

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

CITY OF INDIAN WELLS, CALIFORNIA

For the

Fiscal Year Ended

June 30, 2009

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November 6, 2009

Citizens of the City of Indian Wells and
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 for fiscal year ended June 30, 2009. This document provides an overview of the City's financial activities during the past fiscal year. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Indian Wells. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various Funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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, 2009.

Ensuring the financial integrity of our public institutions is crucial to maintaining the public's trust. The City of Indian Wells' management is solely responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. We believe this Comprehensive Annual Financial Report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect City assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles.

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, 2009. The auditors expressed an opinion that the City's financial statements for fiscal year ending June 30, 2009 are fairly stated and in compliance with accounting principles generally accepted in the United States. This is the most favorable conclusion and commonly known as an "unqualified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

This transmittal letter provides a non-technical summary of City's finances, services, achievements, and economic prospects. We ask that readers who wish a more detailed discussion of the City's financial results refer to Management's Discussion and Analysis (MD&A)

that immediately follows the independent auditor's report on page 27 of this report. The MD&A serves to complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government and Outstanding Community Benefits

Located in the heart of Southern California's Desert Resort Communities, the City of Indian Wells is recognized worldwide for its tranquil and luxurious resort environment. Astute planning and city leadership has helped Indian Wells achieve status as one of the premier residential resorts and vacation destinations in the country. Guests and residents alike are continually lured to the many amenities Indian Wells offers including four world-class resorts, Indian Wells Golf Resort and Indian Wells Tennis Garden, a variety of cultural programs, impressive resident benefits, and much more. Indeed, idyllic Indian Wells offers a peerless experience that truly elicits a state of overall well-being.

Incorporated in 1967, the City of Indian Wells boasts a full-time of 5,093 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. 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.

The City of Indian Wells remains 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 truly an exceptional city for exceptional people. This commitment to enhancing the quality of life in Indian Wells is reflected in our City's Mission statement providing the City Council and City Staff clear forward direction.

Mission Statement

To create an unsurpassed quality of life for our residents and guests by providing superior public safety, exceptional service and outstanding amenities that will further enhance our image as a prestigious community.

The city offers an outstanding quality of life, numerous cultural and social activities, inspiring philanthropy, a cohesive and innovative city government, excellent resorts, and championship golf at Indian Wells Golf Resort. Moreover, the city sponsors many major sporting and cultural events throughout the year. These include the world-renowned BNP Paribas Open, a Tennis Masters Series event held at the Indian Wells Tennis Garden; Desert Town Hall Indian Wells, the Coachella Valley's leading speaker series; and the Indian Wells Arts Festival.

The City of Indian Wells has one of the finest Resident Benefit programs in the nation. With a Property Owners ID card, residents enjoy select discounts at the Indian Wells Golf Resort, BNP Paribas Open, and all four Indian Wells hotel properties. The City along with its resort partners also hosts several resident events throughout the year including Cool to Be Hot (summer) and IW Season Socials (winter). Other special events include a resident-only Wild Lights evening at The Living Desert, complimentary art exhibitions and lectures in concert with the Palm Springs Art Museum, and free Resident Movie Night featuring award-winning selections from the Palm Springs International Film Festival.

Indian Wells enjoys one of the lowest crime rates and quickest response rates in the Coachella Valley thanks to diligent law enforcement and fire/paramedic services. What's more, the City of Indian Wells sponsors many public health and eco-friendly initiatives designed to keep neighborhoods safe and clean, and protect the desert environment. The Joslyn Senior Center of the Cove Communities offers a wide variety of activities appealing to many interests and energy levels. The Center is also home to the Joslyn Players theatre company, which offers an entertaining performance schedule in season.

Residents 55 and older can also take advantage of the many discounts available through the Indian Wells Center for Healthy Living located on the Eisenhower Medical Center campus in Rancho Mirage. The Indian Wells Center for Healthy Living is a free club for permanent and seasonal desert residents that provides several membership benefits including education, information, and screening and wellness programs.

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 are elected at large and serve four-year terms.

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.

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, special revenue funds and capital funds. These budgets are adopted and presented for public inspection at publicly held meetings for reporting purposes on a basis consistent with generally accepted accounting principles. The City Council also adopts the five-year capital budget plans for capital expenditures accounted for primarily in Capital Improvement funds.

The level of appropriated budgetary control is the total adopted budget that is defined as the total budget for all funds and programs and includes all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers of appropriations within the adopted budget. Supplemental appropriations during the year require approval by the City Council at a publicly held meeting. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. The City utilizes an encumbrance system, whereby commitments such as purchase orders and unperformed contracts are recorded as reserved fund balances at year-end. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. This comparison, beginning on page 111, is presented as part of the basic financial statements for the General Fund. The budget-to-actual comparisons for non-major governmental funds with appropriated annual budgets are presented in the Non-major Governmental Funds section of this report, and begin on page 127.

Economic Conditions and Outlook

Developing a key understanding of the City's revenues streams is paramount to understanding the basic economic growth and limitations of Indian Wells. Most cities in California follow a similar revenue model receiving their primary revenues from property taxes, taxpayer assessments, intergovernmental revenues, and general sales taxes. These cities, in general, are dependent on rising property values, stable retail sales, and State and County pass through revenues (like Vehicle License Fees) to balance their budgets. Due to its small size, lack of commercial development, and No/Low property tax status, Indian Wells receives very little revenue from property taxes, intergovernmental revenues, and general sales taxes.

Any discussion of Indian Wells finances must begin with an acknowledgment that Indian Wells is considered a "no-property-tax" City. The City did not have a separate property tax rate prior to the voter enactment of Proposition 13 in 1978 and therefore prohibited from imposing one without a vote of the citizens. Thus, additional property tax revenue generated by development projects within the City, but not within the boundaries of the Indian Wells Redevelopment Agency, is not remitted to the City's General Fund. Instead, it is remitted to other taxing agencies such as Riverside County, school districts and other special districts. The only exception to this relates to land annexed to the City after June 30, 1980. In this instance, the City's General Fund receives 25% of the County's 30% share or 7.5% of the property taxes paid by those specific property owners. As a result, the City's General Fund only received 17% of its total revenue from property tax.

Tourism

The industry of Indian Wells is world-class tourism. To augment poor property tax revenues and a lack of commercial development revenues; Indian Wells has developed itself as a world-class vacation and conference destination. In addition to an exceptional year-round climate, the city boasts a variety of renowned special events, including the BNP Paribas Open and Desert Town Hall Indian Wells Lecture Series. What's more, the city's four premier luxury resorts and Indian Wells Golf Resort offer a dazzling array of amenities that draw visitors from around the world. Together, they encompass spectacular 360-degree mountain views, and feature an abundance of leisure and corporate amenities:

- 1,460 standard, deluxe and private villa accommodations
- 40 outdoor meeting venues
- 36 holes of championship golf
- 29 tennis courts
- 11 sparkling pools
- 3 luxurious spas
- close proximity to several prime tourist attractions in the Palm Springs Desert Resorts region

Today, over 53% of the revenues generated in the City's General Fund are tourism based. Tourism revenues largely consist of three revenue components: transient occupancy tax, general sales tax, and admissions tax collections. To the degree that the economy negatively affects tourism, the Indian Wells economy, as well as that of California, faced many challenges during fiscal year 2008/09. The national deepening housing slump, a breakdown in mortgage

markets, tighter credit, more volatile financial markets, and rising energy prices have continued to negatively impact the region's economy.

During fiscal year 2008/09, the City of Indian Wells experienced to worst decrease in transient occupancy tax revenues since the terrorists attacks on New York City in 2001. Transient occupancy tax revenues fell 18.2% during fiscal year 2008/09. The table below provides a 10-year history of monthly transient occupancy tax collections and the impact of the struggling economy during fiscal year 2008/09.

**City of Indian Wells
Transient Occupancy Tax Collections by Month
Year Ending 6/30/2000 to Year Ending 6/30/2009**

| | Y/E 6/30/2000 | Y/E 6/30/2001 | Y/E 6/30/2002 | Y/E 6/30/2003 | Y/E 6/30/2004 | Y/E 6/30/2005 | Y/E 6/30/2006 | Y/E 6/30/2007 | Y/E 6/30/2008 | Y/E 6/30/2009 |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| July | 140,377 | 156,120 | 182,248 | 105,918 | 137,124 | 221,395 | 238,234 | 268,273 | 236,004 | 256,408 |
| August | 130,907 | 143,568 | 159,985 | 118,856 | 167,154 | 204,527 | 220,902 | 247,142 | 255,328 | 284,521 |
| September | 197,078 | 218,480 | 140,389 | 129,286 | 165,468 | 220,941 | 344,171 | 357,220 | 360,974 | 366,426 |
| October | 441,366 | 407,440 | 210,484 | 236,417 | 327,934 | 426,914 | 391,644 | 529,746 | 445,297 | 390,792 |
| November | 360,943 | 386,447 | 230,758 | 245,625 | 354,578 | 383,991 | 461,329 | 523,016 | 580,010 | 430,799 |
| December | 212,432 | 205,185 | 139,571 | 157,795 | 244,078 | 280,138 | 304,665 | 320,453 | 345,586 | 216,917 |
| January | 529,476 | 440,267 | 326,784 | 441,544 | 498,754 | 548,003 | 537,840 | 517,145 | 599,135 | 505,727 |
| February | 645,925 | 632,033 | 417,053 | 480,545 | 515,285 | 569,649 | 605,379 | 671,404 | 643,235 | 432,261 |
| March | 668,889 | 679,720 | 511,521 | 604,597 | 658,072 | 743,749 | 776,548 | 886,508 | 983,042 | 710,878 |
| April | 513,123 | 560,244 | 445,382 | 570,066 | 574,087 | 617,320 | 716,792 | 766,137 | 869,819 | 606,616 |
| May | 358,851 | 351,140 | 250,704 | 355,067 | 390,447 | 402,494 | 492,583 | 495,050 | 459,615 | 357,861 |
| June | 242,558 | 239,071 | 171,179 | 193,582 | 234,201 | 285,602 | 309,195 | 355,793 | 296,063 | 244,935 |
| Total | 4,441,925 | 4,419,714 | 3,166,058 | 3,639,279 | 4,267,183 | 4,884,723 | 5,399,282 | 5,939,886 | 5,874,108 | 4,804,140 |

The financial impact of the slowing economy continues to effect tourism both nationally and locally in the Coachella Valley. As a fiscally prudent city, we must plan for the possibility of a lengthy economic recovery and employ viable cost saving measures to safeguard the City's assets while enhancing the quality of life of the residents living in Indian Wells.

Recent State Actions

Recent actions of the State Legislature to balance the State's budget included several property tax shifts directly affecting local governments. To bring the State Budget closer into balance the State Legislature voted to borrow \$1.9 billion from local governments under Prop. 1A, which will need to be paid back within 3 years from the time of the borrowing. The State Legislature also passed a devastating take of \$2.05 billion in redevelopment funds as part of a 30-bill package that allegedly will close most of the State's current budget deficit. The State intends to take \$1.7 billion in redevelopment funds in FY 2009-10 and another \$350 million in FY 2010-11, which will be deposited in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Prop 98 obligations to schools.

The impact of the Prop. 1A borrowing to Indian Wells is \$233,400, which will need to be paid back within 3 years from the time of the borrowing. The Supplemental" Educational Revenue Augmentation Funds creates a substantial impact to the Redevelopment Agency. The Redevelopment Agency is estimated at \$11,506,066 and will not be paid back by the State.

The Redevelopment Agency can use any available funds to make the SERAF payment. For FY 2009-10, the Redevelopment Agency may "suspend" all or part of the required allocation to its low and moderate income housing fund in order to make the payment. The Housing Fund must be repaid by June 30, 2015. If the Redevelopment Agency fails to repay the Housing

Fund, the required allocation of tax increment to the Housing Fund is increased to 25% for as long as the project area continues to receive tax increment.

Prudent financial consideration needs to be paid to our own budget due to impacts commencing from State actions. To date the State has not addressed its long-term budget or cash flow issues, which are heavily dependent on economic recovery and commercial resurgence. Further State budgetary cut and local government "takes" may be necessary to balance the State's budget in the years to come.

Moving into 2010, the City remains cautious of the tourism economy. The long-term view is to remain cautious about the speed of economic recovery and tourism growth. The current cash flow model projects annual transient occupancy tax growth of just 2.5% per year during the next five-year period

New Commercial Development on the Horizon

To improve long-term financial performance, the City is committed to diversifying, to the extent possible, its continuing revenue streams. The promise of new commercial development will yield greater sales tax growth and small incremental property tax growth. The City has completed development agreements with two separate developers to construct the Indian Wells Town Center and Indian Wells Crossing projects. Both projects while catering to tourist growth will generate a strong local appeal to year round Coachella Valley residents. These projects, once developed, will not only create new jobs but will generate a new general sales tax base for Indian Wells diversifying its dependence on tourism revenues.

Current economic times have delayed potential start dates and clouded original City tax collection assumptions. The developer of the Indian Wells Town Center will build a lifestyle and entertainment center providing an ultra luxury upscale shopping and restaurant experience. The Indian Wells Town Center project will feature an upscale movie theater with full food & beverage services. This exceptional customer-service-oriented center would dramatically increase the City's existing sales tax base. 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 and Top Priority Goals

In June of 2009, the City Council and City Staff held its strategic planning session to articulate its practical vision, indentify and vet underlying contradictions impeding forward progress all in an order to formulate the City's new strategic direction. As a result, the City Council and City Staff developed a one-year implementation plan considering three strategic directions:

- Ensuring quality of life
- Managing financial success
- Enhancing infrastructure & commercial development

The City Council's multi-tiered approach to prioritizing important programs and issues in Indian Wells provides clear direction to the City staff for the coming fiscal year. The high-priority items

also correspond directly to the City Council's mission statement, which highlight those qualities that most exemplify Indian Wells.

- Indian Wells offers the highest quality of life achievable and maintains a unique and friendly character for residents, visitors and neighbors;
- Indian Wells is a world-class community, offering an extraordinary environment, activities and events;
- Indian Wells is committed to being the safest city in America;
- Indian Wells is known internationally for its alluring residential communities, world-class resorts, Indian Wells Golf Resort, Indian Wells Tennis Garden, restaurants and entertainment.

Highway 111 Beautification/Widening

The Highway 111 corridor connects the communities of the Coachella Valley. Its capacity is critical to not only managing traffic congestion and commercial trade, but to managing public safety and overall quality of life. As part of a Valley-wide programmatic approach to improving safety and traffic flow, the Coachella Valley Association of Governments (CVAG) has identified the segment of Highway 111 that passes through the City of Indian Wells as a key corridor in need of widening and expansion. It is proposed that an additional lane be added in each direction to reduce congestion and improve air quality. The project will cost approximately \$58 million.

The Highway 111 Beautification and Widening Project, is designed to improve traffic flow and reduce traffic congestion. It will also enhance the entire aesthetic experience of Indian Wells, further solidifying our city's position as one of the nation's top residential resort communities.

The Coachella Valley Association of Governments (CVAG) would pay for 75% of the eligible cost however; availability of these funds may be affected by the California's budget crises as the funds come from the State Transportation Improvement Project budget or STIP. The City had allocated its local redevelopment funds for the remaining 25% of the project but these funds are also in question. A lawsuit filed by the California Redevelopment Agency is challenging Assembly Bill 1389 that allows lawmakers to divert the City's RDA funds to cover education expenditures previously covered in the State's fiscal budget.

The City plans to move forward with improving the intersection of Hwy 111 and Rancho Palmeras this summer. A new right turn lane will be constructed at the southwest corner of this intersection serving the residential community turning right onto Rancho Palmeras, and hence improving safety. There will be limited access at times due to the improvements. The improvements will include a right turn lane, a signal modification, a storm drain modification, a sidewalk modification, and landscape modification.

The Transportation Department of CVAG administers the multi-million dollar regional transportation program for the Coachella Valley. The CVAG Executive Committee determines the priority of transportation projects through the Transportation Project Prioritization Study, or TPPS, a document that evaluates and analyzes the present and future demands on the regional road system. CVAG's Executive Committee is made up of the Mayor's of each of the cities in the

Coachella Valley. Together, they have identified the Highway 111 Beautification and Widening Project in Indian Wells as a top priority for the Coachella Valley.

Under CVAG's policy of funding eligible projects by member jurisdictions, effective January 1, 2007, a jurisdiction pays one-quarter of the eligible costs and CVAG pays the other three-quarters. Historically, CVAG has paid its three-quarters as a reimbursement to the jurisdiction; however, exceptions have been made to the reimbursement policy on a case-by-case basis if jurisdictions have a compelling need for immediate capital because they do not currently have funding in place.

CVAG's funding for jurisdiction projects comes mainly from a voter-approved highway funding measure (Measure A) as well as Transportation Uniform Mitigation Fees (TUMF). It is highly unusual for CVAG to fund more than 75% of any given project. Until 2007, CVAG routinely provided only 50% to most projects.

Future Reimbursement Agreements were signed between the City of Indian Wells and CVAG in 2006 and 2007, with 2 amendments to the 2007 agreement signed in 2007 and 2009. These agreements establish the parameters of CVAG's financial participation in the project, eligible reimbursements and schedules for reimbursement. In aggregate, these agreements committed the City of Indian Wells and CVAG to the following cost-sharing arrangement for the various improvements to the Highway 111 segments in Indian Wells' jurisdiction:

- CVAG Share: \$40,466,250
- Indian Wells Share: \$18,198,750
- Total: \$58,665,000

This ultimately requires the City of Indian Wells to pay for nearly 31% of the total costs of the project, as some items (e.g. new landscaping) are not eligible expenses according to the CVAG agreements. The following schedule for phased financing was also agreed to in the agreements:

Phase One – Eighteen Months: \$15,600,000

Phase Two – Fourteen Months: \$23,790,000

Phase Three – Twelve Months: \$19,275,000

Indian Wells is hesitant to initiate the Highway 111 project for several reasons. The sheer scope, size and cost of the project preclude the use of general fund or reserve fund financing of the Highway 111 expansion. Because of this, the City has allocated its local redevelopment funds for their 25% share of the project. Nevertheless, these funds have consistently been in question in recent years. In late 2008, the California Legislature passed a bill authorizing lawmakers to raid cities' RDA funds to cover other expenditure gaps in the state budget. A recently won lawsuit filed by the California Redevelopment Agency (RDA) challenging Assembly Bill 1389 stopped this practice and temporarily preserved these funds. It is unclear if the State will appeal the decision, leaving these funds, and by proxy the Highway 111 project, still in a sort of limbo.

Indian Wells Towne Center

Indian Wells City Council approved an open-air "paseo-style" lifestyle commercial center located at the intersection of Miles Avenue and Washington Street. The center will consist of up to 400,000 square feet of space for high-end retail stores, offices, and restaurants including Morton's of Chicago steakhouse. Residents and guests will also be able to experience a 13-screen multiplex theatre owned and operated by Krikorian Premiere Theatres. Indian Wells Towne Center's interconnectivity with the Indian Wells Tennis Garden presents a unique opportunity for visitors who frequent the Garden to take advantage of "will call" ticketing, dining, shopping, and movies. The developer anticipates starting Phase I grading in winter 2010 with completion slated for winter 2012; Phase II will follow.

Indian Wells Crossing

Indian Wells Crossing (formerly called Miles Crossing) will be located at the intersection of Miles Avenue and Highway 111. This fantastic lifestyle commercial center will consist of up to five or six upscale restaurants, including The Chop House, a French bistro, sports bar, and wine café – all to be completed in Phase I. There will also be related resort retail stores and offices. Indian Wells Crossing will offer opportunities for street fairs and community events surrounded by open air dining.

Phase I construction to encompass approximately 117,000 square feet is scheduled to begin in winter 2012. Phase II and the Condo-Hotel Development will be under review in late 2009.

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. As a result, the City 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 meeting is conducted with the City's auditors at the conclusion of the annual audit to discuss any findings, adjustments, or improvements that 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

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.

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.

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 that 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, 2009 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 citywide 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 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, 2009 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 not all possible cash demands can 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, 2008. 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, 2008. 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, 2009 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, 2008

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.



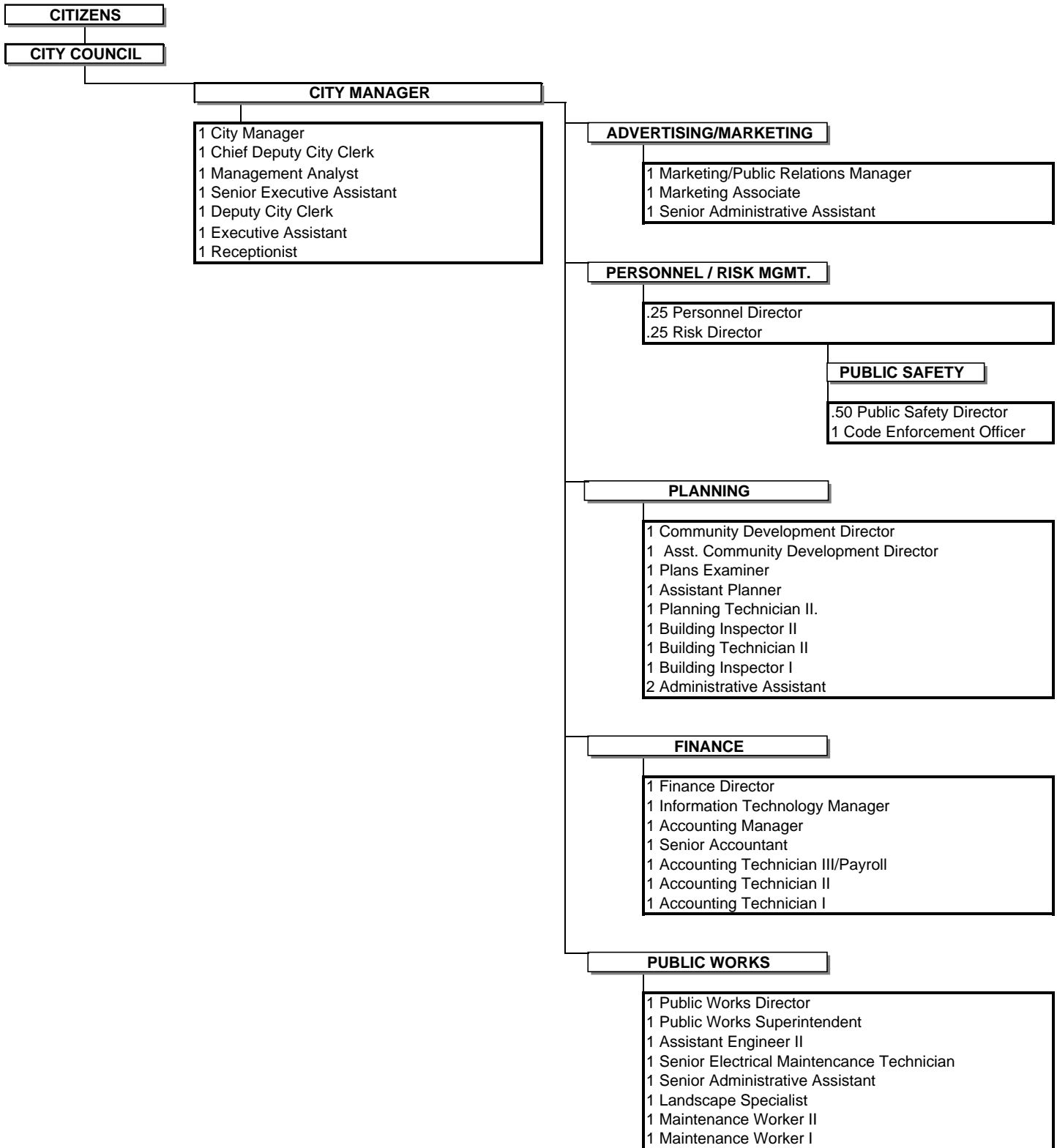
A handwritten signature in black ink, appearing to read "M. L. R. R.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

JUNE 30, 2009



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2009

Council — Manager Form of Government

CITY COUNCIL

LARRY SPICER
Mayor

ED MONARCH
Mayor Pro Tem

DOUGLAS HANSON
Council Member

WILLIAM POWERS
Council Member

PATRICK MULLANY
Council Member

CITY ADMINISTRATION

GREG JOHNSON
City Manager

Kevin McCarthy, Finance Director
Corrie Kates, Planning 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, 2009, 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. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Indian Wells for the year ended June 30, 2008 and, in our report dated December 3, 2008, we expressed an unqualified opinion on those financial statements.

