

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

CITY OF INDIAN WELLS, CALIFORNIA

For the

Fiscal Year Ended

June 30, 2010

Prepared by the Finance Department

Kevin McCarthy, Finance Director

Susan Leong, Accounting Manager

Norma Rojo, Accounting Technician III/Payroll

Amy Dallosta, Accounting Technician II

Daisy Amezcua, Accounting Technician I

44-950 Eldorado Drive, Indian Wells, California 92210-7497

Telephone: 760-346-2489 - Fax: 760-346-0407

www.cityofindianwells.org

(This page intentionally left blank)

CITY OF INDIAN WELLS

TABLE OF CONTENTS

For the Year ended June 30, 2010

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Transmittal Letter	7
GFOA Certificate of Achievement <i>for</i> Excellence in Financial Reporting	24
Organization Chart	25
List of Principal Officials	26
FINANCIAL SECTION:	
Independent Auditors' Report	27
Management's Discussion and Analysis (Required Supplementary Information)	29
Basic Financial Statements:	
Government-wide Financial Statements:	51
Statement of Net Assets	52
Statement of Activities	53
Fund Financial Statements:	
Governmental Funds:	55
Balance Sheet	56
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	59
Statement of Revenues, Expenditures and Changes in Fund Balances	60
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	62
Proprietary Fund:	
Statement of Net Assets	63
Statement of Revenues, Expenses and Changes in Fund Net Assets	64
Statement of Cash Flows	65
Notes to Basic Financial Statements	67

CITY OF INDIAN WELLS

TABLE OF CONTENTS
(CONTINUED)

For the Year ended June 30, 2010

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Required Supplementary Information:	113
Note to Required Supplementary Information	114
Budgetary Comparison Schedules:	
General Fund	115
Emergency Reserve Fund	117
Golf Resort Operations Fund	118
Low/Moderate Housing Fund	119
Supplementary Schedules:	121
Other Governmental Funds:	
Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	126
Other Special Revenue Funds	129
Budgetary Comparison Schedules:	
Traffic Safety	131
Public Safety ½ % Tax	132
Measure "A" Transportation	133
Extraordinary Grant	134
Fire Access Maintenance District No. 1	135
South Coast Air Quality Management District Vehicle Registration	136
Citizens Option for Public Safety Program - Police Funding	137
Gas Tax	138
Emergency Services Upgrade	139
AB 939 Recycling	140
Solid Waste	141
Consolidated LLMD	142
Street Lighting District 2001-1	143
Cooperative Marketing	144
Affordable Housing Operations	145
Debt Service Fund:	147
Budgetary Comparison Schedule:	
RDA Whitewater Debt Service Fund	148

CITY OF INDIAN WELLS

TABLE OF CONTENTS
(CONTINUED)

For the Year ended June 30, 2010

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Supplementary Schedules (Continued):	
Capital Projects Funds:	149
Budgetary Comparison Schedules:	
RDA Whitewater Capital Improvement	150
Hwy 111 Circulation Improvement	151
Park Facilities in Lieu	152
Citywide Public Improvement	153
Capital Improvement	154
Art in Public Places	155
STATISTICAL SECTION:	
Description of Statistical Section Contents	157
Financial Trends:	
Net Assets by Component - Last Nine Fiscal Years	158
Change in Net Assets - Last Nine Fiscal Years	160
Fund Balances of Governmental Funds - Last Nine Fiscal Years	162
Changes in Fund Balances of Governmental Funds - Last Nine Fiscal Years	164
Tax Revenues by Sources Governmental Funds - Last Ten Fiscal Years	166
Revenue Capacity:	
Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years	167
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	168
Principal Property Taxpayers	169
Property Tax Levies and Collections - Last Ten Fiscal Years	170
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	171
Ratio of General Bonded Debt Outstanding and Legal Debt Margin - Last Ten Fiscal Years	172
Direct and Overlapping Debt	173
Pledged Revenue Coverage - Last Ten Fiscal Years	174

