5.4%
2001	3,562	324,694	91,155	372,900	60.4	5.4%
2002	3,816	310,325	81,322	427,707	63.4	5.2%
2003	4,348	353,588	81,322	427,707	63.4	6.3%
2004	4,396	367,383	83,572	439,540	63.4	6.7%
2005	4,781	410,511	85,863	451,589	63.4	6.0%
2006	4,865	425,133	87,386	732,500	63.4	5.3%
2007	4,942	467,632	94,624	864,350	63.4	5.7%
2008	5,025	464,385	92,415	827,725	63.4	5.7%



Sources: (1) State Department of Finance  
(2) Wheeler's Desert Letter  
(3) U.S. Department of Labor: Riverside and San Bernardino County

CITY OF INDIAN WELLS

Principal Employers

Current Year and Nine Years Ago

Employer	2008				1999		
	Number of Employees	Primary Description	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Hyatt Grand Champions	645	Resort Hotel	1	27.55%	520	1	27.48%
Renaissance Esmeralda Resort	550	Resort Hotel	2	23.49%	502	2	26.53%
Miramonte Resort & Spa	250	Resort Hotel	3	10.68%	170	3	8.99%
El Dorado Country Club	200	Private Golf Course	4	8.54%	167	4	8.83%
Indian Wells Golf Resort	185	Public Golf Course	5	7.22%	136	6	7.19%
Indian Wells Country Club	169	Country Club	6	7.90%	148	5	7.82%
Merrill Lynch	100	Stock & Bond Brokers	7	4.27%	88	8	4.65%
Windermer Real Estate	99	Real Estate Broker	8	2.56%	0	n/a	0.00%
Desert Horizons Country Club	83	Country Club	9	4.23%	66	9	3.49%
Indian Wells Resort Hotel	60	Resort Hotel	10	3.55%	95	7	5.02%

Source: City of Indian Wells

CITY OF INDIAN WELLS

Full-time Equivalent City Government Employees  
by Function

Last Ten Fiscal Years

<u>Function</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City Manager/Clerk	5.50	4.50	4.50	5.30	4.00	4.00	4.75	8.75	9.75	9.75
Risk Management	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Personnel	1.00	0.75	0.50	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Management Services	-	-	-	-	4.25	4.25	4.00	-	-	-
City Attorney	1.75	1.75	1.75	1.75	1.75	0.25	0.25	0.25	0.25	0.25
Planning & Building										
Development	8.70	8.70	8.70	8.00	8.00	9.00	9.00	10.00	10.00	10.00
Finance Department	5.00	5.00	5.00	7.00	6.00	6.00	7.00	7.00	7.00	7.00
Central Services	1.25	2.50	2.50	0.75	-	-	-	-	-	-
Public Safety	0.55	0.55	0.80	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Public Relations	-	-	-	1.20	-	-	-	-	-	-
Public Works	6.00	6.00	6.00	7.00	7.00	8.00	8.00	7.00	8.00	8.00
Golf Resort	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Total	<u>30.00</u>	<u>30.00</u>	<u>30.00</u>	<u>33.00</u>	<u>33.00</u>	<u>33.50</u>	<u>36.00</u>	<u>36.00</u>	<u>38.00</u>	<u>38.00</u>

Source: City of Indian Wells Budget

CITY OF INDIAN WELLS

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year				
	1999	2000	2001	2002	2003
<b>Police</b>					
Thefts	94	110	144	84	94
Burglaries	35	61	56	82	118
Traffic Collisions	157	200	205	98	166
Traffic Citations	1,814	4,038	2,142	795	1,314
<b>Fire</b>					
Medical Aid Calls	391	695	547	441	452
Public Service Assists	36	42	66	31	31
Structure Fires	9	19	54	9	3
Vegetation Fires	1	-	5	2	-
<b>Building Activity</b>					
Permits Issued	1,322	2,751	1,318	842	732
Inspections Performed	6,536	8,671	6,450	5,494	4,554
New Dwelling Units	127	177	100	34	34
<b>Public Works</b>					
Lot Line Adjustments	32	25	5	8	12
Parcel Mergers	5	3	3	5	4
Encroachment Permits	12	30	51	78	101
Tract Maps	3	1	6	1	2
<b>Golf Resort</b>					
Golf rounds played	97,979	99,114	93,570	76,550	81,353
<b>Adminstration</b>					
City Council Meetings	20	21	21	22	22
Public Hearings	45	44	43	57	41
Adopted Resolutions	65	63	81	44	80



Fiscal Year				
2004	2005	2006	2007	2008
73	75	70	97	150
148	108	101	129	109
177	152	148	152	167
2,374	1,318	1,311	1,229	976
465	530	514	529	574
31	21	28	44	97
33	40	17	4	19
-	-	1	-	-
1,092	1,148	1,122	800	859
6,267	9,245	7,431	4,702	5,590
170	159	107	52	49
13	12	6	4	18
2	4	1	2	4
113	88	154	116	73
2	3	4	2	1
87,515	88,878	58,154	53,223	48,082
24	24	22	21	19
30	37	50	34	17
59	57	60	44	60

CITY OF INDIAN WELLS  
 CAPITAL ASSET STATISTICS  
 BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Units of Measure	Fiscal Year	
		1999	2000
<b>Public safety</b>			
Police Sub-Stations	Buildings	1.00	1.00
Fire stations	Buildings	1.00	1.00
<b>Highways, Streets, Bridges, &amp; Infrastructure</b>			
Pavement (Roadway)	Centerline Miles	17.70	22.20
Sidewalks	Miles	10.10	10.10
Bridges	Each	1.00	1.50
Traffic Signals	Each	2.50	3.75
Traffic Signals equipped with Red Light Runner Camera	Each	-	1.00
Streetlights (not included with traffic signals)	Each	2.00	19.00
Sanitary Sewer Lift Stations (CVWD)	Each	1.00	1.00
<b>Parks and recreation</b>			
Parks	Each	1.00	1.00
18-Hole Public Golf Courses	Each	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00
<b>City Vehicles</b>			
City-Owned Motor Vehicles	Each	12.00	12.00
<b>Affordable Housing</b>			
Senior Affordable Housing Complexes	Each	1.00	1.00
Senior Affordable Housing Units	Each	90.00	90.00

Fiscal Year							
2001	2002	2003	2004	2005	2006	2007	2008
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
22.20	22.20	22.30	22.30	22.30	22.30	25.80	25.80
11.00	12.00	12.00	12.00	12.00	12.70	12.70	12.70
1.50	1.50	2.50	2.50	3.50	3.50	3.50	3.50
3.75	3.75	3.75	3.75	3.75	4.75	12.75	12.75
2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
1.00	1.00	1.00	2.00	2.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
12.00	11.00	11.00	11.00	12.00	14.00	14.00	14.00
1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
90.00	90.00	90.00	90.00	218.00	218.00	218.00	218.00

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