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, 2009, 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.

As described further in note 14, the City changed its method of accounting for post employment benefits for fiscal years ending on or after June 30, 2009.

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 November 6, 2009, 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 Hoffman McLean P.C.

Irvine, California
November 6, 2009

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 a basic overview of the City's financial activities for the fiscal year ended June 30, 2009. 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 7-22, and the accompanying basic financial statements, which can be found on pages 52-53 of the report.

Financial Highlights

- The City's net assets grew \$3.9 million or 1.9% reflecting the overall activities of the City.
- During fiscal year 2008/09 the City received \$9.7 million in capital contributions and grants primarily from one-time settlement litigation affecting the Mountain View Villas phase 1 affordable housing site.
- Total assets exceed total liabilities by \$209.0 million (net assets). Of this amount, unrestricted net assets of \$42.3 million may be used to meet the City's ongoing obligations to citizens and creditors. In addition, restricted net assets of \$27.6 million are dedicated to specific purposes and \$139.1 million is invested in capital assets, net of related debt.
- At year-end, depreciable capital assets were 14% depreciated compared with 11% in the previous year. The City acquired \$11.9 million in new capital assets during the fiscal year made up of \$3.7 million in building construction, \$3.6 million in Street and Highway improvements, \$2.7 million to complete final improvements at the City's Golf Resort, and finally \$1.9 million in City monuments, land acquisition, and other miscellaneous improvements. City retirements equaled \$4.2 million primarily due to the sale of land at Miles Crossing to a developer. Total depreciation expense reached \$8.6 million during the year. As a result of this year's activities, total capital assets net of depreciation decreased \$0.9 million from \$266.5 million to \$265.6 million.
- Tax Allocation Bond obligations decreased by \$3.8 million to \$126.5 million at June 30, 2009, a decrease of 2.9% over the amount at June 30, 2008, stemming from bonded debt payments to bond holders during the year.
- Due to economic slowing, the final fiscal year 2008/09 General Fund budget underwent many changes and revisions compared with its original projection. Over 53% of the revenues generated in the City's General Fund are tourism based. Tourism revenues largely consist of three revenue components: transient occupancy tax, general sales tax, and admissions tax collections. Combined these three tourism categories collected \$6.7 million in revenues during fiscal year 2008/09 which was \$1.6 million or 19% less than originally budgeted. Despite the economic slowdown affecting the nation and the worst decrease in transient occupancy tax revenues since 2001, the City's General Fund achieved a \$1.4 million operating surplus of revenues over expenses during the fiscal 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 have been included as an integral part of the primary government. The government-wide financial statements are found in the table of contents under the Financial Section of this report.

Fund financial statements A *fund* is a grouping of related accounts 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-nine (49) 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 nine (49) governmental funds is 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 rather than reporting each of the funds separately.

The City adopts a biennial 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, looking at the changes in net assets over time may serve as a useful indicator of a government's financial position. Despite the economic slowdown, the City's net assets grew \$3.9 million over the previous fiscal year. The City's assets exceeded liabilities by \$209.0 million at the close of the most recent fiscal year.

The City of Indian Wells continues to maintain tremendous cash reserves compared to cities of typical size. Unrestricted cash and investments of \$57.1 million account for 17% of the City's \$340.9 million in assets. In recent years, however, the City's fastest growing assets are capital assets. Since fiscal year 2001/02, the City has undertaken a massive infrastructure improvement program. During this six-year period, the City has added more than \$232.4 million (net of depreciation) in new infrastructure and capital improvements. Today, much of the original capital program is completed.

Analysis of Net Assets

Of the total net assets, \$42.3 million or 20.2% represents unrestricted net assets available for meeting the City's ongoing obligations to citizens and creditors. An additional portion of the City's net assets representing \$27.6 million or 13.2% of the total is subject to legal restrictions on their use. At \$139.1 million, investment in capital assets (meaning: infrastructure, land, buildings, other improvements, vehicles, and equipment, less outstanding debt used to acquire them) comprise 66.6% 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.

The following table lists a condensed Statement of Net Assets for the fiscal year ending June 30, 2009 and 2008.

Table 1
Statement of Net Assets
(in Millions)

| | Governmental Activities | |
|---|-------------------------|-----------------|
| | 2009 | 2008 |
| Current and other assets | \$ 75.3 | \$ 77.5 |
| Capital assets | 265.6 | 266.5 |
| Total Assets | 340.9 | 344.0 |
| Long-term debt outstanding | 123.1 | 126.9 |
| Other liabilities | 8.8 | 12.0 |
| Total Liabilities | 131.9 | 138.9 |
| Net assets: | | |
| Invested in capital assets, net of debt | 139.1 | 136.2 |
| Restricted | 27.6 | 25.9 |
| Unrestricted | 42.3 | 43.0 |
| Total net Assets | \$ 209.0 | \$ 205.1 |

By the close of the fiscal year, the City's net assets increased \$3.9 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 perceptiveness of the City's financial condition.

Notable changes in the statement of net assets between June 30, 2008 and June 30, 2009 include:

- Current and other assets decreased \$2.2 million (net) primarily due to cash outlays to complete several capital projects described in the next bullet below.
- The City acquired \$11.9 million in new capital assets during the fiscal year made up of \$3.7 million in building construction, \$3.6 million in Street and Highway improvements, \$2.7 million to complete final improvements at the City's Golf Resort, and finally \$1.8 million in City monuments, land acquisition, and other miscellaneous improvements. City retirements equaled \$4.2 million primarily due to the sale of land at Miles Crossing to a developer. Total depreciation expense reached \$8.6 million during the year. As a result of this year's activities, total capital assets net of depreciation decreased \$0.9 million from \$266.5 million to \$265.6 million.
- Long-term debt obligations decreased by \$3.8 million to \$126.5 million, a decrease of 2.9% over the amount at June 30, 2008, stemming from bonded debt payments to bond holders during the year.

- Net assets invested in capital assets, net of related debt increased \$2.9 million or 2.1% as a result of the current year's activities. The increase is due mainly to retirement of principal debt related to the issuance of Redevelopment Agency tax allocation bonds exceeding the change in total capital assets net of depreciation.

Governmental Activities

The table below lists a condensed Statement of Activities for the fiscal year ending June 30, 2009 and 2008.

Table 2
Statement of Activities
(in Millions)

| | Governmental Activities | |
|------------------------------------|-------------------------|----------------|
| | 2009 | 2008 |
| Revenues | | |
| Program Revenues | | |
| Charges for services | \$ 9.8 | \$ 9.2 |
| Operating contributions and grants | 6.5 | 6.6 |
| Capital contributions and grants | 9.7 | 47.9 |
| General revenues: | | |
| Taxes | | |
| Property taxes | 18.8 | 18.6 |
| Transient occupancy taxes | 4.8 | 5.9 |
| Sales taxes | 1.0 | 1.0 |
| Franchise taxes | 0.9 | 0.9 |
| Other taxes | 1.4 | 1.9 |
| Investment income | 1.1 | 3.5 |
| Other | 0.2 | 0.1 |
| Total revenues | <u>\$ 54.2</u> | <u>\$ 95.6</u> |
| Expenses | | |
| General government | 10.7 | 10.0 |
| Community development | 9.8 | 6.3 |
| Public safety | 7.6 | 7.2 |
| Public works | 5.9 | 6.9 |
| Golf resort | 10.2 | 9.5 |
| Interest Expense | 6.1 | 7.2 |
| Total expenses | <u>\$ 50.3</u> | <u>\$ 47.1</u> |
| Increase in net assets | <u>\$ 3.9</u> | <u>\$ 48.5</u> |

Statement of Activities Revenues

As you can see from Table 2 for the most part the City's revenue growth remained consistent with last year's performance with three notable exceptions: the collection of one-time capital grants during fiscal year 2007/08, the impact of the current economic times as it relates to

tourism, and pending State of California budget impacts delaying interfund interest payments. Each of these notable exceptions is described in the bullet points below:

- During fiscal year 2008/09 the City received \$9.7 million in capital contributions and grants primarily from the settlement litigation affecting the Mountain View Villas phase 1 128 unit affordable housing site. During fiscal year 2007/08, 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. While the Statement of Activities is reporting a \$38.2 million decrease in capital contributions and grants compared to the prior fiscal year, readers should take note capital contributions and grants are typically one-time unique events and are not necessarily consistent from year to year.
- Declining growth rate of the region's tourism economy pushed transient occupancy tax revenues to fall \$1.1 million or 18.2% during fiscal year 2008/09.
- Recent actions of the State Legislature to balance the State's budget included several property tax shifts directly affecting local governments and redevelopment agencies. Conservatively the Indian Wells Redevelopment Agency chose not pay \$3.0 million of interest income due to the General Fund from existing interfund loans. Instead, the fiscal year 2008/09 interest was accrued as deferred revenue and will be paid to the General Fund using Redevelopment tax increment from future years.

Statement of Activities Expenses

Total City expenses increased \$3.2 million to reach \$50.3 million reflecting an overall increase 6.8% compared to the prior year. The \$3.2 million increase can be broken down between increases due to ongoing operations and notable exceptions. Overall spending increased \$0.5 million as a result of ongoing operations. In addition, there are two notable exceptions for the additional expenditure increase of \$2.7 million:

- With final construction completed at the Golf Resort, the Golf Resort resumed full operations of the IW Club during fiscal year 2008/09. As a result operational costs increased \$.7 million compared to the prior fiscal year.
- Depreciation expense reached \$8.9 million during fiscal year 2008/09 reflecting an increase of \$2.0 million compared to the prior fiscal year. Depreciation expense spans all expense categories listed in the Statement of Activities. The primary reason for the increase is the completion of several large construction projects previously categorized as construction in progress. Capital assets under construction are not scheduled for deprecation until the project is completed. During fiscal year 2008/09, the City reclassified \$49.6 million in construction projects once categorized as construction in progress to capital assets available for depreciation.

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, 2009, the City's governmental funds reported combined fund balances of \$61.3 million, a decrease of \$3.5 million compared to the balance at June 30, 2008. *Unreserved fund balance* at \$11.3 million constitutes 18.4% of the combined balances and is available for spending at the City's discretion. The remainder totaling \$50.0 million 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:

- \$19.0 million is reserved for Low/Moderate Housing improvements;
- \$26.1 million is reserved for advances, loans, and other assets that are long-term in nature and thus do not represent currently available resources;
- \$4.3 million is reserved for short term notes receivables which are expected to be fully paid in five years
- \$0.1 million is reserved for prepaid items;
- \$0.5 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 \$43.6 million of which \$26.2 million is reserved for advances to other funds and \$17.4 million of unreserved fund balance reported in the General Fund.

To accurately measure of the General Fund's liquidity, readers should combine both the General Fund and the Emergency Reserve Fund balance to total fund expenditures. The City's Emergency Reserve Fund was established out of fiscal conservancy in case of a severe economic downturn or major catastrophe to support General Fund operations. The unreserved fund balance in the emergency reserve fund at June 30, 2009 was \$18.5 million.

The combined unreserved fund balance of the General Fund and Emergency Reserve is \$35.9 million at June 30, 2009. Despite the economic slowdown affecting the nation and reduced transient occupancy tax revenues, the City's General Fund achieved a \$1.4 million operating surplus of revenues over expenses during the fiscal year. See Fund Financial Statements tab page 56-62.

General Fund
For the Year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with | Prior |
|---|--------------------|-------------------|-------------------|--|-------------------|
| | Original | Final | | Final Budget Positive (Negative) | Year Actual |
| Revenues: | | | | | |
| Property taxes | \$ 2,284,643 | 2,301,533 | 2,125,344 | (176,189) | 2,396,288 |
| General sales tax | 1,179,350 | 980,777 | 963,447 | (17,330) | 1,054,972 |
| Transient occupancy tax | 6,225,000 | 4,668,411 | 4,804,501 | 136,090 | 5,874,128 |
| Other Taxes | 1,081,704 | 1,092,104 | 983,846 | (108,258) | 1,137,971 |
| Admissions tax | 810,900 | 689,265 | 882,298 | 193,033 | 757,726 |
| Licenses and permits | 392,000 | 299,250 | 216,890 | (82,360) | 397,407 |
| Intergovernmental | 534,354 | 450,804 | 426,730 | (24,074) | 475,489 |
| Fines and forfeitures | 41,200 | 22,150 | 22,668 | 518 | 21,399 |
| Charges for services | 620,218 | 523,893 | 438,103 | (85,790) | 682,133 |
| Investment income | 4,100,000 | 4,100,000 | 1,576,110 | (2,523,890) | 3,467,226 |
| Other | 420,050 | 380,050 | 111,066 | (268,984) | 311,399 |
| Total revenues | 17,689,419 | 15,508,237 | 12,551,003 | (2,957,234) | 16,576,138 |
| Expenditures: | | | | | |
| General government: | 5,864,203 | 5,578,133 | 5,296,009 | 282,124 | 5,203,519 |
| Community development: | 1,185,553 | 1,134,519 | 922,210 | 212,309 | 953,040 |
| Public safety: | 3,459,336 | 3,228,283 | 3,169,505 | 58,778 | 2,722,379 |
| Public works: | 2,022,488 | 1,948,839 | 1,798,308 | 150,531 | 1,666,082 |
| Total expenditures | 12,531,580 | 11,889,774 | 11,186,032 | 703,742 | 10,545,020 |
| Excess (deficiency) of revenues over (under) expenditures | 5,157,839 | 3,618,463 | 1,364,971 | (2,253,492) | 6,031,118 |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 800,000 | 800,000 | - | 15,000,000 |
| Transfers out | (4,052,396) | (1,252,396) | (1,252,396) | - | (6,101,685) |
| Total other financing sources (uses) | (4,052,396) | (452,396) | (452,396) | - | 8,898,315 |
| Net change in fund balance | 1,105,443 | 3,166,067 | 912,575 | (2,253,492) | 14,929,433 |
| Fund balances at beginning of year | 42,644,992 | 42,644,992 | 42,644,992 | - | 27,715,559 |
| Fund balance at end of year | \$ 43,750,435 | 45,811,059 | 43,557,567 | (2,253,492) | 42,644,992 |

Fiscal year 2008/09 was undoubtedly one of the worst economic times in the Nation's history. The national deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and slow down to the tourism markets have continued to slow the growth rate of the region's economy and is the primary factor for the decrease of General Fund revenues. General Fund revenues fell \$4.0 million from \$16.6 million during fiscal year 2007/08 to \$12.6 million in fiscal year 2008/09.

This decrease is principally due to two reasons:

- Transient occupancy tax revenues fell by \$1.1 million or 18.2% during fiscal year 2008/09 due to decreased tourism.
- Recent actions of the State Legislature to balance the State's budget included several property tax shifts directly affecting local governments and redevelopment agencies. Conservatively the Indian Wells Redevelopment Agency chose not pay \$3.0 million of interest income due to the General Fund from existing interfund loans. Instead, the fiscal year 2008/09 interest was accrued as deferred revenue and will be paid to the General Fund using Redevelopment tax increment from future years.

General Fund expenditures of \$11.2 million in 2008/09 were \$0.6 million or 5.4% higher than 2007/08 expenditures of \$10.6 million. Increases in General Fund expenditures were principally due to the following:

- Public safety costs increased \$0.4 million reflecting the addition of the second motorcycle patrol officer and incremental administrative increases for provided services.
- The City had a \$0.1 million one-time expenditure for PGA Skin's Game Event marketing.
- Enhanced landscape parkway maintenance increased landscape parkway \$0.1 million.

Golf Resort Operations Fund

The Golf Resort recently completed a three-year \$80.0 million renovation project. The Golf Resort completed its first full operations with both golf courses and the IW Club clubhouse open during fiscal year 2008/09. Golf Resort revenues of \$7.1 million were \$1.4 million or 25.4% higher than 2007/08 revenues of \$5.7 million reflecting full operations of the resort.

Golf Resort Fund expenditures of \$10.2 million in 2008/09 were \$0.8 million or 9.1% higher than 2007/08 expenditures of \$9.3 million due to full time operations of the Golf Resort facility and the opening of the IW Club clubhouse. As a result of this year's operations, the Golf Resort operations fund posted a deficiency of revenues under expenditures of \$3.1 million. Poor economic times and a struggling tourism contributed too much of the operating loss. The operating loss was further exacerbated due to one-time start up costs associated with beginning operations of the Golf Resort's new IW Club clubhouse. The operating loss at the Golf Resort is due to four primary reasons:

- Expenses associated with one-time start up costs to occupy and begin operations of the 53,000 square foot IW Club clubhouse.
- An overall decrease of golf rounds from prime category groups
- A decrease of both leisure and business group and tournament play generated by the City's four major resort hotels
- The struggling economy lead to a lower overall rack rate on the golf rounds obtained

The City's General Fund is providing the Golf Operations fund cash advances during these difficult economic times. These "due to fund" and "due from fund" appear on the balance sheets of both the City's General Fund and the Golf Operations Fund. Readers can also review these "due to fund" and "due from fund" by looking at Note 5 Interfund Balances of the Notes to the Financials on page 88. It is anticipated these "due to fund" will be paid back to the General Fund once the Golf Resort returns to profitability.

Golf Resort Operations Special Revenue Fund
For the Year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with | Prior |
|---|-----------------------|--------------------|--------------------|--|--------------------|
| | Original | Final | | Final Budget Positive (Negative) | Year Actual |
| Revenues: | | | | | |
| Charges for services | \$ 10,273,039 | 10,273,039 | 7,040,596 | (3,232,443) | 5,575,817 |
| Investment income | 8,360 | 8,360 | 126 | (8,234) | 2,026 |
| Other revenue | <u>110,000</u> | <u>110,000</u> | <u>75,408</u> | <u>(34,592)</u> | <u>98,230</u> |
| Total revenues | <u>10,391,399</u> | <u>10,391,399</u> | <u>7,116,130</u> | <u>(3,275,269)</u> | <u>5,676,073</u> |
| Expenditures: | | | | | |
| Golf resort | <u>10,177,925</u> | <u>10,443,714</u> | <u>10,179,734</u> | <u>263,980</u> | <u>9,333,933</u> |
| Total expenditures | <u>10,177,925</u> | <u>10,443,714</u> | <u>10,179,734</u> | <u>263,980</u> | <u>9,333,933</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>213,474</u> | <u>(52,315)</u> | <u>(3,063,604)</u> | <u>(3,011,289)</u> | <u>(3,657,860)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000,000</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000,000</u> |
| Net change in fund balance | 213,474 | (52,315) | (3,063,604) | (3,011,289) | (2,657,860) |
| Fund balance (deficit) at beginning of year | <u>(1,649,490)</u> | <u>(1,649,490)</u> | <u>(1,649,490)</u> | <u>-</u> | <u>1,008,370</u> |
| Fund balance (deficit) at end of year | <u>\$ (1,436,016)</u> | <u>(1,701,805)</u> | <u>(4,713,094)</u> | <u>(3,011,289)</u> | <u>(1,649,490)</u> |

See Fund Financial Statements tab page 56-62.

Low & Moderate Housing Fund

The Housing Activities fund accounts for the City of Indian Wells' commitment to providing low and moderate income residents with safe, decent, and affordable housing opportunities. Objectives include preserving the existing affordable housing stock, increasing the supply of affordable housing, and providing services to homeless and at-risk populations. Redevelopment Agency tax allocation bonds and 20% of the gross property tax increment

provide the fund's primary resources. As required by California State law, the tax increment revenue is used solely for affordable housing.

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 on hold due to the State's impending ERAF take, is a 58 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.

Low/Moderate Housing Special Revenue Fund
For the Year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with | Prior Year Actual |
|---|---------------------|---------------------|--------------------|--|-------------------------|
| | Original | Final | | Final Budget Positive (Negative) | |
| Revenues: | | | | | |
| Investment income | \$ 700,000 | 1,084,000 | 349,115 | (734,885) | 1,065,798 |
| Other revenue | - | 7,000,000 | 6,975,500 | (24,500) | - |
| Total revenues | <u>700,000</u> | <u>8,084,000</u> | <u>7,324,615</u> | <u>(759,385)</u> | <u>1,065,798</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,169,400 | 1,271,008 | 1,207,912 | 63,096 | 1,192,946 |
| Community development | 452,042 | 350,434 | 156,669 | 193,765 | 225,526 |
| Capital outlay | 15,190,279 | 22,713,871 | 3,847,184 | 18,866,687 | 17,298,409 |
| Debt service: | | | | | |
| Principal retirement | 1,835,000 | 1,835,000 | 1,835,000 | - | 1,785,000 |
| Interest and fiscal charges | <u>1,956,525</u> | <u>1,956,525</u> | <u>1,949,001</u> | <u>7,524</u> | <u>2,006,312</u> |
| Total expenditures | <u>20,603,246</u> | <u>28,126,838</u> | <u>8,995,766</u> | <u>19,131,072</u> | <u>22,508,193</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(19,903,246)</u> | <u>(20,042,838)</u> | <u>(1,671,151)</u> | <u>18,371,687</u> | <u>(21,442,395)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 7,553,425 | 7,737,662 | 7,712,472 | (25,190) | 7,491,824 |
| Transfers out | - | - | - | - | - |
| Sale of property | - | 4,341,639 | 4,341,639 | - | - |
| Total other financing sources (uses) | <u>7,553,425</u> | <u>12,079,301</u> | <u>12,054,111</u> | <u>(25,190)</u> | <u>7,491,824</u> |
| Net change in fund balance | (12,349,821) | (7,963,537) | 10,382,960 | 18,346,497 | (13,950,571) |
| Fund balance at beginning of year | <u>12,899,599</u> | <u>12,899,599</u> | <u>12,899,599</u> | <u>-</u> | <u>26,850,170</u> |
| Fund balance at end of year | <u>\$ 549,778</u> | <u>4,936,062</u> | <u>23,282,559</u> | <u>18,346,497</u> | <u>12,899,599</u> |

Housing revenues of \$7.3 million were \$6.2 million or 563.6% higher than 2007/08 revenues of \$1.1 million due to the partial collection of a one-time settlement. Fiscal year 2008/09 operating and debt service expenses decreased modestly reflecting a lower overall cost of administrative services. The cost of administrative services was reduced in light of the fact there were fewer projects to oversee compared with previous years. The Housing Fund spent \$3.8 million on capital improvements during fiscal year 2008/09. Much of the work was infrastructure and design to develop final construction plans to build the Mountain View Phase 2 project. Continued capital spending is likely to decrease until pending State impacts can be fully vetted.

Capital expenditures decreased \$13.5 million over last year. The primary reason for the decrease in capital spending from the prior year was because of a one-time purchase of land acquired during fiscal year 2007/08. The Housing Fund acquired 27 acres of property along Miles Avenue at a cost of \$15.0 million as a fourth affordable housing site. See Fund Financial Statements tab page 56-62.

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. While the overall spending significantly decreased compared to last fiscal year, fiscal year 2008/09 represented a year capping off or finishing many significant capital achievements.

The Agency spent \$6.8 million on capital projects during fiscal year 2008/09, completing many of the projects that originally began in prior fiscal years. The Agency spent \$1.1 million to complete final landscaping along the Fred Waring Drive lane widening project. The Agency spent \$3.8 million to finish construction of the IW Club at the Indian Wells Golf Resort which opened for business in September of 2008. Finished drawings of the major Highway 111 Beautification were substantially completed for \$0.9 million creating a \$58.0 million "shovel ready" project. The City owned IW Tennis Gardens Event Parking site was completed during fiscal year 2008/09 at a cost of \$0.7 million. Additional smaller projects which included improvements on Indian Wells Lane totaling \$0.3 million were completed during the fiscal year.