CITY OF INDIAN WELLS

TABLE OF CONTENTS
(CONTINUED)

For the Year ended June 30, 2010

	<u>Page Number</u>
STATISTICAL SECTION (CONTIUED):	
Demographic and Economic Information:	
Demographic and Economic Statistics Last Ten Calendar Years	175
Principal Employers	176
Operating Information:	
Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years	177
Operating Indicators by Function - Last Ten Fiscal Years	178
Capital Asset Statistics by Function - Last Ten Fiscal Years	180



October 26, 2010

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

I am pleased to present you with the City of Indian Wells Comprehensive Annual Financial Report for fiscal year ended June 30, 2010. This document provides an overview of the City's financial activities during the past fiscal year. Ensuring the financial integrity of our public institutions is crucial to maintaining the public's trust. 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.

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 29 of this report. The MD&A serves to complement this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report was prepared in conformance with Generally Accepted Accounting Principles (GAAP). The City's financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standard Board (FASB) statements and interpretations that were issued on or after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

This report consists of City management's representations concerning the finances of the City of Indian Wells. Responsibility for the accuracy and completeness of the data presented rests with the City. 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, 2010.

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. 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.

The City of Indian Wells' financial statements have been audited by Mayer Hoffman McCann P.C. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Indian Wells for the fiscal year ended June 30, 2010, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the Accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Indian Wells' financial statements for the year ended June 30, 2010, are fairly presented in conformity with GAAP. 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.

Profile of the Government

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



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

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

The City of Indian Wells has operated under the City Council/City Manager form of Government since 1967. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and four other members, all elected on a non-partisan basis. Council members serve four-year terms and are elected at large. The City Council appoints the City Manager and City Attorney. The City Manager heads the executive branch of the government, implements policies as directed and established by the City Council, and manages the administrative and operational functions through City staff. The City provides a full range of services, including police and fire protection, construction and maintenance of streets and infrastructure, planning and community development, building and safety, recreational activities, arts and culture, and parks.

Outstanding Community Benefits

The City of Indian Wells 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.



Indian Wells has one of the finest property owners benefit programs in the nation. With a Property Owners ID card, property owners 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 and the now famous IW Season Socials. 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.



Economic Conditions

Since fiscal year 2006/07, tourism revenues are down nearly 30.0%. We continue to monitor our top tax revenue sources; property tax, transient occupancy tax, sales tax, and admissions tax. After enjoying several years of revenues well in excess of expenditures, fiscal year 2009/10 ended with General Fund revenues just \$2.1 million over General Fund expenses.

The worldwide economy seems to be worsening, with historically high unemployment, a distressed housing market, weakened retail sales and a tightened credit market. At present, the duration of this situation is uncertain. The current economic decline has negatively impacted virtually every sector of the business and government community.

The City has a long standing practice of being fiscally conservative and proactive in its budgetary development. Given the uncertainty of current economic conditions, the City is financially prepared for a slow economic recovery. Indian Wells is not anticipating or forecasting any significant economic recovery to meet revenue demands in the current budget. In fact, the adopted budget reflects both the reductions in revenues and expenditures. These reductions dictate a budget that strives to continue funding existing services and focus on infrastructure support and maintenance. To meet these challenges, the City have implemented various cost saving programs such as the City Financial Sustainability Employee Compensation Program which implemented a new pay for performance compensation plan and established salary pool caps. The City also established a new City Health Benefits programs to lower the cost of ongoing health care costs.

City's Financial Condition

While not immune to current economic conditions the City of Indian Wells is committed to generating an annual net operating surplus in the General Fund and to meeting its long-term cash savings goals by fiscal year 2024/25. Astounding leadership, business savoir-faire, and fiscal accountability ensures the City's financial goals are maintained and monitored.

The City's General Fund generated a net operating surplus of \$2.1 million at the conclusion of fiscal year 2009/10. The City anticipates the General Fund will generate a net operating surplus of \$1.6 million during fiscal year 2010/11 and \$1.6 million during fiscal year 2011/12. A General Fund long term cash flow analysis was run based upon the proposed cost saving modifications. Using conservative key metrics the City's General Fund is projected to have \$123.4 million in fiscal year 2025.