RDA Whitewater Capital Improvement Capital Projects Fund

For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-----------------------|---------------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 309,000 | 258,750 | (50,250) | 364,567 |
| Investment income | 340,278 | 78,911 | (261,367) | 795,149 |
| Other revenue | <u>-</u> | <u>32,500</u> | <u>32,500</u> | <u>-</u> |
| Total revenues | <u>649,278</u> | <u>370,161</u> | <u>(279,117)</u> | <u>1,159,716</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,065,372 | 3,843,861 | 221,511 | 3,135,646 |
| Community development | 766,518 | 516,235 | 250,283 | 578,020 |
| Public safety | 57,926 | 57,926 | - | 44,793 |
| Capital outlay | 8,583,657 | 6,813,507 | 1,770,150 | 39,159,528 |
| Debt service: | | | | |
| Interest and fiscal charges | <u>12,000</u> | <u>3,331</u> | <u>8,669</u> | <u>5,553</u> |
| Total expenditures | <u>13,485,473</u> | <u>11,234,860</u> | <u>2,250,613</u> | <u>42,923,540</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(12,836,195)</u> | <u>(10,864,699)</u> | <u>1,971,496</u> | <u>(41,763,824)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 2,866,169 | 2,553,351 | (312,818) | 32,687,033 |
| Transfers out | <u>(4,059,394)</u> | <u>(4,059,394)</u> | <u>-</u> | <u>(59,394)</u> |
| Total other financing sources (uses) | <u>(1,193,225)</u> | <u>(1,506,043)</u> | <u>(312,818)</u> | <u>32,627,639</u> |
| Net change in fund balance | (14,029,420) | (12,370,742) | 1,658,678 | (9,136,185) |
| Fund balance at beginning of year | <u>9,828,160</u> | <u>9,828,160</u> | <u>-</u> | <u>18,964,345</u> |
| Fund balance (deficit) at end of year | <u>\$ (4,201,260)</u> | <u>(2,542,582)</u> | <u>1,658,678</u> | <u>9,828,160</u> |

See Fund Financial Statements tab page 56-62.

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 2008/09, the Agency collected revenues of \$38.8 million. Revenues reflected growth of \$0.9 million or 2.3% higher than revenues collected during fiscal year 2007/08. For the most part revenue growth met expectations. The Agency collected \$38.6 million in tax increment increasing \$1.1 million compared to \$37.5 million in the prior year. One notable exception was the unexpected decrease in investment income during the year. This is primarily due to additional transfers needed to complete capital projects in the redevelopment Agency's Capital Improvement Fund which lead to less available cash to invest within the Fund itself.

Agency expenses of \$31.4 million in 2008/09 were \$0.4 million or 1.4% higher than 2007/08 expenses of \$31.0 million. The overall increase in Agency expenses was netted. The cost of Community Development and Agency Pass-through(s) increased \$0.1 million and \$0.6 million, respectively. This increase in cost was offset by a decrease in debt service costs of \$0.3 million, netting the overall increase of \$0.4 million.

RDA Whitewater Debt Service Fund

For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|------------------------|---------------------|---|-------------------------|
| Revenues: | | | | |
| Taxes | \$ 38,206,784 | 38,562,360 | 355,576 | 37,459,121 |
| Investment income | 450,000 | 67,057 | (382,943) | 333,074 |
| Other revenue | 113,300 | 154,591 | 41,291 | 112,114 |
| Total revenues | <u>38,770,084</u> | <u>38,784,008</u> | <u>13,924</u> | <u>37,904,309</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Community development | 492,740 | 491,096 | 1,644 | 376,430 |
| Pass-throughs | 22,149,379 | 22,107,922 | 41,457 | 21,471,829 |
| Debt service: | | | | |
| Principal retirement | 1,885,000 | 1,885,000 | - | 2,180,000 |
| Interest and fiscal charges | <u>6,919,878</u> | <u>6,906,156</u> | <u>13,722</u> | <u>6,927,249</u> |
| Total expenditures | <u>31,446,997</u> | <u>31,390,174</u> | <u>56,823</u> | <u>30,955,508</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,323,087</u> | <u>7,393,834</u> | <u>70,747</u> | <u>6,948,801</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 4,000,000 | 4,000,000 | - | - |
| Transfers out | <u>(10,294,755)</u> | <u>(10,250,823)</u> | <u>43,932</u> | <u>(40,069,358)</u> |
| Total other financing sources (uses) | <u>(6,294,755)</u> | <u>(6,250,823)</u> | <u>43,932</u> | <u>(40,069,358)</u> |
| Net change in fund balance | 1,028,332 | 1,143,011 | 114,679 | (33,120,557) |
| Fund balance (deficit) at beginning of year | <u>(32,562,181)</u> | <u>(32,562,181)</u> | <u>-</u> | <u>558,376</u> |
| Fund balance (deficit) at end of year | <u>\$ (31,533,849)</u> | <u>(31,419,170)</u> | <u>114,679</u> | <u>(32,562,181)</u> |

See Fund Financial Statements tab page 56-62.

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 | |
|-----------------------|---------------------------|----------------|-------------------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| General government | \$ 10.7 | \$ 10.0 | \$ (10.5) | \$ (8.9) |
| Community development | 9.8 | 6.3 | 3.8 | (0.3) |
| Public safety | 7.6 | 7.2 | (4.2) | (3.8) |
| Public works | 5.9 | 6.9 | (4.0) | 41.2 |
| Golf Resort | 10.2 | 9.5 | (3.3) | (4.4) |
| Interest expense | 6.1 | 7.2 | (6.1) | (7.2) |
| Totals | <u>\$ 50.3</u> | <u>\$ 47.1</u> | <u>\$ (24.3)</u> | <u>\$ 16.6</u> |

The net cost of services in all but the Community Development 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 Community Development program, which in fiscal year 2008/09 is indicating the net cost of services of \$3.8 million. This could be interpreted as the Community Development department generated \$3.8 million more than it spent. While Community Development 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 53 for further detail.

General Fund Budgetary Highlights

To the degree that the economy negatively affects tourism, the Indian Wells economy, as well as that of California, faced many challenges during fiscal year 2008/09. Due to pronounced economic slowing, the final fiscal year 2008/09 General Fund budget withstood many changes and revisions compared with its original projection. Today, over 53% of the revenues generated in the City's General Fund are tourism based. Tourism revenues largely consist of three revenue components: transient occupancy tax, general sales tax, and admissions tax collections. Combined these three tourism categories collected \$6.7 million in revenues during fiscal year 2008/09 which was \$1.6 million or 19% less than originally budgeted.

Additionally, the devastating impacts of the State's fiscal budget crisis lead State Legislatures scrambling to balance the State's budget. To bring the State Budget closer into balance the State Legislature voted to take \$2.1 billion from redevelopment agencies in a tax shift known as Education Relief Augmentation Fund (ERAF). Under the proposed ERAF tax shift the City's Redevelopment Agency is responsible to shift \$11.5 million during fiscal year(s) 2009/10 and 2010/11. Several advocacy groups including the California Redevelopment Association (CRA) oppose such legislation and will file suit against the State of California on behalf of local redevelopment agencies.

In light of this legislation, the Indian Wells Redevelopment Agency chose not pay \$3.0 million of interest income due to the General Fund from existing interfund loans. Instead, the fiscal year 2008/09 interest was accrued as deferred revenue and will be paid to the General Fund using redevelopment tax increment from future years. Overall, General Fund revenues fell \$4.0 million from \$16.6 million during fiscal year 2007/08 to \$12.6 million in fiscal year 2008/09.

The original General Fund expenditure budget was \$12.5 million. That budget was formally decreased to \$11.9 million at the City's mid-year budget review to account for expected revenue decreases as described above. At year-end, the City left much of the revised budget unexpended. Actual General Fund expenditures were \$11.2 million. As a result, the General Fund achieved excess revenues over expenditures of \$1.4 million. See the Budgetary Comparison Schedule on page 111 for further details and budgetary analysis.

Capital Assets

The City of Indian Wells' investment in capital assets, net of accumulated depreciation amounted to \$265.6 million at June 30, 2009. This investment includes land, infrastructure, structures and improvements, vehicles, equipment, intangible assets, and construction in progress. During fiscal year 2008/09, 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 are 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 Note 7 Capital Assets on page 90-91 of the Notes to Basic Financial Statements.

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

| | Government Activities | |
|----------------------------|-----------------------|----------|
| | 2009 | 2008 |
| Land | \$ 61.2 | \$ 64.8 |
| Buildings and improvements | 117.1 | 107.3 |
| Equipment | 4.0 | 3.1 |
| Infrastructure | 83.3 | 91.3 |
| Totals | \$ 265.6 | \$ 266.5 |

At year-end, depreciable capital assets were 14% depreciated compared with 11% in the previous year. The City acquired \$11.9 million in new capital assets during the fiscal year made up of \$3.7 million in building construction, \$3.6 million in Street and Highway improvements, \$2.7 million to complete final improvements at the City's Golf Resort, and finally \$1.8 million in City monuments, land acquisition, and other miscellaneous improvements. City retirements equaled \$4.2 million primarily due to the sale of land at Miles Crossing to a developer. Total depreciation expense reached \$8.6 million during the year. As a result of this year's activities, total capital assets net of depreciation decreased \$0.9 million from \$266.5 million to \$265.6 million.

The City recently completed an \$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 spent \$2.7 million to complete the project during fiscal year 2008/09.

Site work continued at the Mountain View Villas Phase 2 senior housing project. The project contains 58 units and is continuous with the Mountain View Villas Phase 1 project. Initial site work costs reached \$1.5 million during fiscal year 2008/09. New eco-friendly improvements were installed at the City's original Indian Wells Villas affordable housing site to enhance the quality of life of residents residing there. The City spent \$0.8 million on green improvements.

The City spent \$3.6 million on street improvements along Highway 111, Fred Waring Drive and Indian Wells Lane. Improvements included completing construction drawings of the Highway 111 Beautification and Enhancement project, installation of final landscaping improvements along Fred Waring Drive, and repaving Indian Wells Lane with new asphalt and segments of pavers.

The City completed a number of smaller improvements surrounding City Hall. The IW Tennis Gardens public parking site was completed for \$0.7 million. The City purchased property along the Highway 111 roadway for \$0.3 million. The City's monument sign program was successfully completed during the fiscal year at a cost of \$0.6 million. The sign program provides residents and visitors alike a warm welcome when entering the city.

Long-term Debt

At year-end, the City had \$127.4 million in tax allocation bonds and compensated absences outstanding which includes the City's Other Post Employee Benefits (OPEB), as shown in Table 5 below.

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

| | <u>Government Activities</u> | |
|--|------------------------------|-----------------|
| | <u>2009</u> | <u>2008</u> |
| Refunding tax allocation bonds (backed by the Redevelopment Agency) | \$ 126.5 | \$ 130.3 |
| Compensated absences and OPEB (backed by the City) | <u>0.9</u> | <u>0.5</u> |
| Totals | <u>\$ 127.4</u> | <u>\$ 130.8</u> |

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 Note 8 Long Term Liabilities on page 92-98 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City remains cautious about the expected return of tourism to the Coachella Valley. The financial impact of the slowing economy continues to effect tourism both nationally and locally in the Coachella Valley. As a fiscally prudent city, Indian Wells must plan for the possibility of a lengthy economic recovery and employ viable cost saving measures to safeguard the City's assets while enhancing the quality of life of the residents living in Indian Wells. The revised City budget reacts immediately to current economic times and prudently ensures the City's financial sustainability. Changes to the City's fiscal year 2009/10 budget are anticipated.

Recently, business leaders in the Coachella Valley working with the Coachella Valley Economic Partnership (CVEP) and the Desert Lyceum established the Coachella Valley Economic Blueprint to address the financial challenges that lay ahead in the Coachella Valley. Members of the Desert Lyceum and CVEP's Executive Committee assembled a regional and representative sampling of area private, public and civic stakeholders to serve as the Blueprint Steering Committee, which was tasked with overseeing the Blueprint development. The Committee was selected from both public and private sectors to provide broad representation from local constituencies. The group's oversight ensured that the development of research reports and the Blueprint itself was reflective of the Coachella Valley's true competitive issues and opportunities. The Committee served a critical role in the development of the strategy and, as such, was relied on throughout the process to insure the constituencies it represents are on board with key findings and strategic recommendations. As a result of this work, the Blueprint Steering Committee helped to develop an Economic Blueprint strategy focuses on four primary goal areas. These are:

- Regionalism
- Economic Diversification
- Workforce Excellence
- Quality of Place

The four goals are interrelated and must be approached systematically. Failure to achieve results in one goal area significantly threatens the prospects of the others. Economic development has never been more competitive than it is today, so key opportunities identified during the process will need to be leveraged to overcome these challenges. The Coachella Valley has come together to shape a comprehensive regional strategy that will define its future success. The blueprint plan is an ambitious, comprehensive and forward-thinking strategy that addresses the challenges the valley faces to be competitive and the opportunities to better diversify its economy, raise local wealth, train youth and adults for high-wage careers and continue to enhance the region's enviable quality of life.

The total fiscal year 2009/10 General Fund revenue budget is \$12.9 million, which represents a conservative 16.8% decrease over the previous fiscal year 2008/09 final budget. General Fund revenues pay for essential City services including public safety, planning, public works, community assistance, and administrative services. Responding to decreased revenues, the City immediately reduced its General Fund spending, cutting costs from non-critical areas across all departments. As a result, the General Fund budget was reduced 8.4% from \$11.9 million during fiscal year 2008/09 to \$10.9 million in fiscal year 2009/10. As a result of this prudent fiscal management, the fiscal year 2009/10 operating surplus is expected to be \$2.0 million.

The City's formally adopted the fiscal year 2009/10 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

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, 2009

(with comparative totals for the prior year)

| | <u>Governmental Activities</u> | |
|--|--------------------------------|--------------------|
| | <u>2009</u> | <u>2008</u> |
| Assets: | | |
| Cash and investments (note 2) | \$ 57,080,214 | 63,431,746 |
| Restricted assets: | | |
| Cash and investments with fiscal agents (note 2) | 9,087 | 6,540,354 |
| Receivables: | | |
| Accounts (note 3) | 9,765,285 | 3,539,269 |
| Interest | 425,582 | 540,429 |
| Notes (note 4) | 4,316,639 | - |
| Prepaid items | 80,242 | 64,094 |
| Net pension asset (note 11) | 714,000 | - |
| Inventory | 473,863 | 724,063 |
| Deferred charges | 2,484,507 | 2,688,928 |
| Capital assets, not depreciated (note 7) | 80,894,413 | 128,662,045 |
| Capital assets, depreciated, net (note 7) | <u>184,682,505</u> | <u>137,834,850</u> |
| Total assets | <u>340,926,337</u> | <u>344,025,778</u> |
| Liabilities: | | |
| Accounts payable | 2,140,817 | 5,296,459 |
| Accrued liabilities | 251,522 | 227,907 |
| Interest payable | 1,913,114 | 1,957,956 |
| Deposits payable | 247,832 | 665,165 |
| Noncurrent liabilities: | | |
| Due within one year (note 8) | 4,237,777 | 3,888,807 |
| Due in more than one year (note 8) | <u>123,139,850</u> | <u>126,867,318</u> |
| Total liabilities | <u>131,930,912</u> | <u>138,903,612</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 139,057,460 | 136,211,882 |
| Restricted for: | | |
| Community development | 23,412,380 | 22,401,222 |
| Public safety | 4,014,475 | 3,199,900 |
| Public works | 252,873 | 325,432 |
| Unrestricted | <u>42,258,237</u> | <u>42,983,730</u> |
| Total net assets | <u>\$ 208,995,425</u> | <u>205,122,166</u> |

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS
Statement of Activities
For the Year ended June 30, 2009
(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 | 2009 | 2008 |
| Governmental activities: | | | | | | |
| General government | \$ 10,664,720 | 30,400 | 98,175 | - | (10,536,145) | (8,852,745) |
| Community development | 9,784,467 | 2,114,861 | 2,145,952 | 9,399,500 | 3,875,846 | (343,688) |
| Public safety | 7,594,508 | 742,738 | 2,654,704 | - | (4,197,066) | (3,845,052) |
| Public works | 5,954,213 | 54,570 | 1,629,164 | 291,250 | (3,979,229) | 41,179,666 |
| Golf resort | 10,179,734 | 6,850,634 | - | - | (3,329,100) | (4,379,748) |
| Interest on long-term debt | 6,120,317 | - | - | - | (6,120,317) | (7,166,630) |
| Total governmental activities | <u>\$ 50,297,959</u> | <u>9,793,203</u> | <u>6,527,995</u> | <u>9,690,750</u> | <u>(24,286,011)</u> | <u>16,591,803</u> |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes, levied for general purposes | | | | | 18,756,437 | 18,582,342 |
| Transient occupancy taxes | | | | | 4,804,501 | 5,874,128 |
| Sales taxes | | | | | 963,446 | 1,054,972 |
| Franchise taxes | | | | | 870,700 | 902,634 |
| Other taxes | | | | | 1,360,608 | 1,875,547 |
| Investment income, unrestricted | | | | | 1,147,924 | 3,467,226 |
| Miscellaneous | | | | | 255,654 | 169,525 |
| Total general revenues | | | | | <u>28,159,270</u> | <u>31,926,374</u> |
| Change in net assets | | | | | 3,873,259 | 48,518,177 |
| Net assets at beginning of year | | | | | <u>205,122,166</u> | <u>156,603,989</u> |
| Net assets at end of year | | | | | <u>\$ 208,995,425</u> | <u>205,122,166</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, 2009
(with comparative totals for the prior year)

| | General | Special Revenue Funds | | |
|--|----------------------|-----------------------|------------------------|----------------------|
| | | Emergency Reserve | Golf Resort Operations | Low/Moderate Housing |
| Assets: | | | | |
| Cash and investments | \$ 5,443,757 | 18,500,000 | 623,321 | 13,259,471 |
| Cash and investments with fiscal agents | - | - | - | 8,503 |
| Receivables: | | | | |
| Accounts | 668,386 | - | 81,275 | 8,182,028 |
| Interest | 184,549 | - | - | 101,683 |
| Notes | - | - | - | 4,316,639 |
| Prepaid items | 50,787 | - | 20,855 | - |
| Inventory | - | - | 473,863 | - |
| Due from other funds (note 5) | 12,199,792 | - | - | - |
| Advances to other funds (note 5) | 29,128,588 | - | - | - |
| Total assets | \$ 47,675,859 | 18,500,000 | 1,199,314 | 25,868,324 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 821,049 | - | 222,335 | 161,765 |
| Accrued liabilities | 136,080 | - | 115,142 | - |
| Deposits payable | 182,575 | - | - | - |
| Deferred revenue | 2,978,588 | - | - | 2,424,000 |
| Due to other funds (note 5) | - | - | 5,574,931 | - |
| Advances from other funds (note 5) | - | - | - | - |
| Total liabilities | 4,118,292 | - | 5,912,408 | 2,585,765 |
| Fund balances (deficits): | | | | |
| Reserved: | | | | |
| Inventory | - | - | 473,863 | - |
| Prepaid items | 50,787 | - | 20,855 | - |
| Notes receivable | - | - | - | 4,316,639 |
| Low and moderate housing | - | - | - | 18,965,920 |
| Advances to other funds | 26,150,000 | - | - | - |
| Unreserved, reported in: | | | | |
| General fund | 17,356,780 | - | - | - |
| Special revenue funds | - | 18,500,000 | (5,207,812) | - |
| Debt service funds | - | - | - | - |
| Capital projects funds | - | - | - | - |
| Total fund balances (deficits) | 43,557,567 | 18,500,000 | (4,713,094) | 23,282,559 |
| Total liabilities and fund balances | \$ 47,675,859 | 18,500,000 | 1,199,314 | 25,868,324 |

See accompanying notes to basic financial statements.

| Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Totals | |
|-----------------------------------|--|-----------------------------------|--------------------|--------------------|
| | | | 2009 | 2008 |
| RDA Whitewater Debt Service | RDA Whitewater Capital Improvement | | | |
| 25 | 61 | 16,427,416 | 54,254,051 | 60,792,945 |
| 423 | 161 | - | 9,087 | 6,540,354 |
| 416,465 | - | 417,131 | 9,765,285 | 3,539,269 |
| - | 1,974 | 115,703 | 403,909 | 517,249 |
| - | - | - | 4,316,639 | - |
| - | - | 8,600 | 80,242 | 64,094 |
| - | - | - | 473,863 | 724,063 |
| - | - | 12,131 | 12,211,923 | 7,698,278 |
| - | - | - | 29,128,588 | 31,647,711 |
| <u>416,913</u> | <u>2,196</u> | <u>16,980,981</u> | <u>110,643,587</u> | <u>111,523,963</u> |
| 272,695 | 69,578 | 593,395 | 2,140,817 | 5,296,459 |
| - | 300 | - | 251,522 | 227,907 |
| - | - | 65,257 | 247,832 | 665,165 |
| - | - | - | 5,402,588 | 1,172,856 |
| 2,434,800 | 2,474,900 | 1,727,292 | 12,211,923 | 7,698,278 |
| <u>29,128,588</u> | <u>-</u> | <u>-</u> | <u>29,128,588</u> | <u>31,647,711</u> |
| <u>31,836,083</u> | <u>2,544,778</u> | <u>2,385,944</u> | <u>49,383,270</u> | <u>46,708,376</u> |
| - | - | - | 473,863 | 724,063 |
| - | - | 8,600 | 80,242 | 64,094 |
| - | - | - | 4,316,639 | - |
| - | - | - | 18,965,920 | 12,899,599 |
| - | - | - | 26,150,000 | 30,797,726 |
| - | - | - | 17,356,780 | 11,846,566 |
| - | - | 15,743,567 | 29,035,755 | 31,276,607 |
| (31,419,170) | - | - | (31,419,170) | (32,562,181) |
| - | (2,542,582) | (1,157,130) | (3,699,712) | 9,769,113 |
| <u>(31,419,170)</u> | <u>(2,542,582)</u> | <u>14,595,037</u> | <u>61,260,317</u> | <u>64,815,587</u> |
| <u>416,913</u> | <u>2,196</u> | <u>16,980,981</u> | <u>110,643,587</u> | <u>111,523,963</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, 2009

| | | |
|---|------------------|-----------------------|
| Fund balances - total governmental funds | | \$ 61,260,317 |
| 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 | | 265,576,918 |
| 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 | (125,895,000) | |
| Bond premium | (624,458) | |
| Deferred charges for issuance costs and bond discounts | 2,484,507 | |
| Compensated absences | <u>(493,850)</u> | (124,528,801) |
| 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 | | (1,913,114) |
| 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 | | 5,402,588 |
| 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>3,197,517</u> |
| Net assets of governmental activities | | <u>\$ 208,995,425</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, 2009
(with comparative totals for the prior year)

| | Special Revenue Funds | | | |
|---|-----------------------|-------------------|------------------------|----------------------|
| | General | Emergency Reserve | Golf Resort Operations | Low/Moderate Housing |
| Revenues: | | | | |
| Taxes | \$ 9,759,436 | - | - | - |
| Assessments | - | - | - | - |
| Licenses and permits | 216,890 | - | - | - |
| Intergovernmental | 426,730 | - | - | - |
| Fines and forfeitures | 22,668 | - | - | - |
| Charges for services | 438,103 | - | 7,040,596 | - |
| Investment income | 1,576,110 | - | 126 | 349,115 |
| Rental income | - | - | - | - |
| Development fees | - | - | - | - |
| Other revenue | 111,066 | - | 75,408 | 6,975,500 |
| Total revenues | 12,551,003 | - | 7,116,130 | 7,324,615 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 5,296,009 | - | - | 1,207,912 |
| Community development | 922,210 | - | - | 156,669 |
| Public safety | 3,169,505 | - | - | - |
| Public works | 1,798,308 | - | - | - |
| Golf resort | - | - | 10,179,734 | - |
| Capital outlay | - | - | - | 3,847,184 |
| Debt service | | | | |
| Principal retirement | - | - | - | 1,835,000 |
| Interest and fiscal charges | - | - | - | 1,949,001 |
| Pass-through expenditures | - | - | - | - |
| Total expenditures | 11,186,032 | - | 10,179,734 | 8,995,766 |
| Excess (deficiency) of revenues over (under) expenditures | 1,364,971 | - | (3,063,604) | (1,671,151) |
| Other financing sources (uses): | | | | |
| Transfers in (note 6) | 800,000 | - | - | 7,712,472 |
| Transfers out (note 6) | (1,252,396) | (800,000) | - | - |
| Sale of property | - | - | - | 4,341,639 |
| Total other financing sources (uses) | (452,396) | (800,000) | - | 12,054,111 |
| Net change in fund balances | 912,575 | (800,000) | (3,063,604) | 10,382,960 |
| Fund balances (deficit) at beginning of year | 42,644,992 | 19,300,000 | (1,649,490) | 12,899,599 |
| Fund balances (deficit) at end of year | \$ 43,557,567 | 18,500,000 | (4,713,094) | 23,282,559 |

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 | |
|---|--|-----------------------------------|--------------------|---------------------|
| | | | 2009 | 2008 |
| 38,562,360 | - | 2,923,856 | 51,245,652 | 51,537,447 |
| - | - | 3,385,707 | 3,385,707 | 3,483,606 |
| - | - | 9,117 | 226,007 | 399,003 |
| - | 258,750 | 252,270 | 937,750 | 1,460,266 |
| - | - | 30,094 | 52,762 | 52,083 |
| - | - | - | 7,478,699 | 6,257,950 |
| 67,057 | 78,911 | 537,919 | 2,609,238 | 6,561,864 |
| - | - | 1,552,809 | 1,552,809 | 1,473,829 |
| - | - | 59,252 | 59,252 | 214,938 |
| 154,591 | 32,500 | 474,660 | 7,823,725 | 1,156,637 |
| <u>38,784,008</u> | <u>370,161</u> | <u>9,225,684</u> | <u>75,371,601</u> | <u>72,597,623</u> |
| - | 3,843,861 | 159,060 | 10,506,842 | 9,604,914 |
| 491,096 | 516,235 | 1,697,875 | 3,784,085 | 4,091,199 |
| - | 57,926 | 4,244,395 | 7,471,826 | 7,133,876 |
| - | - | 1,480,078 | 3,278,386 | 3,306,362 |
| - | - | - | 10,179,734 | 9,333,933 |
| - | 6,813,507 | 1,700,536 | 12,361,227 | 59,787,295 |
| 1,885,000 | - | - | 3,720,000 | 3,965,000 |
| 6,906,156 | 3,331 | - | 8,858,488 | 8,939,114 |
| 22,107,922 | - | - | 22,107,922 | 21,471,829 |
| <u>31,390,174</u> | <u>11,234,860</u> | <u>9,281,944</u> | <u>82,268,510</u> | <u>127,633,522</u> |
| <u>7,393,834</u> | <u>(10,864,699)</u> | <u>(56,260)</u> | <u>(6,896,909)</u> | <u>(55,035,899)</u> |
| 4,000,000 | 2,553,351 | 311,790 | 15,377,613 | 60,589,937 |
| (10,250,823) | (4,059,394) | (15,000) | (16,377,613) | (61,339,937) |
| - | - | - | 4,341,639 | - |
| <u>(6,250,823)</u> | <u>(1,506,043)</u> | <u>296,790</u> | <u>3,341,639</u> | <u>(750,000)</u> |
| 1,143,011 | (12,370,742) | 240,530 | (3,555,270) | (55,785,899) |
| (32,562,181) | 9,828,160 | 14,354,507 | 64,815,587 | 120,601,486 |
| <u>(31,419,170)</u> | <u>(2,542,582)</u> | <u>14,595,037</u> | <u>61,260,317</u> | <u>64,815,587</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

For the Year Ended June 30, 2009

Net changes in fund balances - total governmental funds \$ (3,555,270)

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 | 11,857,262 | |
| Disposition of capital assets | (4,037,686) | |
| Depreciation expense | <u>(8,739,553)</u> | (919,977) |

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 | | 3,720,000 |
|--------------------|--|-----------|

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 | 44,842 | |
| Amortization of bond premium | 45,555 | |
| Amortization of issuance costs and bond discounts | (204,421) | |
| Compensated absences | <u>(22,738)</u> | (136,762) |

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. 4,229,732

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 535,536

Net changes in net assets of governmental funds \$ 3,873,259

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS

Statement of Net Assets

Proprietary Fund

June 30, 2009

(with comparative totals for the prior year)

| | Internal Service Fund | |
|------------------------------------|--------------------------|------------------|
| | <u>2009</u> | <u>2008</u> |
| Current assets: | | |
| Cash and investments | \$ 2,826,163 | 2,638,801 |
| Receivables: | | |
| Interest | 21,673 | 23,180 |
| Non-current assets: | | |
| Net pension asset (note 11) | <u>714,000</u> | <u>-</u> |
| Total assets | <u>3,561,836</u> | <u>2,661,981</u> |
| Liabilities | | |
| Noncurrent liabilities: | | |
| Due within one year (note 8) | 210,000 | - |
| Due in more than one year (note 8) | <u>154,319</u> | <u>-</u> |
| Total liabilities | <u>364,319</u> | <u>-</u> |
| Net assets: | | |
| Unrestricted | <u>3,197,517</u> | <u>2,661,981</u> |
| Total net assets | <u>\$ 3,197,517</u> | <u>2,661,981</u> |

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, 2009
 (with comparative information for the prior year)

| | Internal Service Fund | |
|--|--------------------------|-----------|
| | 2009 | 2008 |
| Operating revenues: | | |
| Charges for services | \$ - | 367,951 |
| Operating expenses: | | |
| Personnel benefits | 571,786 | 203,607 |
| Other | 15,000 | - |
| Operating income | (586,786) | 164,344 |
| Nonoperating revenues (expenses): | | |
| Investment income | 122,322 | 147,319 |
| Total nonoperating revenues (expenses) | 122,322 | 147,319 |
| Income before transfers | (464,464) | 311,663 |
| Transfers in (note 5) | 1,000,000 | 750,000 |
| Change in net assets | 535,536 | 1,061,663 |
| Total net assets at beginning of year | 2,661,981 | 1,600,318 |
| Total net assets at end of year | \$ 3,197,517 | 2,661,981 |

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS

Statement of Cash Flows

Proprietary Fund

For the Year ended June 30, 2009

(with comparative information for the prior year)

| | Internal Service Fund | |
|---|--------------------------|------------------|
| | 2009 | 2008 |
| Cash flows from operating activities: | | |
| Receipts from user departments | \$ - | 367,951 |
| Payments to suppliers for goods and services | <u>(936,467)</u> | <u>(203,607)</u> |
| Net cash provided by operating activities | (936,467) | 164,344 |
| Cash flows from noncapital financing activities: | | |
| Cash received from other funds | 1,000,000 | 750,000 |
| Cash flows from investing activities: | | |
| Investment income | <u>123,829</u> | <u>124,139</u> |
| Net increase in cash and cash equivalents | 187,362 | 1,038,483 |
| Cash and cash equivalents at beginning of year | <u>2,638,801</u> | <u>1,600,318</u> |
| Cash and cash equivalents at end of year | <u>\$ 2,826,163</u> | <u>2,638,801</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | |
| Operating income (loss) | <u>\$ (586,786)</u> | <u>164,344</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Amortization of net pension asset | 15,000 | - |
| (Increase) decrease in net pension asset | (729,000) | - |
| Increase (decrease) in other post employment benefits | <u>364,319</u> | <u>-</u> |
| Total adjustments | <u>(349,681)</u> | <u>-</u> |
| Net cash provided (used) by operating activities | <u>\$ (936,467)</u> | <u>164,344</u> |

Noncash Financing and Investing Transactions

For the years ended June 30, 2009 and 2008, there were no significant noncash investing or financing transactions.

See accompanying notes to basic financial statements.

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CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year ended June 30, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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.

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 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.

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, 2009

1. 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 | \$ 54,254,051 | - | - | - |
| Cash and investments with fiscal agents | 9,087 | - | - | - |
| Receivables: | | | | |
| Accounts | 9,765,285 | - | - | - |
| Interest | 403,909 | - | - | - |
| Notes | 4,316,639 | - | - | - |
| Prepaid items | 80,242 | - | - | - |
| Net pension asset | - | - | - | - |
| Inventory | 473,863 | - | - | - |
| Due from other funds | 12,211,923 | - | - | - |
| Advances to other funds | 29,128,588 | - | - | - |
| Deferred charges | - | - | - | 2,484,507 |
| Capital assets | - | 300,139,138 | - | - |
| Accumulated depreciation | - | (34,562,220) | - | - |
| Total assets | \$ 110,643,587 | 265,576,918 | - | 2,484,507 |
| Liabilities: | | | | |
| Accounts payable | \$ 2,140,817 | - | - | - |
| Accrued liabilities | 251,522 | - | - | - |
| Deposits payable | 247,832 | - | - | - |
| Deferred revenue | 5,402,588 | - | - | - |
| Due to other funds | 12,211,923 | - | - | - |
| Advances from other funds | 29,128,588 | - | - | - |
| Noncurrent liabilities: | | | | |
| Due within one year | - | - | 122,222 | 3,905,555 |
| Due in more than one year | - | - | 371,628 | 122,613,903 |
| Total liabilities | 49,383,270 | - | 493,850 | 126,519,458 |
| FUND BALANCES/NET ASSETS | 61,260,317 | 265,576,918 | (493,850) | (124,034,951) |
| TOTAL NET ASSETS/LIABILITIES | \$ 110,643,587 | 265,576,918 | - | 2,484,507 |

CITY OF INDIAN WELLS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
For the Yer ended June 30, 2009

1. 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):

| Interest Payable | Deferred Revenue | Internal Service Fund | Reclassifications and Eliminations | Total Statement of Net Assets |
|---------------------|---------------------|-----------------------------|---------------------------------------|-------------------------------------|
| - | - | 2,826,163 | - | 57,080,214 |
| - | - | - | - | 9,087 |
| - | - | - | - | 9,765,285 |
| - | - | 21,673 | - | 425,582 |
| - | - | - | - | 4,316,639 |
| - | - | - | - | 80,242 |
| - | - | 714,000 | - | 714,000 |
| - | - | - | - | 473,863 |
| - | - | - | (12,211,923) | - |
| - | - | - | (29,128,588) | - |
| - | - | - | - | 2,484,507 |
| - | - | - | - | 300,139,138 |
| - | - | - | - | (34,562,220) |
| - | - | 3,561,836 | (41,340,511) | 340,926,337 |
| - | - | - | - | 2,140,817 |
| 1,913,114 | - | - | - | 2,164,636 |
| - | - | - | - | 247,832 |
| - | (5,402,588) | - | - | - |
| - | - | - | (12,211,923) | - |
| - | - | - | (29,128,588) | - |
| - | - | 210,000 | - | 4,237,777 |
| - | - | 154,319 | - | 123,139,850 |
| 1,913,114 | (5,402,588) | 364,319 | (41,340,511) | 131,930,912 |
| (1,913,114) | 5,402,588 | 3,197,517 | - | 208,995,425 |
| - | - | 3,561,836 | (41,340,511) | 340,926,337 |

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

For the Year ended June 30, 2009

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 | \$ 51,245,652 | - | - | - |
| Assessments | 3,385,707 | - | - | - |
| Licenses and permits | 226,007 | - | - | - |
| Intergovernmental | 937,750 | - | - | - |
| Fines and forfeitures | 52,762 | - | - | - |
| Charges for services | 7,478,699 | - | - | - |
| Investment income | 2,609,238 | - | - | - |
| Rental income | 1,552,809 | - | - | - |
| Development fees | 59,252 | - | - | - |
| Other revenue | <u>7,823,725</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>75,371,601</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 10,506,842 | 195,913 | 22,738 | - |
| Community development | 3,784,085 | 5,970,084 | - | - |
| Public safety | 7,471,826 | 118,249 | - | - |
| Public works | 3,278,386 | 2,655,319 | - | - |
| Golf resort | 10,179,734 | - | - | - |
| Capital outlay | 12,361,227 | (12,361,227) | - | - |
| Debt service: | | | | |
| Principal | 3,720,000 | - | - | (3,720,000) |
| Interest | 8,858,488 | - | - | 158,866 |
| Pass-through expenditures | <u>22,107,922</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>82,268,510</u> | <u>(3,421,662)</u> | <u>22,738</u> | <u>(3,561,134)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 15,377,613 | - | - | - |
| Transfers out | (16,377,613) | - | - | - |
| Sale of property | <u>4,341,639</u> | <u>(4,341,639)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>3,341,639</u> | <u>(4,341,639)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (3,555,270) | (919,977) | (22,738) | 3,561,134 |
| FUND BALANCES (DEFICITS)/NET ASSETS AT BEGINNING OF YEAR | <u>64,815,587</u> | <u>266,496,895</u> | <u>(471,112)</u> | <u>(127,596,085)</u> |
| FUND BALANCES (DEFICITS)/NET ASSETS AT END OF YEAR | <u>\$ 61,260,317</u> | <u>265,576,918</u> | <u>(493,850)</u> | <u>(124,034,951)</u> |

CITY OF INDIAN WELLS
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year ended June 30, 2009

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 | Deferred Revenue | Internal Service Fund | Reclassifications and Eliminations | Total Statement of Activities |
|---------------------|---------------------|-----------------------------|---------------------------------------|-------------------------------------|
| - | - | - | (22,107,922) | 29,137,730 |
| - | - | - | - | 3,385,707 |
| - | - | - | - | 226,007 |
| - | - | - | - | 937,750 |
| - | - | - | - | 52,762 |
| - | (265,370) | - | (226,418) | 6,986,911 |
| - | 2,071,102 | 122,322 | (2,852,195) | 1,950,467 |
| - | - | - | - | 1,552,809 |
| - | - | - | - | 59,252 |
| - | 2,424,000 | - | (365,902) | 9,881,823 |
| - | 4,229,732 | 122,322 | (25,552,437) | 54,171,218 |
| - | - | 305,129 | (365,902) | 10,664,720 |
| - | - | 152,564 | (122,266) | 9,784,467 |
| - | - | 29,339 | (24,906) | 7,594,508 |
| - | - | 99,754 | (79,246) | 5,954,213 |
| - | - | - | - | 10,179,734 |
| - | - | - | - | - |
| (44,842) | - | - | (2,852,195) | 6,120,317 |
| - | - | - | (22,107,922) | - |
| (44,842) | - | 586,786 | (25,552,437) | 50,297,959 |
| - | - | 1,000,000 | (16,377,613) | - |
| - | - | - | 16,377,613 | - |
| - | - | - | - | - |
| - | - | 1,000,000 | - | - |
| 44,842 | 4,229,732 | 535,536 | - | 3,873,259 |
| (1,957,956) | 1,172,856 | 2,661,981 | - | 205,122,166 |
| (1,913,114) | 5,402,588 | 3,197,517 | - | 208,995,425 |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

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 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 \$152,301 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, 2009

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, 2009

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, 2009

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, 2009 are classified in the accompanying financial statements as follows:

Unrestricted assets:

| | |
|----------------------|---------------|
| Cash and investments | \$ 57,080,214 |
|----------------------|---------------|

Restricted assets:

| | |
|--|--------------|
| Cash and investments with fiscal agent | <u>9,087</u> |
|--|--------------|

\$ 57,089,301

Cash and investments at June 30, 2009 consisted of the following:

| | |
|-----------------|-------------------|
| Demand accounts | \$ 2,087,989 |
| Petty cash | 1,400 |
| Investments | <u>54,999,912</u> |

Total cash and investments \$ 57,089,301

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

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, 2009

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, 2009

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 | \$ 2,060,620 | 1,055,630 | 13,161,660 | 16,277,910 |
| Negotiable Certificate of Deposit | 1,000,000 | 2,910,500 | - | 3,910,500 |
| Local Agency Investment Funds | 28,405,645 | - | - | 28,405,645 |
| Medium Term Notes | - | 2,781,590 | 3,615,180 | 6,396,770 |
| Held by a Bond Trustee: | | | | |
| Money Market Mutual Funds | <u>9,087</u> | <u>-</u> | <u>-</u> | <u>9,087</u> |
| | <u>\$31,475,352</u> | <u>6,747,720</u> | <u>16,776,840</u> | <u>54,999,912</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, 2009

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk (Continued):

| <u>Investment Type</u> | <u>Total As of June 30, 2009</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 | \$16,277,910 | AAA | - | 16,277,910 | - | - |
| Negotiable certificate of deposit | 3,910,500 | N/A | 3,910,500 | - | - | - |
| Local Agency Investment Fund | 28,405,645 | N/A | 28,405,645 | - | - | - |
| Medium Term Notes Held By Bond Trustee: | 6,396,770 | AA | - | - | 6,396,770 | - |
| Money Market Mutual Funds | <u>9,087</u> | A | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,087</u> |
| Total | <u>\$54,999,912</u> | | <u>32,316,145</u> | <u>16,277,910</u> | <u>6,396,770</u> | <u>9,087</u> |

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 | \$7,145,940 | 12.99% |
| Federal Home Loan Bank | U.S. Government Sponsored Entities Securities | 6,163,430 | 11.21% |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

3. COMPOSITION OF ACCOUNTS RECEIVABLE:

Receivables at June 30, 2009, are composed of the following:

| | Due from Other <u>Governments</u> | Other <u>Receivable</u> | Taxes <u>Receivable</u> | <u>Total</u> |
|-----------------------------|---|----------------------------|----------------------------|------------------|
| General | \$ 58,879 | 61,308 | 548,199 | 668,386 |
| Golf Resort Operations | - | 81,275 | - | 81,275 |
| Low/Moderate Housing | - | 8,129,653 | 52,375 | 8,182,028 |
| RDA Whitewater Debt Service | - | - | 416,465 | 416,465 |
| Nonmajor Governmental Funds | <u>259,360</u> | <u>72,933</u> | <u>84,838</u> | <u>417,131</u> |
| Total | <u>\$318,239</u> | <u>8,345,169</u> | <u>1,101,877</u> | <u>9,765,285</u> |

4. NOTES RECEIVABLE:

Notes receivables at June 30, 2009, are composed of the following:

| | <u>Outstanding at June 30, 2009</u> |
|---|---|
| Miles Crossing Retail, LLC Phase 1 Commercial Property | \$2,292,406 |
| Miles Crossing Retail, LLC Phase 2 Commercial Property | <u>2,024,233</u> |
| Total | <u>\$4,316,639</u> |

The notes for Miles Crossing Retail, LLC are for the sale of property. The notes bear interest at a rate equal to the portfolio rate of the City of Indian Wells plus two and one-half percent, compounded annually and payable in full by a balloon payment of principal and interest due no later than five years from July 7, 2008. This Note is secured by a Deed of Trust encumbering real property as described in the Deed of Trust.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

5. INTERFUND BALANCES:

Current interfund receivables and payables as of June 30, 2009 are as follows:

| <u>Due To Fund</u> | <u>Due From Fund</u> | <u>Amount</u> |
|-----------------------------|---|---------------------|
| General Fund | Nonmajor Government Funds | \$ 1,715,161 |
| General Fund | Golf Resort Operations Special Revenue Fund | 5,574,931 |
| General Fund | RDA Whitewater Debt Service Fund | 2,434,800 |
| General Fund | RDA Whitewater Capital Improvement Capital Projects Fund | 2,474,900 |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | <u>12,131</u> |
| | | <u>\$12,211,923</u> |

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

Current interfund advances as of June 30, 2009 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>\$29,128,588</u> |

In prior fiscal years, 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%. During the current year, \$4,647,725 of the notes, plus \$723,591 of accrued interest charges was repaid to the City. Accrued interest charges of \$1,078,588 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. Interest payments on these notes were not made in the current year and accrued interest charges of \$1,900,000 to date have been added to the balance of the advances.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

6. INTERFUND TRANSFERS:

Transfers in and out for the year ended June 30, 2009 are as follows:

| <u>Transfer Out of Fund</u> | <u>Transfer In to Fund</u> | <u>Amount</u> |
|-----------------------------|---------------------------------|---------------------|
| General Fund | Internal Service Fund | \$1,000,000 |
| | Nonmajor Governmental Funds | 252,396 |
| Emergency Reserve | | |
| Special Revenue Fund | General Fund | 800,000 |
| Redevelopment Agency | Low/Moderate Housing Special | |
| Whitewater Debt Service | Fund Revenue Fund | 7,712,472 |
| | Redevelopment Agency Whitewater | |
| | Capital Improvement Fund | 2,538,351 |
| Redevelopment Agency | Nonmajor Governmental Funds | 59,394 |
| Whitewater Capital | Redevelopment Agency | |
| Improvements Fund | Whitewater Debt Service | 4,000,000 |
| Nonmajor Governmental | Redevelopment Agency Whitewater | |
| Funds | Capital Improvement Fund | <u>15,000</u> |
| | | <u>\$16,377,613</u> |

The Emergency Reserve Special Revenue Fund transferred \$800,000 to the General Fund to fund reserve for emergencies.

The RDA Whitewater Debt Service Fund transferred \$7,712,427 to the Low/Moderate Housing Special Revenue Fund as part of the 20% set-aside in tax increment and \$2,538,351 to the RDA Capital Improvement Fund to fund capital projects.

The RDA Capital Improvement Fund transferred \$4,000,000 to the RDA Whitewater Debt Service Fund to prepay loans advance to the RDA Debt Service Fund from the General Fund.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

7. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2009 was as follows:

| | <u>Balance at July 1, 2008</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at June 30, 2009</u> |
|---|------------------------------------|--------------------|---------------------|-------------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 64,805,750 | 327,666 | (3,975,267) | 61,158,149 |
| Construction in progress | <u>63,856,295</u> | <u>5,463,598</u> | <u>(49,583,629)</u> | <u>19,736,264</u> |
| Total capital assets not being depreciated | <u>128,662,045</u> | <u>5,791,264</u> | <u>(53,558,896)</u> | <u>80,894,413</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 73,953,657 | 50,924,820 | - | 124,878,477 |
| Equipment | 6,696,659 | 481,253 | (225,359) | 6,952,553 |
| Infrastructure | <u>83,170,142</u> | <u>4,243,554</u> | <u>-</u> | <u>87,413,696</u> |
| Total capital assets being depreciated | <u>163,820,458</u> | <u>55,649,627</u> | <u>(225,359)</u> | <u>219,244,726</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (12,763,134) | (5,809,142) | - | (18,572,276) |
| Equipment | (1,949,141) | (1,139,629) | 162,940 | (2,925,830) |
| Infrastructure | <u>(11,273,333)</u> | <u>(1,790,782)</u> | <u>-</u> | <u>(13,064,115)</u> |
| Total accumulated depreciation | <u>(25,985,608)</u> | <u>(8,739,553)</u> | <u>162,940</u> | <u>(34,562,221)</u> |
| Total capital assets being depreciated, net | <u>137,834,850</u> | <u>46,910,074</u> | <u>(62,419)</u> | <u>184,682,505</u> |
| Total capital assets, net | <u>\$266,496,895</u> | <u>52,701,338</u> | <u>(53,621,315)</u> | <u>265,576,918</u> |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

7. CAPITAL ASSETS (CONTINUED):

Capital construction commitments for the year ended June 30, 2009 was as follows:

Capital Construction in Progress:

| <u>Description</u> | <u>Total Project Budget</u> | <u>Total Expended During Fiscal Year Ending 2009</u> | <u>Unexpended</u> |
|----------------------------------|-------------------------------------|--|-------------------|
| Indian Wells Villas Capital Imp. | \$ 2,560,367 | 791,197 | 1,526,359 |
| Mountain View Villas Phase I | 35,876,844 | 1,185,238 | 860,111 |
| Mountain View Villas Phase II | 28,761,710 | 1,522,969 | 27,238,741 |
| FAMD Manitou & Club Gate Project | 54,172 | 28,174 | - |
| City Hall Re-roofing | 45,936 | 5,106 | 40,830 |
| Indian Wells Golf Event Parking | 342,202 | 113,111 | 22,418 |
| Indian Wells Monument Signs | 612,539 | 571,749 | - |
| Highway 111 Improvement | 9,300,000 | 964,314 | 7,228,329 |
| FSMD Road Rehabilitation Project | <u>523,278</u> | <u>281,740</u> | <u>241,538</u> |
| | <u>\$78,077,048</u> | <u>5,463,598</u> | <u>37,158,326</u> |

Depreciation Expense:

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

| | |
|-----------------------|--------------------|
| General Government | \$ 195,913 |
| Community Development | 5,970,084 |
| Public Safety | 118,249 |
| Public Works | <u>2,455,307</u> |
| | <u>\$8,739,553</u> |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

8. LONG-TERM LIABILITIES:

The changes in long-term liabilities for the year ended June 30, 2009 were as follows:

| | <u>Balance at July 1, 2008</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at June 30, 2009</u> | <u>Due Within One Year</u> |
|--|------------------------------------|------------------|--------------------|-------------------------------------|--------------------------------|
| Bonds payable: | | | | | |
| 2003A Tax Allocation Bonds | \$ 10,570,000 | - | (520,000) | 10,050,000 | 535,000 |
| 2003A-T Tax Allocation Bonds | 38,785,000 | - | (1,835,000) | 36,950,000 | 1,900,000 |
| 2005 Refunding Tax Allocation Bonds | 13,465,000 | - | (685,000) | 12,780,000 | 710,000 |
| 2006A Tax Allocation Bonds | <u>66,795,000</u> | <u>-</u> | <u>(680,000)</u> | <u>66,115,000</u> | <u>715,000</u> |
| Subtotal | <u>129,615,000</u> | <u>-</u> | <u>(3,720,000)</u> | <u>125,895,000</u> | <u>3,860,000</u> |
| Add (less) deferred amounts: | | | | | |
| Bond premium | <u>670,013</u> | <u>-</u> | <u>(45,555)</u> | <u>624,458</u> | <u>45,555</u> |
| Subtotal | <u>670,013</u> | <u>-</u> | <u>(45,555)</u> | <u>624,458</u> | <u>45,555</u> |
| Total bonds payable | <u>130,285,013</u> | <u>-</u> | <u>(3,765,555)</u> | <u>126,519,458</u> | <u>3,905,555</u> |
| Other liabilities: | | | | | |
| Other Post Employment Benefits | - | 571,786 | (207,467) | 364,319 | 210,000 |
| Compensated absences | <u>471,112</u> | <u>441,872</u> | <u>(419,134)</u> | <u>493,850</u> | <u>122,222</u> |
| Total long-term liabilities | <u>\$130,756,125</u> | <u>1,013,658</u> | <u>(4,392,156)</u> | <u>127,377,627</u> | <u>4,237,777</u> |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

8. 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, 2009 were \$10,050,000.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

8. LONG-TERM LIABILITIES (CONTINUED):

2003A Tax Allocation Bonds (Continued):

Future debt service requirements on these bonds are as follows:

| <u>Year Ending June 30, 2009</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|---------------------|------------------|-------------------|
| 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 | 620,000 | 388,818 | 1,008,818 |
| 2015-2019 | 3,600,000 | 1,448,089 | 5,048,089 |
| 2020-2023 | <u>3,575,000</u> | <u>457,174</u> | <u>4,032,174</u> |
| Subtotal | 10,050,000 | 4,072,939 | 14,122,939 |
| Add deferred amounts: | | | |
| Bond premium | <u>530,757</u> | <u>-</u> | <u>530,757</u> |
| | <u>\$10,580,757</u> | <u>4,072,939</u> | <u>14,653,696</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, 2009

8. 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, 2009, bonds outstanding were \$36,950,000.