The General Fund continues to maintain strong cash reserves. Cash reserves in the City's General Fund at the close of fiscal year 2009/10 are \$27.7 million equal to about two and a half years of operating expenses. These cash reserves are anticipated to decrease during the next five fiscal years as cash demands for planned capital projects is required.

General Fund revenues totaled \$11.7 million for FY 2010/11. This represents a decrease of 3.8% from the FY 2009/10 budget. The City's largest revenue sources are transient occupancy taxes and property taxes. These two revenue sources comprise 54.3% of general fund revenues. Both revenue sources have experienced significant increases in growth in previous years but are now experiencing downturns. Transient occupancy taxes have declined 29.5% since fiscal year 2006/07. Similarly, property taxes have fallen as much as 11.0% since fiscal year 2008/09. These revenue sources are financially analyzed on a monthly basis to ensure consistency with the expected budget.

General Fund expenditures decreased by 3.7% to a total of \$10.0 million. The proposed savings plan does not affect direct city services or quality of life issues. The City Council recently

employed several cost saving measures which have been continued and are incorporated into this new budget cycle. New cost saving options have been proposed and are also implemented into the new budget plan. While declining tourism revenues brought about many of the cost saving recommendations proposed in the new budget; no City services were eliminated.

Priorities and Key Issues

The key mission of the City Council 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 is committed to its residents and maintains an active community events calendar to enhance the quality of their lives. Community events include Memorial Day and Veterans Day celebrations, a State of the City patio party, exclusive resident patio parties, a 4th of July celebration, tree lighting ceremony and much more. To accommodate this, the City's community activities budget has increased 90% since fiscal year 2008/09.

The City of Indian Wells recently completed a new community gardens project to support resident interest in local gardening. Community response has been overwhelming and residents have requested consideration to expand the program. In response to resident needs, the City is proposing to expand the highly successful Community Garden project during fiscal year 2011/12.

Public Safety in Indian Wells is the City Council's number one priority. In recent years, the City Council has added two new motor officers and a dedicated Chief of Police. New crime prevention and education workshops have evolved. A second ambulance was added during fiscal year 2009/10 to provide enhanced medical services. The City's Public Safety Committee is dedicated to increasing the public's knowledge of crime prevention. Petty theft continues to be the City's most numerous crimes. Over the next year the Committee will develop additional trainings and will broadcast new workshops on the City's local television station.

Often described as the City' crown jewel, the Indian Wells Golf Resort embodies the luxury lifestyle that Indian Wells is known for. Since its opening the Golf Resort and now famed IW Club have won awards worldwide for excellence in design, features, food & beverage, agronomy, and overall customer experience. As the City moves forward into the next budget cycle, the City Council is committed to developing the highest level of resident satisfaction possible and is focused on obtaining profitability at the Golf Resort. The City's management firm, Troon Golf, is committed to developing site specific methods and practices for implementing a high rack rate and achieving additional group bookings. Active management with the City's hotel partners is vital to the City's success.

Indian Wells is committed to establishing itself as a "green" community. The City is developing new sustainability programs that include solar, water, and waste diversion conservation plans. Immediate plans include implementation of photovoltaic systems. Water conservation is instrumental in the success of the program as well. Over the next two fiscal years, the City has plans to change 100% of all landscape irrigation sprinklers to more water efficient rotor systems using "smart clock" technology. The water conservation plan extends to all public areas and City controlled landscape and lighting districts.

During the next five years, the City has more than \$47.0 million in new capital projects scheduled. Dedicated to its residents, projects include construction of a brand new community center, completion of an undergrounding utility project, Highway 111 improvements, expanded community gardens, and new sustainability projects engineered on reducing utility costs of those residents living in the City's affordable housing communities. Achievement of the undergrounding of utilities in the City's Village Area is extremely important to the City because it will complete a City commitment for underground utilities throughout Indian Wells and a ten year commitment to the residents living in the Village Area. Planned improvements on Highway 111 will dramatically improve roadway conditions and make the highway safer for travel.