Future debt service requirements on these bonds are as follows:

| Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|---------------------|-------------------|-------------------|
| 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 | 2,260,000 | 1,551,697 | 3,811,697 |
| 2015-2019 | 13,185,000 | 5,888,610 | 19,073,610 |
| 2020-2023 | <u>13,380,000</u> | <u>1,874,691</u> | <u>15,254,691</u> |
| | <u>\$36,950,000</u> | <u>16,451,610</u> | <u>53,401,610</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, 2009, 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, 2009

8. 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, 2009 were \$12,780,000.

Future debt service requirements on these bonds are as follows:

| <u>Year Ending June 30, 2009</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|---------------------|------------------|-------------------|
| 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 | 820,000 | 387,461 | 1,207,461 |
| 2015-2019 | 4,580,000 | 1,471,093 | 6,051,093 |
| 2020-2023 | <u>4,365,000</u> | <u>471,913</u> | <u>4,836,913</u> |
| Subtotal | 12,780,000 | 4,150,815 | 16,930,815 |
| Add deferred amounts: | | | |
| Bond premium | <u>42,021</u> | <u>-</u> | <u>42,021</u> |
| | <u>\$12,822,021</u> | <u>4,150,815</u> | <u>16,972,836</u> |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

8. 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, 2009 were \$66,115,000.

Future debt service requirements on these bonds are as follows:

| <u>Year Ending June 30, 2009</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|---------------------|-------------------|--------------------|
| 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 | 845,000 | 2,754,169 | 3,599,169 |
| 2015-2019 | 4,730,000 | 13,238,445 | 17,968,445 |
| 2020-2024 | 7,990,000 | 12,207,745 | 20,197,745 |
| 2025-2029 | 19,645,000 | 9,428,565 | 29,073,565 |
| 2030-2034 | 24,310,000 | 4,757,644 | 29,067,644 |
| 2035 | <u>5,555,000</u> | <u>263,863</u> | <u>5,818,863</u> |
| Subtotal | 66,115,000 | 53,994,245 | 120,109,245 |
| Add deferred amounts: | | | |
| Bond premium | <u>51,680</u> | <u>-</u> | <u>51,680</u> |
| | <u>\$66,166,680</u> | <u>53,994,245</u> | <u>120,160,925</u> |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

8. LONG-TERM LIABILITIES (CONTINUED):

Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$493,850 at June 30, 2009 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.

9. 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, 2009, the following represents the amounts still outstanding on bonds considered defeased:

\$22,285,000 2003A Tax Allocation Bonds

10. 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, 2009

11. DEFINED BENEFIT PENSION PLAN:

Plan Description:

The City of Indian Wells participates in the Miscellaneous 2.7% 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 8% 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, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The City's covered payroll for PERS was \$3,433,035 for the year ended June 30, 2009, while the City's total payroll for all employees was \$3,899,775 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, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

11. 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 (Asset)</u> |
|--------------------|-----------------------------------|------------------------------|-------------------------------|---------------------------------------|
| 6/30/07 | 10.411% | \$543,406 | 100% | \$ - |
| 6/30/08 | 10.366% | 601,504 | 100% | - |
| 6/30/09 | 10.498% | 943,658 | 177% | (714,000) |

12. DEFINED CONTRIBUTION PLAN:

The City contributes to the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust, a defined contribution plan 401(a). The plan is a multiple-employer public employee retirement program. The reportable payroll for the employees covered by the plan is \$3,539,064 compared with a total payroll of \$3,899,775 for the fiscal year ended June 30, 2009.

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 \$88,477.

13. DEFERRED COMPENSATION PAYABLE:

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code Section 457 for its eligible employees wherein they may execute an individual agreement with the City for amounts earned by them to be paid at a future date when certain circumstances are met. These circumstances are 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, 2009

13. 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.

14. POST EMPLOYMENT BENEFIT PLAN:

Plan Description: The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. The City will pay 100% for eligible retirees' health coverage.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2008, the date of the latest actuarial valuation:

| | |
|---|-----------|
| Retirees and beneficiaries receiving benefits | 15 |
| Active plan members | <u>42</u> |
| Total | <u>57</u> |

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2008-09, the City contributed \$207,467 to the plan for current premiums.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

14. POST EMPLOYMENT BENEFIT PLAN (CONTINUED):

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

| | |
|--|------------------|
| Annual required contribution | \$571,786 |
| Interest on net OPEB obligation | - |
| Adjustments to annual required contributions | <u>-</u> |
| Annual OPEB cost (expense) | 571,786 |
| Contributions made (including premiums paid) | <u>(207,467)</u> |
| Increase in net OPEB obligation | 364,319 |
| Net OPEB obligation-beginning of year | <u>-</u> |
| Net OPEB obligation-end of year | <u>\$364,319</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

| Fiscal Year | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------|------------------|--|---------------------|
| 6/30/07 | N/A | N/A | N/A |
| 6/30/08 | N/A | N/A | N/A |
| 6/30/09 | \$571,786 | 36.3% | \$364,319 |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

14. POST EMPLOYMENT BENEFIT PLAN (CONTINUED):

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2008, was as follows:

| | |
|---|--------------------|
| Actuarial accrued liability (AAL) | \$4,143,961 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$4,143,961</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0.0% |
| Covered payroll (active plan members) | 3,140,482 |
| UAAL as a percentage of covered payroll | 131.95% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

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

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

14. POST EMPLOYMENT BENEFIT PLAN (CONTINUED):

The actuarial cost method used for determining the benefit obligations is the Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 5.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 3.4 percent initially, reduced by decrements of 0.5 per year to an ultimate rate of 2 percent after the third year. The UAAL is being amortized as a level percentage of projected payroll over 20 years. It is assumed the City's payroll will increase 4% per year.

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)-Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|--|
| 6/30/07 | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/30/08 | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/30/09 | \$0 | \$4,143,961 | \$4,143,961 | 0% | \$3,140,593 | 131.95% |

15. 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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

15. RISK MANAGEMENT (CONTINUED):

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.

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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

15. RISK MANAGEMENT (CONTINUED):

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.

Earthquake and Flood Insurance:

The City purchased 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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

16. OTHER REQUIRED DISCLOSURES:

Transient Occupancy Tax Revenue:

Approximately 38% or \$4,804,501 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:

| | |
|---|------|
| South Coast Air Quality Management District Vehicle Registration Special Revenue Fund: | |
| Public works | \$76 |

Deficit Fund Balance:

The following Funds reported a deficit fund balance at June 30, 2009:

| | |
|--|--------------|
| Golf Resort Operations Special Revenue Fund | \$ 4,713,094 |
| RDA Whitewater Debt Service Fund | 31,419,170 |
| RDA Whitewater Capital Improvement Fund | 2,542,582 |
| South Coast Air Quality Management District Vehicle Registration Special Revenue Fund | 11,358 |
| Hwy 111 Circulation Improvement Capital Projects Fund | 53,373 |
| Park Facilities in Lieu Capital Projects Fund | 1,603,341 |

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2009

16. OTHER REQUIRED DISCLOSURES (CONTINUED):

Deficit Fund Balance (CONTINUED):

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 from 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 Redevelopment Agency Capital Improvement Fund is due to advances from the City's General Fund for short-term financing of a portion of Agency administrative costs. The Agency is expected to fully refund the General Fund during the first quarter of fiscal year 2009/10.

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.

17. CONTINGENCIES:

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

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, 2009

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:

There were no departments that reported expenditures in excess of appropriations.

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 General Fund
 For the Year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|-------------------------------|------------------|------------|------------|---|-------------------------|
| | Original | Final | | (Negative) | Actual |
| Revenues: | | | | | |
| Property taxes | \$ 2,284,643 | 2,301,533 | 2,125,344 | (176,189) | 2,396,288 |
| Franchise taxes | 961,104 | 961,104 | 870,700 | (90,404) | 902,635 |
| General sales tax | 1,179,350 | 980,777 | 963,447 | (17,330) | 1,054,972 |
| Transient occupancy tax | 6,225,000 | 4,668,411 | 4,804,501 | 136,090 | 5,874,128 |
| Business license tax | 20,600 | 31,000 | 30,400 | (600) | 31,912 |
| Real property transfer tax | 100,000 | 100,000 | 82,746 | (17,254) | 203,424 |
| Admissions tax | 810,900 | 689,265 | 882,298 | 193,033 | 757,726 |
| Licenses and permits | 392,000 | 299,250 | 216,890 | (82,360) | 397,407 |
| Intergovernmental | 534,354 | 450,804 | 426,730 | (24,074) | 475,489 |
| Fines and forfeitures | 41,200 | 22,150 | 22,668 | 518 | 21,399 |
| Charges for services | 620,218 | 523,893 | 438,103 | (85,790) | 682,133 |
| Investment income | 4,100,000 | 4,100,000 | 1,576,110 | (2,523,890) | 3,467,226 |
| Other | 420,050 | 380,050 | 111,066 | (268,984) | 311,399 |
| Total revenues | 17,689,419 | 15,508,237 | 12,551,003 | (2,957,234) | 16,576,138 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Legislation and policy | 48,037 | 45,472 | 43,850 | 1,622 | 47,552 |
| City manager | 258,445 | 248,170 | 241,669 | 6,501 | 225,376 |
| City clerk | 88,864 | 77,823 | 69,734 | 8,089 | 68,088 |
| Community relations | 341,990 | 337,490 | 270,631 | 66,859 | 275,035 |
| City attorney | 108,147 | 116,811 | 113,308 | 3,503 | 115,707 |
| Financial services | 265,989 | 257,492 | 254,350 | 3,142 | 240,899 |
| Central services | 38,757 | 99,716 | 24,311 | 75,405 | 31,636 |
| Cultural events | 3,594,146 | 3,474,478 | 3,378,079 | 96,399 | 3,363,564 |
| Human resources | 543,329 | 433,818 | 429,409 | 4,409 | 480,891 |
| Technology | 576,499 | 486,863 | 470,668 | 16,195 | 354,771 |
| Community development: | | | | | |
| Administration | 43,667 | 42,975 | 40,943 | 2,032 | 43,514 |
| Inspections and examinations | 896,452 | 796,089 | 729,055 | 67,034 | 709,550 |
| Current and advanced planning | 245,434 | 295,455 | 152,212 | 143,243 | 199,976 |

(Continued)

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 General Fund
 For the Year ended June 30, 2009
 (Continued)

| | Budgeted Amounts | | Actual | Variance with | Prior Year Actual |
|---|----------------------|--------------------|--------------------|--|-------------------------|
| | Original | Final | | Final Budget Positive (Negative) | |
| Expenditures (Continued): | | | | | |
| Current: | | | | | |
| Public safety: | | | | | |
| Administration | \$ 214,710 | 260,719 | 232,646 | 28,073 | 179,900 |
| Code enforcement | 167,586 | 164,093 | 148,940 | 15,153 | 127,688 |
| Public services | 2,589,045 | 2,361,834 | 2,361,443 | 391 | 2,001,313 |
| Community service officers | 462,495 | 423,137 | 422,210 | 927 | 408,420 |
| Emergency preparedness | 25,500 | 18,500 | 4,266 | 14,234 | 5,058 |
| Public works: | | | | | |
| Administration | 218,686 | 222,728 | 191,891 | 30,837 | 189,006 |
| City engineering | 224,478 | 194,479 | 170,327 | 24,152 | 251,928 |
| Maintenance services | 1,070,485 | 1,005,984 | 953,583 | 52,401 | 895,222 |
| City parkway landscape | <u>508,839</u> | <u>525,648</u> | <u>482,507</u> | <u>43,141</u> | <u>329,926</u> |
| Total expenditures | <u>12,531,580</u> | <u>11,889,774</u> | <u>11,186,032</u> | <u>703,742</u> | <u>10,545,020</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,157,839</u> | <u>3,618,463</u> | <u>1,364,971</u> | <u>(2,253,492)</u> | <u>6,031,118</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 800,000 | 800,000 | - | 15,000,000 |
| Transfers out | <u>(4,052,396)</u> | <u>(1,252,396)</u> | <u>(1,252,396)</u> | <u>-</u> | <u>(6,101,685)</u> |
| Total other financing sources (uses) | <u>(4,052,396)</u> | <u>(452,396)</u> | <u>(452,396)</u> | <u>-</u> | <u>8,898,315</u> |
| Net change in fund balance | 1,105,443 | 3,166,067 | 912,575 | (2,253,492) | 14,929,433 |
| Fund balances at beginning of year | <u>42,644,992</u> | <u>42,644,992</u> | <u>42,644,992</u> | <u>-</u> | <u>27,715,559</u> |
| Fund balance at end of year | <u>\$ 43,750,435</u> | <u>45,811,059</u> | <u>43,557,567</u> | <u>(2,253,492)</u> | <u>42,644,992</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Emergency Reserve Special Revenue Fund
 For the Year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with | Prior Year Actual |
|--------------------------------------|---------------------|-------------------|-------------------|--|-------------------------|
| | Original | Final | | Final Budget Positive (Negative) | |
| Other financing sources (uses): | | | | | |
| Transfers in | \$ 2,500,000 | - | - | - | 4,300,000 |
| Transfers out | - | (800,000) | (800,000) | - | (15,000,000) |
| Total other financing sources (uses) | 2,500,000 | (800,000) | (800,000) | - | (10,700,000) |
| Net change in fund balance | 2,500,000 | (800,000) | (800,000) | - | (10,700,000) |
| Fund balance at beginning of year | 19,300,000 | 19,300,000 | 19,300,000 | - | 30,000,000 |
| Fund balance at end of year | <u>\$21,800,000</u> | <u>18,500,000</u> | <u>18,500,000</u> | <u>-</u> | <u>19,300,000</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Golf Resort Operations Special Revenue Fund
 For the Year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with | Prior Year Actual |
|---|-----------------------|--------------------|--------------------|--|-------------------------|
| | Original | Final | | Final Budget Positive (Negative) | |
| Revenues: | | | | | |
| Charges for services | \$ 10,273,039 | 10,273,039 | 7,040,596 | (3,232,443) | 5,575,817 |
| Investment income | 8,360 | 8,360 | 126 | (8,234) | 2,026 |
| Other revenue | <u>110,000</u> | <u>110,000</u> | <u>75,408</u> | <u>(34,592)</u> | <u>98,230</u> |
| Total revenues | <u>10,391,399</u> | <u>10,391,399</u> | <u>7,116,130</u> | <u>(3,275,269)</u> | <u>5,676,073</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Golf resort | <u>10,177,925</u> | <u>10,443,714</u> | <u>10,179,734</u> | <u>263,980</u> | <u>9,333,933</u> |
| Total expenditures | <u>10,177,925</u> | <u>10,443,714</u> | <u>10,179,734</u> | <u>263,980</u> | <u>9,333,933</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>213,474</u> | <u>(52,315)</u> | <u>(3,063,604)</u> | <u>(3,011,289)</u> | <u>(3,657,860)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000,000</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000,000</u> |
| Net change in fund balance | 213,474 | (52,315) | (3,063,604) | (3,011,289) | (2,657,860) |
| Fund balance (deficit) at beginning of year | <u>(1,649,490)</u> | <u>(1,649,490)</u> | <u>(1,649,490)</u> | <u>-</u> | <u>1,008,370</u> |
| Fund balance (deficit) at end of year | <u>\$ (1,436,016)</u> | <u>(1,701,805)</u> | <u>(4,713,094)</u> | <u>(3,011,289)</u> | <u>(1,649,490)</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Low/Moderate Housing Special Revenue Fund
 For the Year ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with | Prior Year Actual |
|---|---------------------|---------------------|--------------------|--|-------------------------|
| | Original | Final | | Final Budget Positive (Negative) | |
| Revenues: | | | | | |
| Investment income | \$ 700,000 | 1,084,000 | 349,115 | (734,885) | 1,065,798 |
| Other revenue | - | 7,000,000 | 6,975,500 | (24,500) | - |
| Total revenues | <u>700,000</u> | <u>8,084,000</u> | <u>7,324,615</u> | <u>(759,385)</u> | <u>1,065,798</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,169,400 | 1,271,008 | 1,207,912 | 63,096 | 1,192,946 |
| Community development | 452,042 | 350,434 | 156,669 | 193,765 | 225,526 |
| Capital outlay | 15,190,279 | 22,713,871 | 3,847,184 | 18,866,687 | 17,298,409 |
| Debt service: | | | | | |
| Principal retirement | 1,835,000 | 1,835,000 | 1,835,000 | - | 1,785,000 |
| Interest and fiscal charges | 1,956,525 | 1,956,525 | 1,949,001 | 7,524 | 2,006,312 |
| Total expenditures | <u>20,603,246</u> | <u>28,126,838</u> | <u>8,995,766</u> | <u>19,131,072</u> | <u>22,508,193</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(19,903,246)</u> | <u>(20,042,838)</u> | <u>(1,671,151)</u> | <u>18,371,687</u> | <u>(21,442,395)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 7,553,425 | 7,737,662 | 7,712,472 | (25,190) | 7,491,824 |
| Sale of property | - | 4,341,639 | 4,341,639 | - | - |
| Total other financing sources (uses) | <u>7,553,425</u> | <u>12,079,301</u> | <u>12,054,111</u> | <u>(25,190)</u> | <u>7,491,824</u> |
| Net change in fund balance | (12,349,821) | (7,963,537) | 10,382,960 | 18,346,497 | (13,950,571) |
| Fund balance at beginning of year | <u>12,899,599</u> | <u>12,899,599</u> | <u>12,899,599</u> | <u>-</u> | <u>26,850,170</u> |
| Fund balance at end of year | <u>\$ 549,778</u> | <u>4,936,062</u> | <u>23,282,559</u> | <u>18,346,497</u> | <u>12,899,599</u> |

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SUPPLEMENTARY SCHEDULES

Combining Other Governmental Funds

CITY OF INDIAN WELLS
Combining Balance Sheet

Other Governmental Funds

June 30, 2009

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 | \$ 223,652 | 14,598 | - | 1,076,802 | 3 | - | 1,295 |
| Accounts receivable | 19,126 | 1,056 | 42,808 | 38,034 | 1,400 | 29,153 | 8,427 |
| Interest receivable | 1,715 | 112 | - | 8,258 | - | 303 | 9 |
| Prepaid items | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - |
| Total assets | <u>\$ 244,493</u> | <u>15,766</u> | <u>42,808</u> | <u>1,123,094</u> | <u>1,403</u> | <u>29,456</u> | <u>9,731</u> |
| <u>Liabilities and Fund Balances</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 7,395 | - | - | 56,383 | 630 | - | - |
| Due to other funds | - | - | 42,803 | - | 12,131 | 11,776 | 3,866 |
| Deposits payable | - | - | - | - | - | - | - |
| Total liabilities | <u>7,395</u> | <u>-</u> | <u>42,803</u> | <u>56,383</u> | <u>12,761</u> | <u>11,776</u> | <u>3,866</u> |
| Fund balances (deficits): | | | | | | | |
| Reserved: | | | | | | | |
| Prepaid items | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 237,098 | 15,766 | 5 | 1,066,711 | (11,358) | 17,680 | 5,865 |
| Capital projects funds | - | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>237,098</u> | <u>15,766</u> | <u>5</u> | <u>1,066,711</u> | <u>(11,358)</u> | <u>17,680</u> | <u>5,865</u> |
| Total liabilities and fund balances | <u>\$ 244,493</u> | <u>15,766</u> | <u>42,808</u> | <u>1,123,094</u> | <u>1,403</u> | <u>29,456</u> | <u>9,731</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 |
| 2,873,338 | 306,009 | 161,751 | 1,236,806 | 4,030 | 20,318 | 10,024,874 | 2 | - |
| 166,874 | 3,768 | 26,431 | 11,922 | 24 | - | 50,650 | - | - |
| 22,035 | - | 3,588 | 9,488 | 31 | 156 | 66,296 | - | - |
| - | - | - | - | - | 8,600 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>3,062,247</u> | <u>309,777</u> | <u>191,770</u> | <u>1,258,216</u> | <u>4,085</u> | <u>29,074</u> | <u>10,141,820</u> | <u>2</u> | <u>-</u> |
| 313,268 | - | 26,431 | 166,848 | 110 | 4,675 | - | - | - |
| - | - | - | - | - | - | - | 53,375 | 1,603,341 |
| - | - | - | - | - | - | 65,257 | - | - |
| <u>313,268</u> | <u>-</u> | <u>26,431</u> | <u>166,848</u> | <u>110</u> | <u>4,675</u> | <u>65,257</u> | <u>53,375</u> | <u>1,603,341</u> |
| - | - | - | - | - | 8,600 | - | - | - |
| 2,748,979 | 309,777 | 165,339 | 1,091,368 | 3,975 | 15,799 | 10,076,563 | - | - |
| - | - | - | - | - | - | - | (53,373) | (1,603,341) |
| <u>2,748,979</u> | <u>309,777</u> | <u>165,339</u> | <u>1,091,368</u> | <u>3,975</u> | <u>24,399</u> | <u>10,076,563</u> | <u>(53,373)</u> | <u>(1,603,341)</u> |
| <u>3,062,247</u> | <u>309,777</u> | <u>191,770</u> | <u>1,258,216</u> | <u>4,085</u> | <u>29,074</u> | <u>10,141,820</u> | <u>2</u> | <u>-</u> |

(Continued)

CITY OF INDIAN WELLS
Combining Balance Sheet

Other Governmental Funds

(Continued)

Capital Projects Funds

| | | | | Totals | |
|--------------------------------------|-----------------------------------|------------------------|-------------------------------|-------------|------------|
| | Citywide Public Improvement | Capital Improvement | Art in Public Places | 2009 | 2008 |
| <u>Assets</u> | | | | | |
| Cash and investments | \$ 7,588 | 213,158 | 263,192 | 16,427,416 | 15,630,186 |
| Accounts receivable | - | 17,458 | - | 417,131 | 781,599 |
| Interest receivable | 58 | 1,635 | 2,019 | 115,703 | 127,941 |
| Prepaid items | - | - | - | 8,600 | 6,450 |
| Due from other funds | - | 12,131 | - | 12,131 | 16,965 |
| Total assets | \$ 7,646 | 244,382 | 265,211 | 16,980,981 | 16,563,141 |
| <u>Liabilities and Fund Balances</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | 17,655 | - | 593,395 | 417,727 |
| Due to other funds | - | - | - | 1,727,292 | 1,734,247 |
| Deposits payable | - | - | - | 65,257 | 56,660 |
| Total liabilities | - | 17,655 | - | 2,385,944 | 2,208,634 |
| Fund balances (deficits): | | | | | |
| Reserved: | | | | | |
| Prepaid items | - | - | - | 8,600 | 6,450 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | - | - | - | 15,743,567 | 14,407,104 |
| Capital projects funds | 7,646 | 226,727 | 265,211 | (1,157,130) | (59,047) |
| Total fund balances (deficits) | 7,646 | 226,727 | 265,211 | 14,595,037 | 14,354,507 |
| Total liabilities and fund balances | \$ 7,646 | 244,382 | 265,211 | 16,980,981 | 16,563,141 |

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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, 2009

| | 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 | \$ - | - | 180,520 | 184,379 | - | - | - |
| Assessments | - | - | - | 1,192,746 | - | - | - |
| Licenses and permits | - | - | - | 9,117 | - | - | - |
| Intergovernmental | 42,655 | 15,766 | - | 2,346 | 5,485 | 100,306 | 85,712 |
| Fines and forfeitures | 30,094 | - | - | - | - | - | - |
| Investment income | 7,540 | 523 | 109 | 30,791 | 8 | 3,416 | 162 |
| Rental income | - | - | - | - | - | - | - |
| Development fees | - | - | - | - | - | - | - |
| Other revenue | - | - | - | 900 | - | 349 | - |
| Total revenues | <u>80,289</u> | <u>16,289</u> | <u>180,629</u> | <u>1,420,279</u> | <u>5,493</u> | <u>104,071</u> | <u>85,874</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Community development | - | - | - | - | - | - | - |
| Public safety | - | 16,832 | - | 954,316 | - | 101,446 | - |
| Public works | 76,980 | - | 212,550 | - | 3,860 | - | 94,849 |
| Capital outlay | - | - | - | 341,233 | - | - | - |
| Total expenditures | <u>76,980</u> | <u>16,832</u> | <u>212,550</u> | <u>1,295,549</u> | <u>3,860</u> | <u>101,446</u> | <u>94,849</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,309</u> | <u>(543)</u> | <u>(31,921)</u> | <u>124,730</u> | <u>1,633</u> | <u>2,625</u> | <u>(8,975)</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>3,309</u> | <u>(543)</u> | <u>(31,921)</u> | <u>124,730</u> | <u>1,633</u> | <u>2,625</u> | <u>(8,975)</u> |
| Fund balances (deficits) at beginning 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> |
| Fund balances (deficits) at end of year | <u>\$ 237,098</u> | <u>15,766</u> | <u>5</u> | <u>1,066,711</u> | <u>(11,358)</u> | <u>17,680</u> | <u>5,865</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 |
| 2,558,957 | - | - | - | - | - | - | - | - |
| 540,234 | 93,942 | 797,273 | 760,044 | 1,468 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 85,750 | - | 25,433 | 41,580 | 131 | 6,891 | 307,730 | - | 45 |
| - | - | - | - | - | - | 1,552,809 | - | - |
| - | - | - | - | - | - | - | - | 16,272 |
| - | 5,000 | - | - | - | 455,902 | 12,419 | - | - |
| <u>3,184,941</u> | <u>98,942</u> | <u>822,706</u> | <u>801,624</u> | <u>1,599</u> | <u>462,793</u> | <u>1,872,958</u> | <u>-</u> | <u>16,317</u> |
| 2,760 | - | 1,635 | - | - | - | - | - | - |
| - | - | - | - | - | 457,357 | 1,240,518 | - | - |
| 2,374,579 | - | 797,222 | - | - | - | - | - | - |
| - | 176,753 | - | 913,691 | 1,395 | - | - | - | - |
| <u>143,688</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>2,521,027</u> | <u>176,753</u> | <u>798,857</u> | <u>913,691</u> | <u>1,395</u> | <u>457,357</u> | <u>1,240,518</u> | <u>-</u> | <u>-</u> |
| <u>663,914</u> | <u>(77,811)</u> | <u>23,849</u> | <u>(112,067)</u> | <u>204</u> | <u>5,436</u> | <u>632,440</u> | <u>-</u> | <u>16,317</u> |
| - | - | - | 111,790 | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 111,790 | - | - | - | - | - |
| 663,914 | (77,811) | 23,849 | (277) | 204 | 5,436 | 632,440 | - | 16,317 |
| <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>2,748,979</u> | <u>309,777</u> | <u>165,339</u> | <u>1,091,368</u> | <u>3,975</u> | <u>24,399</u> | <u>10,076,563</u> | <u>(53,373)</u> | <u>(1,603,341)</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 | |
| | | | | 2009 | 2008 |
| Revenues: | | | | | |
| Taxes | \$ - | - | - | 2,923,856 | 2,857,241 |
| Assessments | - | - | - | 3,385,707 | 3,483,606 |
| Licenses and permits | - | - | - | 9,117 | 1,596 |
| Intergovernmental | - | - | - | 252,270 | 620,210 |
| Fines and forfeitures | - | - | - | 30,094 | 30,684 |
| Investment income | 104 | 18,597 | 9,109 | 537,919 | 898,591 |
| Rental income | - | - | - | 1,552,809 | 1,473,829 |
| Development fees | 22,401 | - | 20,579 | 59,252 | 214,938 |
| Other revenue | - | 90 | - | 474,660 | 634,894 |
| | <u>-</u> | <u>90</u> | <u>-</u> | <u>474,660</u> | <u>634,894</u> |
| Total revenues | <u>22,505</u> | <u>18,687</u> | <u>29,688</u> | <u>9,225,684</u> | <u>10,215,589</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | - | 154,665 | - | 159,060 | 72,803 |
| Community development | - | - | - | 1,697,875 | 1,958,183 |
| Public safety | - | - | - | 4,244,395 | 4,366,704 |
| Public works | - | - | - | 1,480,078 | 1,640,280 |
| Capital outlay | - | 1,203,384 | 12,231 | 1,700,536 | 3,329,358 |
| | <u>-</u> | <u>1,203,384</u> | <u>12,231</u> | <u>1,700,536</u> | <u>3,329,358</u> |
| Total expenditures | <u>-</u> | <u>1,358,049</u> | <u>12,231</u> | <u>9,281,944</u> | <u>11,367,328</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>22,505</u> | <u>(1,339,362)</u> | <u>17,457</u> | <u>(56,260)</u> | <u>(1,151,739)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 200,000 | - | 311,790 | 111,080 |
| Transfers out | (15,000) | - | - | (15,000) | (109,500) |
| | <u>(15,000)</u> | <u>-</u> | <u>-</u> | <u>(15,000)</u> | <u>(109,500)</u> |
| Total other financing sources (uses) | <u>(15,000)</u> | <u>200,000</u> | <u>-</u> | <u>296,790</u> | <u>1,580</u> |
| Net change in fund balances | 7,505 | (1,139,362) | 17,457 | 240,530 | (1,150,159) |
| Fund balances (deficits) at beginning of year | <u>141</u> | <u>1,366,089</u> | <u>247,754</u> | <u>14,354,507</u> | <u>15,504,666</u> |
| Fund balances (deficits) at end of year | <u>\$ 7,646</u> | <u>226,727</u> | <u>265,211</u> | <u>14,595,037</u> | <u>14,354,507</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, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-------------------|----------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 28,840 | 42,655 | 13,815 | - |
| Fines and forfeitures | 30,900 | 30,094 | (806) | 30,684 |
| Investment income | <u>21,078</u> | <u>7,540</u> | <u>(13,538)</u> | <u>15,642</u> |
| Total revenues | <u>80,818</u> | <u>80,289</u> | <u>(529)</u> | <u>46,326</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 130,856 | 76,980 | 53,876 | 143,978 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>87,393</u> |
| Total expenditures | <u>130,856</u> | <u>76,980</u> | <u>53,876</u> | <u>231,371</u> |
| Excess (deficiency) of revenues over (under) expenditures | (50,038) | 3,309 | 53,347 | (185,045) |
| Fund balance at beginning of year | <u>233,789</u> | <u>233,789</u> | <u>-</u> | <u>418,834</u> |
| Fund balance at end of year | <u>\$ 183,751</u> | <u>237,098</u> | <u>53,347</u> | <u>233,789</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Public Safety 1/2% Tax Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-------------------------|----------------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 17,510 | 15,766 | (1,744) | 17,895 |
| Investment income | <u>412</u> | <u>523</u> | <u>111</u> | <u>836</u> |
| Total revenues | <u>17,922</u> | <u>16,289</u> | <u>(1,633)</u> | <u>18,731</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | <u>16,832</u> | <u>16,832</u> | <u>-</u> | <u>16,342</u> |
| Total expenditures | <u>16,832</u> | <u>16,832</u> | <u>-</u> | <u>16,342</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,090 | (543) | (1,633) | 2,389 |
| Fund balance at beginning of year | <u>16,309</u> | <u>16,309</u> | <u>-</u> | <u>13,920</u> |
| Fund balance (deficit) at end of year | <u><u>\$ 17,399</u></u> | <u><u>15,766</u></u> | <u><u>(1,633)</u></u> | <u><u>16,309</u></u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Measure "A" Transportation Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|---------------------------|-----------------|---|-------------------------|
| Revenues: | | | | |
| Taxes | \$ 262,650 | 180,520 | (82,130) | 232,772 |
| Investment income | <u>8,240</u> | <u>109</u> | <u>(8,131)</u> | <u>3,280</u> |
| Total revenues | <u>270,890</u> | <u>180,629</u> | <u>(90,261)</u> | <u>236,052</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>325,000</u> | <u>212,550</u> | <u>112,450</u> | <u>420,000</u> |
| Total expenditures | <u>325,000</u> | <u>212,550</u> | <u>112,450</u> | <u>420,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | (54,110) | (31,921) | 22,189 | (183,948) |
| Fund balance at beginning of year | <u>31,926</u> | <u>31,926</u> | - | <u>215,874</u> |
| Fund balance at end of year | <u><u>\$ (22,184)</u></u> | <u><u>5</u></u> | <u><u>22,189</u></u> | <u><u>31,926</u></u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Fire Access Maintenance District No. 1 Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-------------------|------------------|---|-------------------------|
| Revenues: | | | | |
| Taxes | \$ 212,644 | 184,379 | (28,265) | 196,409 |
| Assessments | 1,236,000 | 1,192,746 | (43,254) | 1,207,051 |
| Licenses and permits | 750 | 9,117 | 8,367 | 1,596 |
| Intergovernmental | 2,894 | 2,346 | (548) | 2,352 |
| Investment income | 23,513 | 30,791 | 7,278 | 46,906 |
| Other revenues | - | 900 | 900 | 720 |
| Total revenues | <u>1,475,801</u> | <u>1,420,279</u> | <u>(55,522)</u> | <u>1,455,034</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 986,828 | 954,316 | 32,512 | 871,813 |
| Capital outlay | <u>589,259</u> | <u>341,233</u> | <u>248,026</u> | <u>614,913</u> |
| Total expenditures | <u>1,576,087</u> | <u>1,295,549</u> | <u>280,538</u> | <u>1,486,726</u> |
| Excess (deficiency) of revenues over (under) expenditures | (100,286) | 124,730 | 225,016 | (31,692) |
| Fund balance at beginning of year | <u>941,981</u> | <u>941,981</u> | - | <u>973,673</u> |
| Fund balance at end of year | <u>\$ 841,695</u> | <u>1,066,711</u> | <u>225,016</u> | <u>941,981</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, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|---------------------------|------------------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 5,356 | 5,485 | 129 | 5,961 |
| Investment income | <u>31</u> | <u>8</u> | <u>(23)</u> | <u>84</u> |
| Total revenues | <u>5,387</u> | <u>5,493</u> | <u>106</u> | <u>6,045</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>3,784</u> | <u>3,860</u> | <u>(76)</u> | <u>1,291</u> |
| Total expenditures | <u>3,784</u> | <u>3,860</u> | <u>(76)</u> | <u>1,291</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,603 | 1,633 | 30 | 4,754 |
| Fund balance (deficit) at beginning of year | <u>(12,991)</u> | <u>(12,991)</u> | <u>-</u> | <u>(17,745)</u> |
| Fund balance (deficit) at end of year | <u><u>\$ (11,388)</u></u> | <u><u>(11,358)</u></u> | <u><u>30</u></u> | <u><u>(12,991)</u></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, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|------------------|----------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 100,000 | 100,306 | 306 | 100,000 |
| Investment income | 909 | 3,416 | 2,507 | 2,281 |
| Other revenue | <u>4,378</u> | <u>349</u> | <u>(4,029)</u> | <u>824</u> |
| Total revenues | <u>105,287</u> | <u>104,071</u> | <u>(1,216)</u> | <u>103,105</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | <u>105,000</u> | <u>101,446</u> | <u>3,554</u> | <u>100,000</u> |
| Total expenditures | <u>105,000</u> | <u>101,446</u> | <u>3,554</u> | <u>100,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | 287 | 2,625 | 2,338 | 3,105 |
| Fund balance at beginning of year | <u>15,055</u> | <u>15,055</u> | <u>-</u> | <u>11,950</u> |
| Fund balance at end of year | <u>\$ 15,342</u> | <u>17,680</u> | <u>2,338</u> | <u>15,055</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Gas Tax Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-------------------------|---------------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 98,459 | 85,712 | (12,747) | 94,002 |
| Investment income | <u>824</u> | <u>162</u> | <u>(662)</u> | <u>140</u> |
| Total revenues | <u>99,283</u> | <u>85,874</u> | <u>(13,409)</u> | <u>94,142</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>100,995</u> | <u>94,849</u> | <u>6,146</u> | <u>97,103</u> |
| Total expenditures | <u>100,995</u> | <u>94,849</u> | <u>6,146</u> | <u>97,103</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,712) | (8,975) | (7,263) | (2,961) |
| Fund balance at beginning of year | <u>14,840</u> | <u>14,840</u> | - | <u>17,801</u> |
| Fund balance (deficit) at end of year | <u><u>\$ 13,128</u></u> | <u><u>5,865</u></u> | <u><u>(7,263)</u></u> | <u><u>14,840</u></u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Emergency Services Upgrade Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|---------------------|------------------|---|-------------------------|
| Revenues: | | | | |
| Taxes | \$ 2,637,779 | 2,558,957 | (78,822) | 2,428,060 |
| Assessments | 556,200 | 540,234 | (15,966) | 582,573 |
| Investment income | 62,961 | 85,750 | 22,789 | 117,725 |
| Other revenue | 500 | - | (500) | - |
| Total revenues | <u>3,257,440</u> | <u>3,184,941</u> | <u>(72,499)</u> | <u>3,128,358</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,925 | 2,760 | 165 | 2,673 |
| Public safety | 2,987,156 | 2,374,579 | 612,577 | 2,648,407 |
| Capital outlay | 165,000 | 143,688 | 21,312 | 160,058 |
| Total expenditures | <u>3,155,081</u> | <u>2,521,027</u> | <u>634,054</u> | <u>2,811,138</u> |
| Excess (deficiency) of revenues over (under) expenditures | 102,359 | 663,914 | 561,555 | 317,220 |
| Fund balance at beginning of year | <u>2,085,065</u> | <u>2,085,065</u> | <u>-</u> | <u>1,767,845</u> |
| Fund balance at end of year | <u>\$ 2,187,424</u> | <u>2,748,979</u> | <u>561,555</u> | <u>2,085,065</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 AB 939 Recycling Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|--------------------------|-----------------------|---|-------------------------|
| Revenues: | | | | |
| Assessments | \$ 138,535 | 93,942 | (44,593) | 137,433 |
| Other revenue | <u>5,150</u> | <u>5,000</u> | <u>(150)</u> | <u>5,000</u> |
| Total revenues | <u>143,685</u> | <u>98,942</u> | <u>(44,743)</u> | <u>142,433</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>211,026</u> | <u>176,753</u> | <u>34,273</u> | <u>176,303</u> |
| Total expenditures | <u>211,026</u> | <u>176,753</u> | <u>34,273</u> | <u>176,303</u> |
| Excess (deficiency) of revenues over (under) expenditures | (67,341) | (77,811) | (10,470) | (33,870) |
| Fund balance at beginning of year | <u>387,588</u> | <u>387,588</u> | - | <u>421,458</u> |
| Fund balance (deficit) at end of year | <u><u>\$ 320,247</u></u> | <u><u>309,777</u></u> | <u><u>(10,470)</u></u> | <u><u>387,588</u></u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Solid Waste Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-------------------|----------------|---|-------------------------|
| Revenues: | | | | |
| Assessments | \$ 797,273 | 797,273 | - | 720,302 |
| Investment income | <u>24,248</u> | <u>25,433</u> | <u>1,185</u> | <u>40,573</u> |
| Total revenues | <u>821,521</u> | <u>822,706</u> | <u>1,185</u> | <u>760,875</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,034 | 1,635 | 399 | 1,595 |
| Public safety | <u>820,499</u> | <u>797,222</u> | <u>23,277</u> | <u>730,142</u> |
| Total expenditures | <u>822,533</u> | <u>798,857</u> | <u>23,676</u> | <u>731,737</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,012) | 23,849 | 24,861 | 29,138 |
| Fund balance at beginning of year | <u>141,490</u> | <u>141,490</u> | <u>-</u> | <u>112,352</u> |
| Fund balance at end of year | <u>\$ 140,478</u> | <u>165,339</u> | <u>24,861</u> | <u>141,490</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Consolidated LLMD Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|---------------------|------------------|---|-------------------------|
| Revenues: | | | | |
| Assessments | \$ 829,797 | 760,044 | (69,753) | 834,730 |
| Investment income | <u>28,746</u> | <u>41,580</u> | <u>12,834</u> | <u>58,665</u> |
| Total revenues | <u>858,543</u> | <u>801,624</u> | <u>(56,919)</u> | <u>893,395</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>1,034,964</u> | <u>913,691</u> | <u>121,273</u> | <u>800,307</u> |
| Total expenditures | <u>1,034,964</u> | <u>913,691</u> | <u>121,273</u> | <u>800,307</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(176,421)</u> | <u>(112,067)</u> | <u>64,354</u> | <u>93,088</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>111,790</u> | <u>111,790</u> | <u>-</u> | <u>111,080</u> |
| Total other financing sources (uses) | <u>111,790</u> | <u>111,790</u> | <u>-</u> | <u>111,080</u> |
| Net change in fund balance | (64,631) | (277) | 64,354 | 204,168 |
| Fund balance at beginning of year | <u>1,091,645</u> | <u>1,091,645</u> | <u>-</u> | <u>887,477</u> |
| Fund balance at end of year | <u>\$ 1,027,014</u> | <u>1,091,368</u> | <u>64,354</u> | <u>1,091,645</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Street Lighting District 2001-1 Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-----------------|--------------|---|-------------------------|
| Revenues: | | | | |
| Assessments | \$ 1,524 | 1,468 | (56) | 1,517 |
| Investment income | <u>103</u> | <u>131</u> | <u>28</u> | <u>205</u> |
| Total revenues | <u>1,627</u> | <u>1,599</u> | <u>(28)</u> | <u>1,722</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>1,834</u> | <u>1,395</u> | <u>439</u> | <u>1,298</u> |
| Total expenditures | <u>1,834</u> | <u>1,395</u> | <u>439</u> | <u>1,298</u> |
| Excess (deficiency) of revenues over (under) expenditures | (207) | 204 | 411 | 424 |
| Fund balance at beginning of year | <u>3,771</u> | <u>3,771</u> | <u>-</u> | <u>3,347</u> |
| Fund balance at end of year | <u>\$ 3,564</u> | <u>3,975</u> | <u>411</u> | <u>3,771</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Cooperative Marketing Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|------------------|----------------|---|-------------------------|
| Revenues: | | | | |
| Investment income | \$ 11,060 | 6,891 | (4,169) | 11,823 |
| Other revenue | <u>455,902</u> | <u>455,902</u> | <u>-</u> | <u>573,986</u> |
| Total revenues | <u>466,962</u> | <u>462,793</u> | <u>(4,169)</u> | <u>585,809</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Community development | <u>457,797</u> | <u>457,357</u> | <u>440</u> | <u>581,071</u> |
| Total expenditures | <u>457,797</u> | <u>457,357</u> | <u>440</u> | <u>581,071</u> |
| Excess (deficiency) of revenues over (under) expenditures | 9,165 | 5,436 | (3,729) | 4,738 |
| Fund balance at beginning of year | <u>18,963</u> | <u>18,963</u> | <u>-</u> | <u>14,225</u> |
| Fund balance (deficit) at end of year | <u>\$ 28,128</u> | <u>24,399</u> | <u>(3,729)</u> | <u>18,963</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Affordable Housing Operations Special Revenue Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|-----------------------------------|---------------------|-------------------|---|-------------------------|
| Revenues: | | | | |
| Investment income | \$ 414,343 | 307,730 | (106,613) | 510,498 |
| Rental income | 1,421,647 | 1,552,809 | 131,162 | 1,473,829 |
| Other revenue | <u>56,650</u> | <u>12,419</u> | <u>(44,231)</u> | <u>54,364</u> |
| Total revenues | <u>1,892,640</u> | <u>1,872,958</u> | <u>(19,682)</u> | <u>2,038,691</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Community development | <u>1,558,339</u> | <u>1,240,518</u> | <u>317,821</u> | <u>1,377,112</u> |
| Total expenditures | <u>1,558,339</u> | <u>1,240,518</u> | <u>317,821</u> | <u>1,377,112</u> |
| Net change in fund balance | 334,301 | 632,440 | 298,139 | 661,579 |
| Fund balance at beginning of year | <u>9,444,123</u> | <u>9,444,123</u> | <u>-</u> | <u>8,782,544</u> |
| Fund balance at end of year | <u>\$ 9,778,424</u> | <u>10,076,563</u> | <u>298,139</u> | <u>9,444,123</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, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|------------------------|---------------------|---|-------------------------|
| Revenues: | | | | |
| Taxes | \$ 38,206,784 | 38,562,360 | 355,576 | 37,459,121 |
| Investment income | 450,000 | 67,057 | (382,943) | 333,074 |
| Other revenue | <u>113,300</u> | <u>154,591</u> | <u>41,291</u> | <u>112,114</u> |
| Total revenues | <u>38,770,084</u> | <u>38,784,008</u> | <u>13,924</u> | <u>37,904,309</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Community development | 492,740 | 491,096 | 1,644 | 376,430 |
| Pass-throughs | 22,149,379 | 22,107,922 | 41,457 | 21,471,829 |
| Debt service: | | | | |
| Principal retirement | 1,885,000 | 1,885,000 | - | 2,180,000 |
| Interest and fiscal charges | <u>6,919,878</u> | <u>6,906,156</u> | <u>13,722</u> | <u>6,927,249</u> |
| Total expenditures | <u>31,446,997</u> | <u>31,390,174</u> | <u>56,823</u> | <u>30,955,508</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,323,087</u> | <u>7,393,834</u> | <u>70,747</u> | <u>6,948,801</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 4,000,000 | 4,000,000 | - | - |
| Transfers out | <u>(10,294,755)</u> | <u>(10,250,823)</u> | <u>43,932</u> | <u>(40,069,358)</u> |
| Total other financing sources (uses) | <u>(6,294,755)</u> | <u>(6,250,823)</u> | <u>43,932</u> | <u>(40,069,358)</u> |
| Net change in fund balance | 1,028,332 | 1,143,011 | 114,679 | (33,120,557) |
| Fund balance (deficit) at beginning of year | <u>(32,562,181)</u> | <u>(32,562,181)</u> | <u>-</u> | <u>558,376</u> |
| Fund balance (deficit) at end of year | <u>\$ (31,533,849)</u> | <u>(31,419,170)</u> | <u>114,679</u> | <u>(32,562,181)</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.