Accomplishments

Indian Wells Fire Station Remodel

The City recently completed a major remodel of the Indian Wells Fire Station 55. The kitchen and living areas of the station were completely remodeled with new commercial appliances, eating area, recliners, and audio visual equipment. The station was freshly painted and new flooring installed. Improvements included the installation of an exhaust exchange system to remove 100% of all vehicle exhaust from the station's bay to improve working conditions of fire staff.

Community Center Improvements

Two Club Drive buildings were recently purchased by the City in preparation for possible/potential development of a Community Center. A resident survey is pending to better define the suggested uses for the proposed Community Center.

Palm Tree Safety

The City commissioned a citywide palm tree assessment program. The City has over 1,400 date palms in public areas. The study was commissioned to reflect the relative age and health of the trees. As a result the City identified and removed 79 decaying date palm trees to improve the safety of the community.

Community Gardens

The City of Indian Wells recently completed a new community gardens project to support resident interest in local gardening. The Community Garden has been an unqualified success, where residents now obtain gardening advice and experience under the guidance of a Public Works Landscape Specialist. A recent "Harvest Meeting" received high community praise and participation, with strong request for additional future meetings. The Garden project has become a resident educational and social experience, well beyond the initial concept of just growing vegetables.

Improved Public Safety

The Indian Wells Police Department completed its first full year with new motor deputy to traffic team to enhance community safety and provide traffic calming devices resulting in a 318.3% increase in the amount of citations (2,326) compared to the prior year. The presence of the new motor officer contributed to 16% fewer traffic collisions compared to the prior year with total traffic collisions decreasing from 126 to 106. The city added traffic speed sign on Fairway Drive to provide traffic calming which has reduced the averaged speed from 37 MPH to 32 MPH, noting a 14% reduction in speed.

A second ambulance was added to Station 55 staffed by Palm Desert benefiting both cities considerably by reducing Advanced Life Support response times to more calls on the East and Northeast sides of the two cities. The Fire Station implemented the Altaris Computer Aided Dispatching system providing GPS tracking and dynamic routing of emergency equipment reducing average travel times by more than 60 seconds per call.

Golf Resort Improvements

A new City library annex and free internet access services was implemented at the IW Club to enhance resident and guest experiences. A new handrail was added to the grand staircase to aid customer convenience and safety. A new state of the art misting system was added to the outside second floor patio extending customer enjoyment throughout the shoulder and summer seasons. The Golf Resort also features a new Tapas Bar in the lower level of the IW Club improving the overall experience to the customer. Ballroom enhancements including new glass doors were added to improve meeting planner and customer experiences. The City installed a new golf bag drop and staging area improving customer care and golf bag handling and Starter's stations on both the Player's and Celebrity golf courses to improve guest interaction and enjoyment.

Highway 111 Improvements

The major improvement to Highway 111 this year was the completion of the right turn lane, drainage upgrade and signal modification at Rancho Palmeras and Highway 111. The installation to the turn lane dramatically improved the safety of residents traveling east on Highway 111 attempting to make a right hand turn on to Rancho Palmeras.

Affordable Housing

The City completed development of the Mountain View Villas Phase 1 subsidence strategy and monitoring plan. Dual pool drains were installed at Mountain View Villas Phase 1 and Indian Wells Villas. New tankless water heaters, low volume toilets, and photovoltaic panels were installed at Indian Wells Villas to be more energy and water efficient and obsolete swamp coolers at Indian Wells Villas were replaced with high efficiency refrigerated systems.

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 to 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.

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, Coachella Valley Mosquito and Vector Control 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, 2010 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.