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, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|------------------------------|---------------------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 309,000 | 258,750 | (50,250) | 364,567 |
| Investment income | 340,278 | 78,911 | (261,367) | 795,149 |
| Other revenue | <u>-</u> | <u>32,500</u> | <u>32,500</u> | <u>-</u> |
| Total revenues | <u>649,278</u> | <u>370,161</u> | <u>(279,117)</u> | <u>1,159,716</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,065,372 | 3,843,861 | 221,511 | 3,135,646 |
| Community development | 766,518 | 516,235 | 250,283 | 578,020 |
| Public safety | 57,926 | 57,926 | - | 44,793 |
| Capital outlay | 8,583,657 | 6,813,507 | 1,770,150 | 39,159,528 |
| Debt service: | | | | |
| Interest and fiscal charges | <u>12,000</u> | <u>3,331</u> | <u>8,669</u> | <u>5,553</u> |
| Total expenditures | <u>13,485,473</u> | <u>11,234,860</u> | <u>2,250,613</u> | <u>42,923,540</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(12,836,195)</u> | <u>(10,864,699)</u> | <u>1,971,496</u> | <u>(41,763,824)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 2,866,169 | 2,553,351 | (312,818) | 32,687,033 |
| Transfers out | <u>(4,059,394)</u> | <u>(4,059,394)</u> | <u>-</u> | <u>(59,394)</u> |
| Total other financing sources (uses) | <u>(1,193,225)</u> | <u>(1,506,043)</u> | <u>(312,818)</u> | <u>32,627,639</u> |
| Net change in fund balance | (14,029,420) | (12,370,742) | 1,658,678 | (9,136,185) |
| Fund balance at beginning of year | <u>9,828,160</u> | <u>9,828,160</u> | <u>-</u> | <u>18,964,345</u> |
| Fund balance (deficit) at end of year | <u><u>\$ (4,201,260)</u></u> | <u><u>(2,542,582)</u></u> | <u><u>1,658,678</u></u> | <u><u>9,828,160</u></u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Hwy 111 Circulation Improvement Capital Projects Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|---------------------------|------------------------|---|-------------------------|
| Revenues: | | | | |
| Investment income | \$ 52 | - | (52) | - |
| Development fees | <u>15,000</u> | <u>-</u> | <u>(15,000)</u> | <u>-</u> |
| Total revenues | 15,052 | - | (15,052) | - |
| Fund balance (deficit) at beginning of year | <u>(53,373)</u> | <u>(53,373)</u> | <u>-</u> | <u>(53,373)</u> |
| Fund balance (deficit) at end of year | <u><u>\$ (38,321)</u></u> | <u><u>(53,373)</u></u> | <u><u>(15,052)</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, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|-----------------------|--------------------|---|-------------------------|
| Revenues: | | | | |
| Investment income | \$ 52 | 45 | (7) | - |
| Development fees | <u>50,000</u> | <u>16,272</u> | <u>(33,728)</u> | <u>61,815</u> |
| Total revenues | <u>50,052</u> | <u>16,317</u> | <u>(33,735)</u> | <u>61,815</u> |
| Expenditures: | | | | |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,636,083</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,636,083</u> |
| Excess (deficiency) of revenues over (under) expenditures | 50,052 | 16,317 | (33,735) | (1,574,268) |
| Fund balance (deficit) at beginning of year | <u>(1,619,658)</u> | <u>(1,619,658)</u> | <u>-</u> | <u>(45,390)</u> |
| Fund balance (deficit) at end of year | <u>\$ (1,569,606)</u> | <u>(1,603,341)</u> | <u>(33,735)</u> | <u>(1,619,658)</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Citywide Public Improvement Capital Projects Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|---------------------|-----------------|---|-------------------------|
| Revenues: | | | | |
| Investment income | \$ 52 | 104 | 52 | 9 |
| Development fees | <u>100,000</u> | <u>22,401</u> | <u>(77,599)</u> | <u>109,516</u> |
| Total revenues | <u>100,052</u> | <u>22,505</u> | <u>(77,547)</u> | <u>109,525</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(327,818)</u> | <u>(15,000)</u> | <u>312,818</u> | <u>(109,500)</u> |
| Total other financing sources (uses) | <u>(327,818)</u> | <u>(15,000)</u> | <u>312,818</u> | <u>(109,500)</u> |
| Net change in fund balance | (227,766) | 7,505 | 235,271 | 25 |
| Fund balance at beginning of year | <u>141</u> | <u>141</u> | <u>-</u> | <u>116</u> |
| Fund balance (deficit) at end of year | <u>\$ (227,625)</u> | <u>7,646</u> | <u>235,271</u> | <u>141</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Capital Improvement Capital Projects Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|--------------------|--------------------|---|-------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ - | - | - | 400,000 |
| Investment income | 68,798 | 18,597 | (50,201) | 68,785 |
| Other revenue | - | 90 | - | - |
| Total revenues | <u>68,798</u> | <u>18,687</u> | <u>(50,201)</u> | <u>468,785</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 154,665 | 154,665 | - | 68,535 |
| Capital outlay | <u>1,327,217</u> | <u>1,203,384</u> | <u>123,833</u> | <u>553,281</u> |
| Total expenditures | <u>1,481,882</u> | <u>1,358,049</u> | <u>123,833</u> | <u>621,816</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,413,084)</u> | <u>(1,339,362)</u> | <u>73,632</u> | <u>(153,031)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>500,000</u> | <u>200,000</u> | <u>(300,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>500,000</u> | <u>200,000</u> | <u>(300,000)</u> | <u>-</u> |
| Net change in fund balance | (913,084) | (1,139,362) | (226,368) | (153,031) |
| Fund balance at beginning of year | <u>1,366,089</u> | <u>1,366,089</u> | <u>-</u> | <u>1,519,120</u> |
| Fund balance at end of year | <u>\$ 453,005</u> | <u>226,727</u> | <u>(226,368)</u> | <u>1,366,089</u> |

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Art in Public Places Capital Projects Fund
 For the Year ended June 30, 2009

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Prior Year Actual |
|---|--------------------|----------------|---|-------------------------|
| Revenues: | | | | |
| Investment income | \$ 14,317 | 9,109 | (5,208) | 21,139 |
| Development fees | <u>40,000</u> | <u>20,579</u> | <u>(19,421)</u> | <u>43,607</u> |
| Total revenues | <u>54,317</u> | <u>29,688</u> | <u>(24,629)</u> | <u>64,746</u> |
| Expenditures: | | | | |
| Capital outlay | <u>322,370</u> | <u>12,231</u> | <u>310,139</u> | <u>277,630</u> |
| Total expenditures | <u>322,370</u> | <u>12,231</u> | <u>310,139</u> | <u>277,630</u> |
| Excess (deficiency) of revenues over (under) expenditures | (268,053) | 17,457 | 285,510 | (212,884) |
| Fund balance at beginning of year | <u>247,754</u> | <u>247,754</u> | - | <u>460,638</u> |
| Fund balance (deficit) at end of year | <u>\$ (20,299)</u> | <u>265,211</u> | <u>285,510</u> | <u>247,754</u> |

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DESCRIPTION OF STATISTICAL SECTION

June 30, 2009

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. | 152 - 160 |
| <u>Revenue Capacity</u> - these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 161 - 164 |
| <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 | 165 - 168 |
| <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. | 169 - 170 |
| <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. | 171 - 175 |

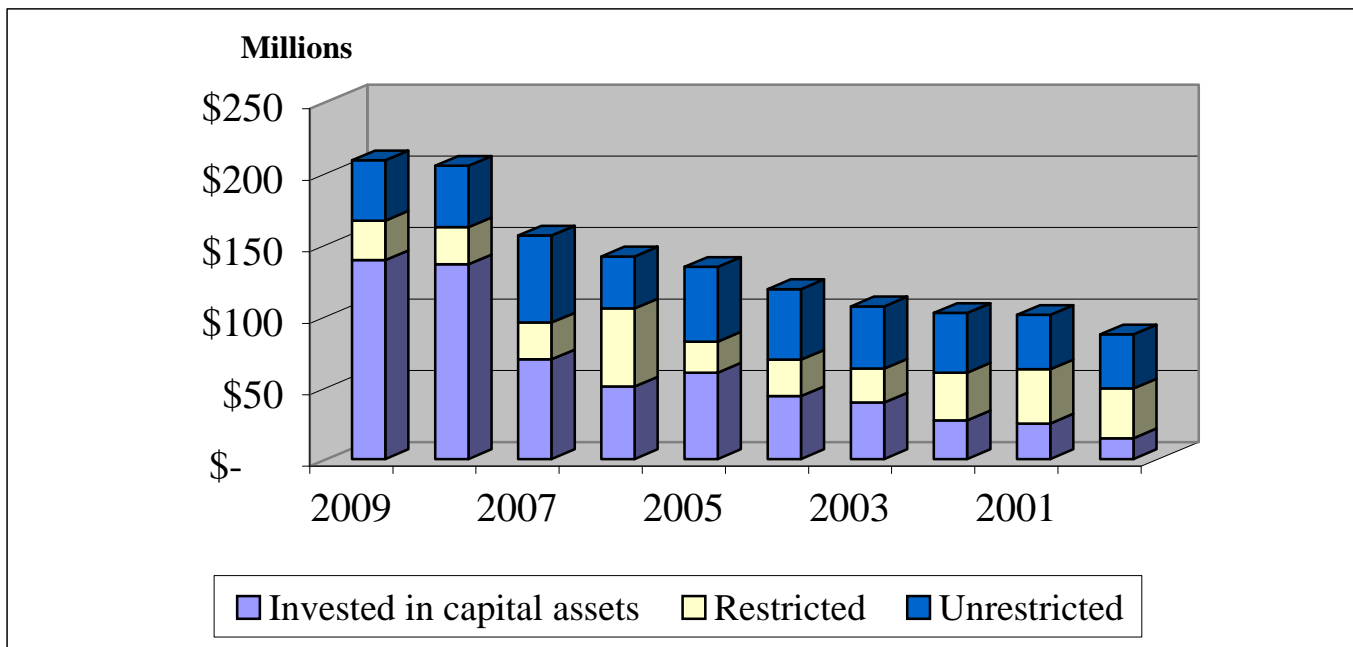
CITY OF INDIAN WELLS

Net Assets by Component

Last Ten Fiscal Years

(accrual basis of accounting)

| | Fiscal Year | | | |
|--|----------------------|--------------------|--------------------|--------------------|
| | 2009 | 2008 | 2007 | 2006 |
| Governmental activities: | | | | |
| Invested in capital assets, net of related debt | \$139,057,460 | 136,211,882 | 69,674,222 | 50,749,510 |
| Restricted for: | | | | |
| Community development | 23,412,380 | 22,401,222 | 21,060,513 | 49,567,249 |
| Public safety | 4,014,475 | 3,199,900 | 2,926,727 | 2,932,610 |
| Public works | 252,873 | 325,432 | 1,863,275 | 2,094,899 |
| Debt service | - | - | - | - |
| Unrestricted | 42,258,237 | 42,983,730 | 60,839,232 | 36,303,201 |
| Total governmental activities net assets | <u>\$208,995,425</u> | <u>205,122,166</u> | <u>156,363,969</u> | <u>141,647,469</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

| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------|
| 60,447,659 | 44,033,129 | 39,495,887 | 27,071,086 | 24,844,138 | 14,540,232 |
| 10,483,905 | 12,430,215 | 10,996,014 | 22,228,581 | 24,171,926 | 24,226,464 |
| 1,895,904 | 2,165,299 | 2,107,802 | 2,051,350 | 2,131,199 | 1,736,284 |
| 3,765,506 | 3,991,647 | 3,183,822 | 3,228,288 | 2,825,982 | 2,605,797 |
| 5,553,793 | 6,837,944 | 7,509,228 | 5,850,327 | 8,873,442 | 6,215,738 |
| <u>52,240,076</u> | <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><u>134,386,843</u></u> | <u><u>118,845,408</u></u> | <u><u>106,793,221</u></u> | <u><u>102,188,973</u></u> | <u><u>100,831,606</u></u> | <u><u>87,141,500</u></u> |

CITY OF INDIAN WELLS

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

| | Fiscal Year | | | |
|-------------------------------------|---------------------|-------------------|---------------------|---------------------|
| | 2009 | 2008 | 2007 | 2006 |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 30,400 | 627,106 | 2,235 | 5,069 |
| Community development | 2,114,861 | 2,528,006 | 1,934,844 | 1,772,860 |
| Public safety | 742,738 | 873,761 | 2,470,623 | 2,527,477 |
| Public works | 54,570 | 68,639 | 1,463,364 | 1,359,833 |
| Golf resort | 6,850,634 | 5,138,846 | 4,817,513 | 5,234,850 |
| Operating grants and contributions: | | | | |
| General government | 98,175 | 519,133 | 77,946 | 41,205 |
| Community development | 2,145,952 | 2,038,691 | 314,980 | 338,311 |
| Public safety | 2,654,704 | 2,493,117 | 2,259,723 | 2,212,899 |
| Public works | 1,629,164 | 1,543,290 | 926,673 | 354,123 |
| Capital grants and contributions: | | | | |
| Community development | 9,399,500 | 1,445,778 | 1,434,242 | |
| Public works | 291,250 | 46,463,133 | 582,880 | 3,508,743 |
| Total program revenue | <u>26,011,948</u> | <u>63,739,500</u> | <u>16,285,023</u> | <u>17,355,370</u> |
| Expenditures: | | | | |
| Governmental activities: | | | | |
| General government | 10,664,720 | 9,998,984 | 7,763,532 | 7,082,129 |
| Community development | 9,784,467 | 6,356,163 | 24,966,021 | 28,957,231 |
| Public safety | 7,594,508 | 7,211,930 | 6,146,364 | 5,903,241 |
| Public works | 5,954,213 | 6,895,396 | 3,862,991 | 3,367,663 |
| Golf resort | 10,179,734 | 9,518,594 | 5,406,302 | 7,491,500 |
| Interest on long-term debt | 6,120,317 | 7,166,630 | 6,009,532 | 4,706,168 |
| Total expenses | <u>50,297,959</u> | <u>47,147,697</u> | <u>54,154,742</u> | <u>57,507,932</u> |
| Net revenue (expense) | <u>(24,286,011)</u> | <u>16,591,803</u> | <u>(37,869,719)</u> | <u>(40,152,562)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | 18,756,437 | 18,582,342 | 37,093,682 | 35,791,172 |
| Transient occupancy taxes | 4,804,501 | 5,874,128 | 5,940,739 | 5,352,889 |
| Sales taxes | 963,446 | 1,054,972 | 1,202,051 | 1,057,899 |
| Franchise taxes | 870,700 | 902,634 | 894,378 | 726,333 |
| Other taxes | 1,360,608 | 1,875,547 | 1,112,636 | 1,024,505 |
| Investment income | 1,147,924 | 3,467,226 | 5,554,158 | 3,217,562 |
| Gain on sale of asset | - | - | 350,454 | - |
| Other | 255,654 | 169,525 | 438,121 | 242,828 |
| Total general revenues | <u>28,159,270</u> | <u>31,926,374</u> | <u>52,586,219</u> | <u>47,413,188</u> |
| Change in net assets | <u>\$ 3,873,259</u> | <u>48,518,177</u> | <u>14,716,500</u> | <u>7,260,626</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.

- ¹ 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.
- ² The increase from the prior period was the result of a \$6.6 million capital grant for the Whitewater River Channel storm crossing.
- ³ Investment income included a \$1.7 million increase in the fair value of investments.

| Fiscal Year | | | | | |
|--------------------------------|-------------------------------|---------------------|---------------------|------------------------|---------------------|
| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| 1,037 | 1,577 | - | - | - | - |
| 1,570,382 | 1,142,076 | 1,539,238 | 1,445,126 | 1,890,360 | 2,055,354 |
| 2,056,493 | 2,017,645 | 2,082,454 | 1,919,640 | 1,938,243 | 1,877,324 |
| 1,381,225 | 1,589,854 | 721,574 | 755,604 | 1,253,138 | 1,440,153 |
| 7,138,609 | 7,103,298 | 6,324,063 | 6,166,706 | 7,625,215 | 7,978,102 |
| 14,691 | 44,721 | - | - | - | - |
| 364,975 | 733,311 | 535,000 | - | - | - |
| 1,832,677 | 1,852,363 | 1,660,138 | 1,485,935 | 1,419,880 | 1,053,421 |
| 309,305 | 313,453 | 268,264 | 258,401 | 241,414 | 229,623 |
| <u>11,002,296</u> ¹ | <u>7,775,714</u> ² | <u>132,727</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>25,671,690</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> |
| 6,476,847 | 6,550,342 | 8,246,755 | 5,898,875 | 6,399,803 | 3,692,407 |
| 20,563,959 | 18,643,445 | 16,027,330 | 19,557,970 | 14,027,933 | 15,361,863 |
| 6,279,925 | 6,260,002 | 5,650,403 | 5,109,718 | 4,809,561 | 3,885,920 |
| 3,288,793 | 2,699,525 | 3,470,564 | 3,092,393 | 2,520,733 | 1,878,286 |
| 8,008,708 | 7,041,090 | 6,835,918 | 6,416,191 | 6,587,627 | 6,543,445 |
| 4,951,228 | 4,899,758 | 2,362,254 | 1,646,067 | 1,685,994 | - |
| <u>49,569,460</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>(23,897,770)</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> |
| 29,371,922 | 27,998,756 | 25,511,291 | 23,143,109 | 22,714,005 | 19,983,706 |
| 4,656,403 | 4,141,094 | 3,640,130 | 3,166,058 | 4,421,308 | 4,432,357 |
| 897,119 | 820,736 | 659,452 | 665,394 | 743,627 | 624,842 |
| 641,951 | 617,422 | 587,964 | 542,740 | 492,259 | 436,961 |
| 820,887 | 608,303 | 805,388 | 671,031 | 448,836 | 171,278 |
| 2,894,907 | 1,206,620 | 1,781,327 | 2,575,704 | 6,013,397 ³ | 3,424,194 |
| - | - | 357,347 | - | 243,458 | 55,072 |
| <u>156,016</u> | <u>179,406</u> | <u>591,121</u> | <u>283,127</u> | <u>276,615</u> | <u>398,047</u> |
| <u>39,439,205</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>15,541,435</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 Ten Fiscal Years

(modified accrual basis of accounting)

| | Fiscal Year | | | |
|------------------------------------|---------------------|-------------------|-------------------|-------------------|
| | 2009 | 2008 | 2007 | 2006 |
| General fund: | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ - | - | - | - |
| Prepaid items | 50,787 | 700 | - | - |
| Advances to other funds | 26,150,000 | 30,797,726 | 20,000,000 | 20,000,000 |
| Unreserved | <u>17,356,780</u> | <u>11,846,566</u> | <u>7,715,559</u> | <u>10,727,164</u> |
| Total general fund | <u>\$43,557,567</u> | <u>42,644,992</u> | <u>27,715,559</u> | <u>30,727,164</u> |
| All other governmental funds | | | | |
| Reserved for: | | | | |
| Encumbrances | \$ - | - | - | - |
| Continued appropriations | - | - | - | - |
| Inventory | 473,863 | 724,063 | 97,252 | 189,573 |
| Prepaid items | 29,455 | 63,394 | 76,516 | 53,269 |
| Other long-term assets | 4,316,639 | - | - | - |
| Golf course operation | - | - | 838,138 | 96,369 |
| Low/moderate housing | 18,965,920 | - | 26,850,170 | 33,734,335 |
| Debt service | - | - | - | - |
| Land held for resale | - | - | 15,074,119 | 19,102,515 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 29,035,755 | 44,176,206 | 43,620,019 | 26,803,436 |
| Debt service | (31,419,170) | (32,562,181) | 558,376 | (17,736,492) |
| Capital projects funds | <u>(3,699,712)</u> | <u>9,769,113</u> | <u>5,771,337</u> | <u>9,073,188</u> |
| Total all other governmental funds | <u>\$17,702,750</u> | <u>22,170,595</u> | <u>92,885,927</u> | <u>71,316,193</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 | | | | | |
|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| - | - | - | 134,414 | - | 186,584 |
| 6,000 | 417,725 | 178,647 | 163,562 | - | - |
| - | - | - | - | - | - |
| <u>10,217,412</u> | <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>10,223,412</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 | - | - |
| 183,252 | 346,399 | 425,311 | 508,855 | 440,593 | 422,398 |
| 91,690 | 87,989 | 127,535 | 139,841 | 85,500 | 91,874 |
| - | - | - | 792,290 | 993,843 | 4,568,263 |
| 639,790 | 717,691 | 790,898 | 1,030,465 | 1,878,283 | 1,203,946 |
| 30,761,975 | 34,485,602 | 50,178,629 | 860,004 | - | - |
| 6,875,205 | 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 | 4,028,395 |
| 40,771,632 | 40,637,254 | 35,302,727 | 34,747,887 | 19,823,123 | 15,000,000 |
| - | - | - | - | - | - |
| <u>21,852,557</u> | <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>105,204,496</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 Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|--|-----------------------|---------------------|------------------------|---------------------|
| | 2009 | 2008 | 2007 | 2006 |
| Revenues: | | | | |
| Taxes | \$ 51,245,652 | 51,537,447 | 48,314,537 | 46,131,556 |
| Assessments | 3,385,707 | 3,483,606 | 3,036,321 | 3,084,600 |
| Licenses and permits | 226,007 | 399,003 | 728,761 | 617,834 |
| Intergovernmental | 937,750 | 1,460,266 | 2,682,465 | 4,958,972 |
| Fines and forfeitures | 52,762 | 52,083 | 109,671 | 96,056 |
| Charges for services | 7,478,699 | 6,257,950 | 5,518,266 | 5,869,314 |
| Investment income | 4,162,047 | 8,035,693 | 8,696,113 | 5,496,516 |
| Development fees | 59,252 | 214,938 | 582,880 | 600,668 |
| Other | 7,823,725 | 1,156,637 | 1,213,908 | 959,066 |
| Total revenues | <u>75,371,601</u> | <u>72,597,623</u> | <u>70,882,922</u> | <u>67,814,582</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 10,506,842 | 9,604,914 | 8,076,374 | 7,308,390 |
| Community development | 3,784,085 | 4,091,199 | 4,045,155 | 7,855,308 |
| Public safety | 7,471,826 | 7,133,876 | 6,156,103 | 5,911,765 |
| Public works | 3,278,386 | 3,306,362 | 2,843,400 | 2,578,102 |
| Golf resort | 10,179,734 | 9,333,933 | 6,042,600 | 6,263,126 |
| Pass-throughs | 22,107,922 | 21,471,829 | 19,874,202 | 20,862,080 |
| Capital outlay | 12,361,227 | 59,787,295 | 35,637,285 | 20,802,188 |
| Debt service: | | | | |
| Principal retirement | 3,720,000 | 3,965,000 | 3,330,000 | 3,260,000 |
| Interest and fiscal charges | 8,858,488 | 8,939,114 | 8,753,951 ¹ | 6,855,103 |
| Total expenditures | <u>82,268,510</u> | <u>127,633,522</u> | <u>94,759,070</u> | <u>81,696,062</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(6,896,909)</u> | <u>(55,035,899)</u> | <u>(23,876,148)</u> | <u>(13,881,480)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 15,377,613 | 60,589,937 | 52,624,250 | 56,208,798 |
| Transfers out | (16,377,613) | (61,339,937) | (53,374,250) | (56,208,798) |
| 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 | 4,341,639 | - | 375,848 | - |
| Total other financing sources (uses) | <u>3,341,639</u> | <u>(750,000)</u> | <u>42,434,277</u> | <u>496,929</u> |
| Net change in fund balances | <u>\$ (3,555,270)</u> | <u>(55,785,899)</u> | <u>18,558,129</u> | <u>(13,384,551)</u> |
| Debt service as a percentage of noncapital expenditures | | | | |
| | 89.6% | 15.9% | 26.2% | 20.1% |

¹ Includes bond issue and discount costs of \$1,540,154

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

³ 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

| | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|--------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| | 38,106,070 | 35,953,987 | 32,711,763 | 28,114,977 | 28,774,118 | 25,700,156 |
| | 2,552,226 | 2,476,024 | 2,462,295 | 2,420,202 | 2,390,401 | 2,338,309 |
| | 949,622 | 1,115,792 | 297,789 | 353,911 | 611,025 | 682,531 |
| | 9,562,484 | 7,362,480 | 508,366 | 1,921,609 | 1,817,575 | 1,356,462 |
| | 114,078 | 190,446 | 153,597 | - | - | - |
| | 7,943,064 | 8,070,440 | 7,189,375 | 6,989,223 | 8,539,747 | 8,970,802 |
| | 4,001,528 | 1,095,279 | 1,735,207 | 2,430,459 | 5,587,043 | 3,168,053 |
| | 647,957 | 889,384 | 131,338 | 124,286 | 550,285 | 854,546 |
| | <u>883,644</u> | <u>1,485,931</u> | <u>1,603,467</u> | <u>1,124,146</u> | <u>1,283,677</u> | <u>1,262,511</u> |
| | <u>64,760,673</u> | <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> |
| | 6,649,994 | 6,346,124 | 8,072,119 | 5,760,306 | 6,030,741 | 3,697,869 |
| | 2,161,045 | 2,062,582 | 1,834,577 | 6,725,603 | 1,657,802 | 1,847,595 |
| | 6,376,941 | 6,347,279 | 5,596,779 | 5,055,745 | 4,755,588 | 3,844,659 |
| | 2,377,858 | 2,011,325 | 2,697,392 | 2,393,882 | 1,831,939 | 1,328,663 |
| | 8,125,952 | 7,070,963 | 6,459,480 | 5,973,851 | 6,240,818 | 6,331,842 |
| | 17,384,055 | 15,872,682 | 13,916,479 | 12,206,283 | 11,853,498 | 10,175,077 |
| | 24,745,401 | 26,928,496 | 26,868,088 | 3,227,266 | 11,612,264 | 6,493,303 |
| | 3,665,000 | 1,705,000 | 765,000 | 730,000 | 695,000 | 670,000 |
| ² | <u>5,051,990</u> | <u>4,201,194</u> | <u>3,664,778</u> | <u>2,002,536</u> | <u>2,032,901</u> | <u>2,046,591</u> |
| | <u>76,538,236</u> | <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>(11,777,563)</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> |
| | 8,034,396 | 11,925,669 | 25,638,690 | 22,601,526 | 6,715,071 | 17,706,173 |
| | (8,534,396) | (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>(500,000)</u> | <u>4,172,740</u> | <u>84,943,798</u> | <u>4,872,332</u> | <u>427,830</u> | <u>75,000</u> |
| | <u>(12,277,563)</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> |
| | 20.2% | 14.9% | 10.0% | 7.2% | 8.4% | 9.6% |

CITY OF INDIAN WELLS

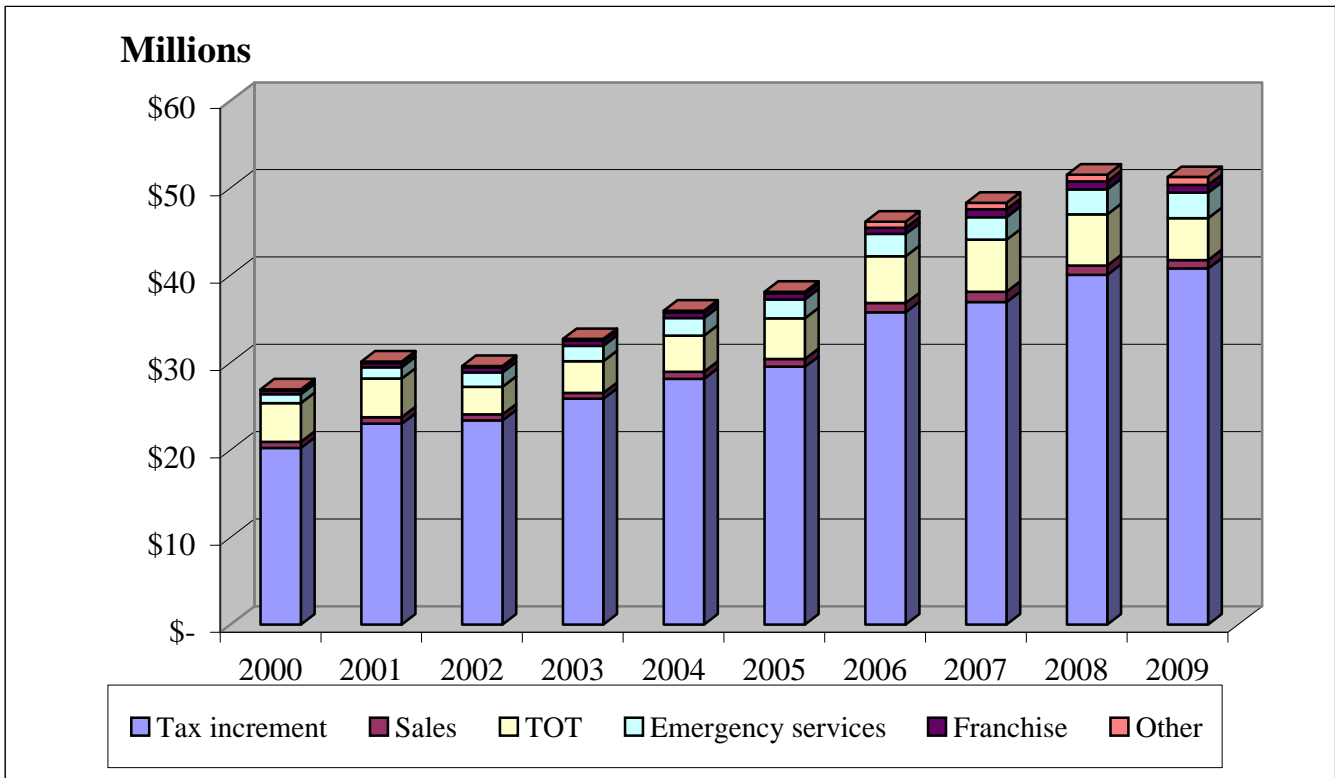
Tax Revenues by Source - Governmental Funds

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 |
|-----------------|--------------------------------|-----------|---------------------|--------------------|-----------|---------|------------|
| 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 |
| 2009 | 40,770,451 | 963,446 | 4,804,501 | 2,923,853 | 870,700 | 912,698 | 51,245,649 |

Percentage change:

| | | | | | | | |
|-----------|--------|-------|------|--------|-------|--------|-------|
| 2000-2009 | 101.4% | 41.1% | 8.4% | 181.4% | 99.3% | 731.3% | 90.2% |
|-----------|--------|-------|------|--------|-------|--------|-------|



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 | |
| 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 |
| 2009 | 903,292,424 | 5,793,464 | 909,085,888 | 4,115,512,584 | 49,085,006 | 4,164,597,590 | 1.210 |

* 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.

Source: County of Riverside

CITY OF INDIAN WELLS
Direct and Overlapping Property Tax Rates

| | <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> | <u>2009</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 | 0.24490 | 0.23866 | 0.23875 | 0.23617 | 0.23249 | 0.23051 | 0.22471 | 0.29460 | 0.29679 | 0.29688 |
| 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 | 0.51490 | 0.50866 | 0.50875 | 0.50617 | 0.50249 | 0.50051 | 0.49471 | 0.56460 | 0.56679 | 0.56688 |
| Overlapping Rates: | | | | | | | | | | |
| Riverside County General & Fire | 0.28975 | 0.29021 | 0.29024 | 0.29080 | 0.29080 | 0.29087 | 0.28868 | 0.28791 | 0.28371 | 0.28376 |
| Coachella Valley Water District | 0.06196 | 0.06062 | 0.05989 | 0.05866 | 0.05881 | 0.05855 | 0.05891 | 0.05885 | 0.05877 | 0.05870 |
| Desert Sands Unified School District | 0.08322 | 0.08734 | 0.08769 | 0.08955 | 0.09159 | 0.09279 | 0.09694 | 0.09745 | 0.09857 | 0.09851 |
| Riverside County School Superintendent of Schools | 0.00941 | 0.00987 | 0.00991 | 0.01012 | 0.01035 | 0.01049 | 0.01096 | 0.01102 | 0.01114 | 0.01114 |
| College of the Desert | 0.01729 | 0.01815 | 0.01822 | 0.01861 | 0.01903 | 0.01928 | 0.02014 | 0.02025 | 0.02048 | 0.02047 |
| Coachella Valley Parks & Recreation District | 0.01413 | 0.01514 | 0.01523 | 0.01571 | 0.01621 | 0.01650 | 0.01750 | 0.01763 | 0.01792 | 0.01792 |
| Coachella Valley Mosquito & Vector Control District | 0.00934 | 0.01001 | 0.01007 | 0.01038 | 0.01072 | 0.01091 | 0.01157 | 0.01166 | 0.01185 | 0.01185 |
| Riverside County Regional Park & Open Space | - | - | - | - | - | 0.00003 | 0.00019 | 0.00021 | 0.00026 | 0.00026 |
| Coachella Valley Public Cemetery | - | - | - | - | - | 0.00003 | 0.00015 | 0.00017 | 0.00021 | 0.00022 |
| Desert Regional Medical Center | - | - | - | - | - | 0.00004 | 0.00024 | 0.00025 | 0.00029 | 0.00029 |
| Coachella Valley Resource Conservation | - | - | - | - | - | - | 0.00001 | 0.00001 | 0.00002 | 0.00002 |
| Coachella Valley Water District | 0.02100 | 0.02100 | 0.02100 | 0.02100 | 0.02100 | 0.02100 | 0.02100 | 0.02080 | 0.04000 | 0.04000 |
| Desert Community College | - | - | - | - | - | 0.02000 | 0.02000 | 0.01995 | 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>0.09600</u> | <u>0.07700</u> | <u>0.07613</u> | <u>0.07561</u> | <u>0.07990</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>1.13700</u> | <u>1.11800</u> | <u>1.18688</u> | <u>1.20556</u> | <u>1.20985</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 | 2009 | | 2000 | |
|------------------------------|------------------------|--|------------------------|--|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| Grand Champions LLC | \$ 88,553,648 | 0.0021% | \$ 37,460,579 | 0.0015% |
| Vintage Club | 66,095,237 | 0.0017% | 58,998,125 | 0.0024% |
| Garden of Champions | 65,445,996 | 0.0015% | | 0.0000% |
| Felcor Esmeralda, LLC | 54,226,802 | 0.0014% | | 0.0000% |
| Toscana Country Club, Inc. | 36,164,523 | 0.0009% | | 0.0000% |
| LH Indian Wells Holding LLC | 32,365,736 | 0.0008% | | 0.0000% |
| Standard Pacific Corporation | 29,065,003 | 0.0007% | | 0.0000% |
| Toscana Land LLC | 25,981,569 | 0.0007% | | 0.0000% |
| Toscana Homes | 23,710,117 | 0.0006% | | 0.0000% |
| IWCC Acquisition Corporation | 23,199,239 | 0.0006% | 16,748,506 | 0.0007% |
| Daon Stouffer | - | 0.0000% | 115,500,143 | 0.0046% |
| Heritage Land | - | 0.0000% | 25,094,200 | 0.0010% |
| Marcus Geneva Inc | - | 0.0000% | 21,636,609 | 0.0009% |
| Lisa B. Heyman | - | 0.0000% | 17,428,068 | 0.0007% |
| Leo W. Cook | - | 0.0000% | 14,575,877 | 0.0006% |
| Alexander & Baldwin Inc | - | 0.0000% | 13,899,886 | 0.0006% |
| El Dorado Country Club | - | 0.0000% | 11,769,049 | 0.0005% |
| | <u>\$ 444,807,870</u> | <u>0.0110%</u> | <u>\$ 333,111,042</u> | <u>0.0134%</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 |
| 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% |
| 2009 | 40,211,739 | 40,320,316 | 100.27% | 266,064 | 40,586,380 | 100.93% |

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 ² | Per Capita ² |
|-----------------------|--------------------------|------------------|-------------|--|----------------------------|
| | Tax Allocation Bonds | Notes Payable | Total | | |
| 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 ¹ | - | 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 ³ | - | 133,580,000 | 28.57% | 27,030 |
| 2008 | 129,615,000 | - | 129,615,000 | 27.91% | 25,794 |
| 2009 | 125,895,000 | - | 125,895,000 | 24.20% | 24,719 |

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

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

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

³ 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 Limit | Legal Debt Margin | Legal Debt Margin as a % of Limit |
|-----------------------|----------------------------|--|---------------|---------------------------------------|-------------------------------------|---------------------|----------------------|---|
| | Tax Allocation Bonds | % of Assessed Value ¹ | | Amounts Set Aside To Repay Debt | Debt Applicable To Debt Limit | | | |
| 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% |
| 2009 | 125,895 | 3.0% | 24,719 | 38,487 | 87,408 | 761,053 | 673,644 | 88.5% |

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

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

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

CITY OF INDIAN WELLS

Direct and Overlapping Debt

June 30, 2009

| | | |
|--|-------------------|-----------------------------------|
| 2008-2009 Assessed Valuation: | | \$ 5,073,683,478 |
| Redevelopment Incremental Valuation: | | <u>3,790,716,297</u> |
| Adjusted Assessed Valuation: | | <u>\$ 1,282,967,181</u> |
| | % | |
| | <u>Applicable</u> | <u>Debt 6/30/09</u> |
| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | | |
| Desert Sands Unified School District General Obligation Bonds | 7.870% | \$ 23,323,048 |
| Desert Sands Unified School District Lease Tax Obligations | 7.870% | \$ 213,277 |
| Desert Community College District | 3.475% | 11,323,965 |
| City of Indian Wells | 100.000% | - |
| Coachella Valley County Water District, I.D. No. 54 | 31.995% | 951,851 |
| Coachella Valley County Water District, I.D. No. 55 | 0.385% | <u>16,055</u> |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | <u><u>\$ 35,828,196</u></u> |
| OVERLAPPING GENERAL FUND OBLIGATION DEBT: | | |
| Riverside County General Fund Obligations | 0.742% | \$ 5,648,064 |
| Riverside County Pension Obligatons | 0.742% | 2,835,108 |
| Riverside County Board of Education Certificates of Participation | 0.742% | 61,363 |
| Desert Sands Unified School District Certificates of Participation | 7.870% | 5,492,867 |
| Coachella Valley County Water District I.D. No. 71 Certificates of Participation | 4.830% | 253,092 |
| Coachella Valley Recreation and Park District Certificates of Participation | 5.838% | <u>143,323</u> |
| TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT | | 14,433,817 |
| Less: Riverside County Administrative Center Authority (100% self-supporting) | | <u>(121,350)</u> |
| TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT | | <u>\$ 14,312,467</u> |
| GROSS COMBINED TOTAL DEBT | | <u>\$ 50,262,013</u> ¹ |
| NET COMBINED TOTAL DEBT | | <u>\$ 50,140,663</u> |

Notes:

¹ 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.

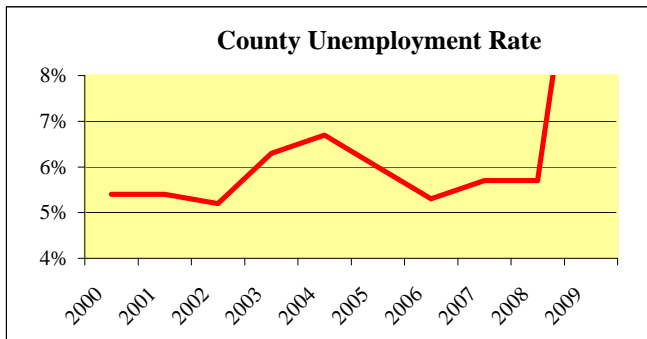
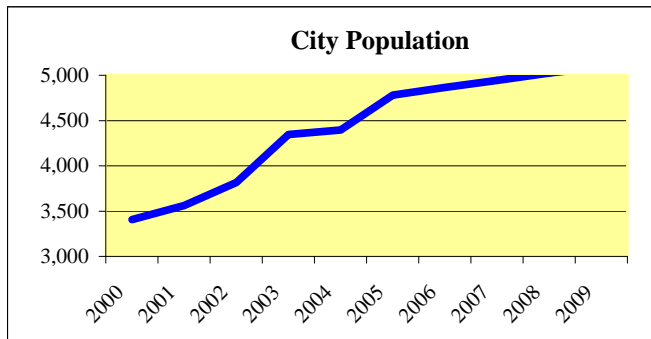
CITY OF INDIAN WELLS
Pledged-Revenue Coverage
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Tax Allocation Bonds | | | |
|---------------------------------|----------------------|--------------|-----------|----------|
| | Tax Increment | Debt Service | | Coverage |
| | | Principal | Interest | |
| 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 |
| 2009 | 38,486,642 | 3,720,000 | 5,838,334 | 4.03 |

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) |
|-------------|----------------|--------------------------------|--------------------------------|------------------------|----------------|-----------------------|
| 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% |
| 2009 | 5,093 | 520,219 | 102,144 | 498,900 | 63.4 | 13.7% |



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 | 2009 | | | | 2000 | | |
|------------------------------|---------------------|----------------------|------|----------------------------------|---------------------|------|----------------------------------|
| | Number of Employees | Primary Description | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment |
| Hyatt Grand Champions | 613 | Resort Hotel | 1 | 27.66% | 520 | 1 | 27.48% |
| Renaissance Esmeralda Resort | 525 | Resort Hotel | 2 | 23.69% | 502 | 2 | 26.53% |
| Miramonte Resort & Spa | 235 | Resort Hotel | 3 | 10.60% | 170 | 3 | 8.99% |
| El Dorado Country Club | 187 | Private Golf Course | 4 | 8.44% | 167 | 4 | 8.83% |
| Indian Wells Golf Resort | 180 | Public Golf Course | 5 | 7.36% | 136 | 6 | 7.19% |
| Indian Wells Country Club | 163 | Country Club | 6 | 8.12% | 148 | 5 | 7.82% |
| Merrill Lynch | 98 | Stock & Bond Brokers | 7 | 4.42% | 88 | 8 | 4.65% |
| Windermer Real Estate | 78 | Real Estate Broker | 8 | 2.62% | 0 | n/a | 0.00% |
| Desert Horizons Country Club | 79 | Country Club | 9 | 3.52% | 66 | 9 | 3.49% |
| Indian Wells Resort Hotel | 58 | Resort Hotel | 10 | 3.56% | 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>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> | <u>2009</u> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City Manager/Clerk | 4.50 | 4.50 | 5.30 | 4.00 | 4.00 | 4.75 | 8.75 | 9.75 | 9.75 | 6.75 |
| Advertising/Marketing | - | - | - | - | - | - | - | - | - | 3.00 |
| Risk Management | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Personnel | 0.75 | 0.50 | 0.25 | 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 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Planning & Building | | | | | | | | | | |
| Development | 8.70 | 8.70 | 8.00 | 8.00 | 9.00 | 9.00 | 10.00 | 10.00 | 10.00 | 9.00 |
| Finance Department | 5.00 | 5.00 | 7.00 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Central Services | 2.50 | 2.50 | 0.75 | - | - | - | - | - | - | - |
| Public Safety | 0.55 | 0.80 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 0.50 |
| Public Relations | - | - | 1.20 | - | - | - | - | - | - | - |
| Public Works | 6.00 | 6.00 | 7.00 | 7.00 | 8.00 | 8.00 | 7.00 | 8.00 | 8.00 | 8.00 |
| Golf Resort | - | - | - | - | - | 1.00 | 1.00 | 1.00 | 1.00 | - |
| Total | <u>30.00</u> | <u>30.00</u> | <u>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> | <u>35.00</u> |

Source: City of Indian Wells Budget

CITY OF INDIAN WELLS

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

| <u>Function</u> | Fiscal Year | | | | |
|--------------------------|-------------|--------|--------|--------|--------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| Police | | | | | |
| Thefts | 110 | 144 | 84 | 94 | 73 |
| Burglaries | 61 | 56 | 82 | 118 | 148 |
| Traffic Collisions | 200 | 205 | 98 | 166 | 177 |
| Traffic Citations | 4,038 | 2,142 | 795 | 1,314 | 2,374 |
| Fire | | | | | |
| Medical Aid Calls | 695 | 547 | 441 | 452 | 465 |
| Public Service Assists | 42 | 66 | 31 | 31 | 31 |
| Structure Fires | 19 | 54 | 9 | 3 | 33 |
| Vegetation Fires | - | 5 | 2 | - | - |
| Building Activity | | | | | |
| Permits Issued | 2,751 | 1,318 | 842 | 732 | 1,092 |
| Inspections Performed | 8,671 | 6,450 | 5,494 | 4,554 | 6,267 |
| New Dwelling Units | 177 | 100 | 34 | 34 | 170 |
| Public Works | | | | | |
| Lot Line Adjustments | 25 | 5 | 8 | 12 | 13 |
| Parcel Mergers | 3 | 3 | 5 | 4 | 2 |
| Encroachment Permits | 30 | 51 | 78 | 101 | 113 |
| Tract Maps | 1 | 6 | 1 | 2 | 2 |
| Golf Resort | | | | | |
| Golf rounds played | 99,114 | 93,570 | 76,550 | 81,353 | 87,515 |
| Adminstration | | | | | |
| City Council Meetings | 21 | 21 | 22 | 22 | 24 |
| Public Hearings | 44 | 43 | 57 | 41 | 30 |
| Adopted Resolutions | 63 | 81 | 44 | 80 | 59 |

Fiscal Year

| 2005 | 2006 | 2007 | 2008 | 2009 |
|--------|--------|--------|--------|--------|
| 75 | 70 | 97 | 150 | 104 |
| 108 | 101 | 129 | 109 | 55 |
| 152 | 148 | 152 | 167 | 107 |
| 1,318 | 1,311 | 1,229 | 976 | 1,014 |
| 530 | 514 | 529 | 574 | 690 |
| 21 | 28 | 44 | 97 | 70 |
| 40 | 17 | 4 | 19 | 8 |
| - | 1 | - | - | - |
| 1,148 | 1,122 | 800 | 859 | 577 |
| 9,245 | 7,431 | 4,702 | 5,590 | 4,421 |
| 159 | 107 | 52 | 49 | 9 |
| 12 | 6 | 4 | 18 | 2 |
| 4 | 1 | 2 | 4 | - |
| 88 | 154 | 116 | 73 | 67 |
| 3 | 4 | 2 | 1 | 1 |
| 88,878 | 58,154 | 53,223 | 48,082 | 69,308 |
| 24 | 22 | 21 | 19 | 23 |
| 37 | 50 | 34 | 17 | 18 |
| 57 | 60 | 44 | 60 | 46 |

CITY OF INDIAN WELLS

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

| Function | Units of Measure | Fiscal Year | |
|---|------------------|-------------|-------|
| | | 2000 | 2001 |
| Public safety | | | |
| Police Sub-Stations | Buildings | 1.00 | 1.00 |
| Fire stations | Buildings | 1.00 | 1.00 |
| Highways, Streets, Bridges, & Infrastructure | | | |
| Pavement (Roadway) | Centerline Miles | 22.20 | 22.20 |
| Sidewalks | Miles | 10.10 | 11.00 |
| Bridges | Each | 1.50 | 1.50 |
| Traffic Signals | Each | 3.75 | 3.75 |
| Traffic Signals equipped with Red Light Runner Camera | Each | 1.00 | 2.00 |
| Streetlights (not included with traffic signals) | Each | 19.00 | 19.00 |
| Sanitary Sewer Lift Stations (CVWD) | Each | 1.00 | 1.00 |
| Parks and recreation | | | |
| Parks | Each | 1.00 | 1.00 |
| 18-Hole Public Golf Courses | Each | 2.00 | 2.00 |
| Golf Course Clubhouse | Each | 1.00 | 1.00 |
| City Vehicles | | | |
| City-Owned Motor Vehicles | Each | 12.00 | 12.00 |
| Affordable Housing | | | |
| Senior Affordable Housing Complexes | Each | 1.00 | 1.00 |
| Senior Affordable Housing Units | Each | 90.00 | 90.00 |

| Fiscal Year | | | | | | | |
|-------------|-------|-------|--------|--------|--------|--------|--------|
| 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| 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 | 22.30 | 22.30 | 22.30 | 22.30 | 25.80 | 25.80 | 25.80 |
| 12.00 | 12.00 | 12.00 | 12.00 | 12.70 | 12.70 | 12.70 | 12.70 |
| 1.50 | 2.50 | 2.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| 3.75 | 3.75 | 3.75 | 3.75 | 4.75 | 12.75 | 12.75 | 15.25 |
| 3.00 | 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 | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 11.00 | 11.00 | 11.00 | 12.00 | 14.00 | 14.00 | 14.00 | 14.00 |
| 1.00 | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 90.00 | 90.00 | 90.00 | 218.00 | 218.00 | 218.00 | 218.00 | 218.00 |

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