Budget Performance Policy

The budget is a performance, financing, and spending plan agreed to by the Mayor, City Council, City Manager, and other Council Appointees. It should contain information and data regarding expected revenues and resources (inputs), expected expenditures, and expected performance (outcomes). During the fiscal year, actual experience (revenues, expenditures, and performance) will be periodically measured against the plan. The City will prepare and annually refine written goals and policies to guide the preparation of financing, spending, and performance plans for the City budget. Proposed budgets will comply with the proposed budget policies and Council priorities. Department and program managers will not exceed the Council-

approved appropriations in any fund. The City Council may approve modifications to these appropriations throughout the year as warranted by revenue collections and activity demands.

Balanced Budget Policy and 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 expenditures, including debt service. This means current operating expenditures 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 charged 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 expenditures 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 expenditures.

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.

Fraud Prevention and Deterrence Policy

A constructive culture requires integrity in the administration of the City's resources to ensure public trust. The City of Indian Wells is committed to protecting the organization, its operations, its employees and its assets against the risk of loss or misuse. The City is committed to protecting against fraud, forgery, dishonesty, theft and other similar improprieties. Accordingly, it is the policy of the City to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.

It is the policy of the City of Indian Wells governing board to facilitate the development of controls which will aid in the detection and prevention of fraud, impropriety or irregularity within the City. It is the intent of the governing board to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Managing the risk of fraud should be high on the list of priorities of all organizations. Any risk may be a serious threat to an organization's well being. Fraud is a real threat to the financial health of an organization and its image and reputation.

It is the City's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. The proper response to an indicator of fraud is investigation and resolution. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.

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. Departments can receive a monthly budget-to-actual expenditure report. In addition, each department can access on-line budgetary data from the financial information system available throughout the citywide computer network.

Debt Policy

The City/Redevelopment Agency overriding goal in issuing debt is to respond to and to provide for the infrastructure and capital project needs of its customers while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The City/Redevelopment Agency issues debt instruments, administers City/Redevelopment Agency-held debt proceeds and makes debt service payments, acting with prudence and diligence, and attention to prevailing economic conditions. This policy documents the City/Redevelopment Agency goals for the use of debt instruments and provides guidelines for the use of debt for financing the City/Redevelopment Agency infrastructure and project needs.

The City/Redevelopment Agency believes that debt is an equitable means of financing projects and represents an important means of providing for the infrastructure and project needs of the City/Redevelopment Agency customers. Debt will be used to finance projects (i) if it meets the City/Redevelopment Agency goal of equitable treatment of all customers, both current and future, (ii) if it is the most cost-effective means available to the City/Redevelopment Agency, and (iii) if it is fiscally prudent, responsible, and diligent under the prevailing economic conditions. The pay-as-you go method of using current revenues to pay for long-term infrastructure and other projects is often considered the preferred means of financing when sufficient revenues and reserves can be available as it avoids interest expense. The City/Redevelopment Agency will endeavor to pay for all infrastructure and other projects from a combination of current revenues, available reserves, and prudently issued debt.

Reserve Policy

Operating Reserve: A General Fund contingency reserve amount which is a minimum of 25% of the operating budget is established. The purpose of this reserve is to meet unexpected circumstances, such as a General Fund revenue shortfall. Appropriate levels of contingency funds will be determined and maintained in the capital and special funds.

Emergency Reserve Fund: The General Fund Emergency Reserve Fund was established to be used in the event of a catastrophic disaster or major economic downturn that would impact the major revenue source to the City such as Transient Occupancy Tax. Council action has ensured surplus reserves in the General Fund are transferred to the Fund.

This balance will allow the City to continue providing the current level of service to the residents of Indian Wells. The Emergency Reserve Fund shall hold a minimum reserve equal to one year General Fund operating costs. Should unforeseen and unavoidable events occur that require expenditure of City resources beyond those provided for in the annual budget, the City Manager shall have the authority to approve appropriation of Emergency Reserve Funds. The City Manager shall then present to the City Council – no later than it's first regularly scheduled meeting - a resolution confirming the nature of the emergency and formally authorizing the appropriation of reserve funds.

It is the intent of the City Council to limit use of fund balances in the General Fund to address unanticipated one-time needs. Fund Balances shall not be applied to recurring annual operating expenditures subject to the balanced budget policy.

Infrastructure Reserve: The Infrastructure Reserve was created to accumulate funding required for new infrastructure development and the on-going rehabilitation of existing buildings and facilities, streets and sidewalks, parks and open space and transportation systems. The City Council has used the reserve to fund new capital projects as well. Because this reserve is to be used for priority capital projects that will be reviewed by the Council, no maximum reserve level is recommended. Conversely, because of the discretionary nature of this reserve, no minimum balance is required.

It is the long term goal of the City to build an infrastructure reserve sufficient to construct all remaining affordable housing requirements and maintain infrastructure reserves equal to 10 year capital replacement cash flows requirements of affordable housing operating funds.

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, 2010 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.

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.

Capital Improvement Program Policy

Capital project proposals should include complete, reliable, and attainable cost estimates. Based upon a thorough analysis of the project, project cost estimates for the Five-Year Capital Improvement Plan will vary in reliability depending upon whether they are to be undertaken in the first or fifth year of the Plan. Project estimates for the Five-Year Capital Improvement Plan should include the basis on which the project costs were prepared (conceptual design, master plan, etc.), and the relative reliability of those estimated costs.

Capital project proposals should include a comprehensive resource plan. This plan should include the amount and type of resources required, and the funding and financing strategies to be employed. The specific fund and timing should be outlined. The plan should indicate resources needed to complete any given phase of a project in addition to the total project. The City Manager's Office is responsible and accountable for providing Council with an accurate, comprehensive resource plan.

Changes in project estimates for the comprehensive resource plan should be fully reported to the City Council for review and approval. Project proposals should indicate the project impact on the operating budget. Each project that is proposed in any year of the Five-Year Capital Improvement Program shall have an estimate of the costs for furniture, fixtures, equipment, and technology and the annual operations and maintenance costs in the appropriate year of the Operating Budget or in the Five Year Forecast and Revenue Projections.

During the annual Capital Budget process for multi-year budgeted projects, the City Manager will provide the Council with more information regarding the project including the original budget, budget addendums, and the projected schedule in spreadsheet format.

At the time of award of the construction contract, each project shall include reasonable provision for contingencies. At the time of award of the construction contract, each project shall include reasonable provisions for furniture, fixtures, equipment, and technology that are separately identified in a line item or items in the construction budget and those costs shall be noted in the staff report to Council. At the time of award of the construction contract, each project's estimated annual operating and maintenance costs shall be identified in the staff report to the Council and shall be included in the Operating Budget or in the Five Year Forecast and Revenue Projections for projects expected to be completed after the end of the budget year.

The City Administration shall seek ways of ensuring that administrative costs of carrying out the Capital Improvement Program are kept at appropriate levels. The annual Capital Budget shall include only those projects that can reasonably be accomplished in the indicated timeframe. Multi-year budgeting of projects shall be used to ensure a reasonable timeframe for projecting costs. The detail sheet for each budgeted capital project should include a projected schedule. The status of all capital projects, and the entire Capital Budget, will be monitored by the Mayor/City Council as part of the Mid-Year Budget Review. Large projects of crucial importance may be monitored on a more frequent basis as determined by the City Council. Public participation in the Capital Improvement Program is a priority concern for the City.

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, 2009. 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, 2009. 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, 2010 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, 2009

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.

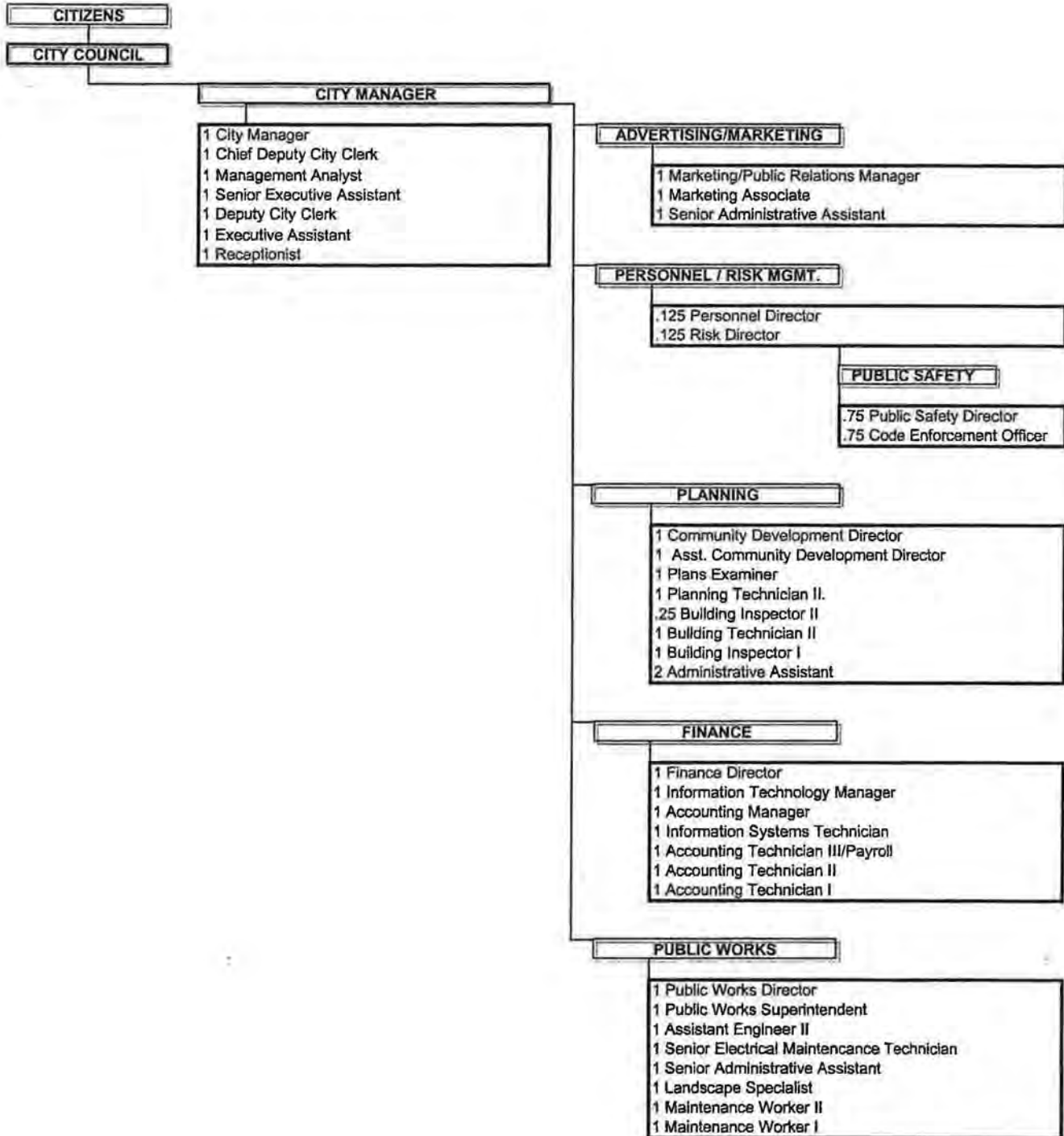


President

Executive Director

**CITY OF INDIAN WELLS
ORGANIZATION CHART**

JUNE 30, 2010



CITY OF INDIAN WELLS

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2010

Council — Manager Form of Government

CITY COUNCIL

ED MONARCH
Mayor

PATRICK MULLANY
Mayor Pro Tem

DOUGLAS HANSON
Council Member

WILLIAM POWERS
Council Member

LARRY SPICER
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
Paul Goble, Public Works Director



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

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, 2010, 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, 2009 and, in our report dated November 6, 2009, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2010, 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 McCann P. C.

Irvine, California
October 26, 2010

Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is intended to provide the reader of the statements with a basic overview of the financial results and financial position of the City of Indian Wells. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 7-23, and the accompanying basic financial statements, which can be found on pages 52-53 of the report.

Financial Highlights

- The City's net assets declined \$7.9 million reflecting the overall activities of the City.
- Total assets exceed total liabilities by \$201.4 million (net assets). Of this amount, unrestricted net assets of \$29.2 million may be used to meet the City's ongoing obligations to citizens and creditors. In addition, restricted net assets of \$42.9 million are dedicated to specific purposes and \$129.1 million is invested in capital assets, net of related debt.
- The City acquired \$6.1 million in new capital assets during the fiscal year made up of \$3.0 million for the installation of various "green energy" improvements at the City's affordable housing sites, \$1.0 million in building construction, \$1.9 million in Street and Highway improvements, and \$0.2 million to complete final improvements at the City's Golf Resort. Total depreciation expense reached \$8.8 million during the year. As a result of this year's activities, total capital assets net of depreciation decreased \$2.8 million from \$265.6 million to \$262.8 million.
- Long-term debt obligations increased by \$7.0 million to \$133.5 million due to the recent issuance of \$10.9 million in Series 2010 A bonds less debt payments of \$3.9 million to bond holders during the year.
- Revenues continued their decline into fiscal year 2009/10. The City collected \$52.2 (net of pass through obligations) during fiscal year 2009/10 compared to \$54.2 million the year before.
- Expenditures for all governmental activities totaled \$60.1 million. Overall, an increase of \$9.8 million (19.5%) from the prior year, which is primarily due to the \$9.6 million payment for the fiscal year 2009/10 Supplement Education Relief Augmentation Fund (SERAF) obligation recently enacted by the State of California.

Overview of the Financial Statements

The financial section of the comprehensive annual financial report contains the following information: *Independent Auditors' Report*, *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and the *Supplementary Information* section, an optional section that presents combining and budgetary schedules for individual non-major funds. The *Basic Financial Statements* are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements* and, 3) *Notes to the Financial Statements*. Management's Discussion and Analysis is intended to be an introduction to the Basic 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 intended to provide a "Big Picture" view of the City as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the City's assets (including non-spendable assets like streets, roads, and land rights) and liabilities (including long-term liabilities that may be paid over twenty or so more years). All of the current year revenues and expenditures are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide Financial Statements report the City's net assets and how they have changed. Net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one should also consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

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 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 expenditures 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 Fund Financial Statements provide more detailed information about the City's most significant funds (major funds) but not the City as a whole. Some funds are required by State and Federal law or by bond covenants. Other funds are utilized simply to control and manage resources intended for particular purposes. The City of Indian Wells, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 fifty (50) 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 bal-

ances 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 fifty (50) 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.

Proprietary funds - *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are 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 - The City utilizes Fiduciary Funds to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations.

Notes to the financial statements - The financial statements also include the Notes to the Financial Statements that provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Financial Statements is critical to a reader's full understanding of the Government-wide and Fund Financial Statements.

Required Supplementary Information - In addition to the required elements of the Basic Financial Statements, we have also included a Supplementary Information section, which includes budgetary and combining schedules that provide additional details about the City's non-major Governmental Funds, Internal Service Funds, and Fiduciary Funds. 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. As noted earlier, looking at the changes in net assets over time may serve as a useful indicator of a government's financial position.

The following table lists a condensed Statement of Net Assets for the fiscal year ending June 30, 2010 and 2009.

Table 1
Statement of Net Assets
(in Millions)

	Governmental Activities	
	2010	2009
Current and other assets	\$ 77.2	\$ 75.3
Capital assets	262.8	265.6
Total Assets	340.0	340.9
Current liabilities	8.8	8.8
Non-current Liabilities	129.8	123.1
Total Liabilities	138.6	131.9
Net assets:		
Invested in capital assets, net of debt	129.3	139.1
Restricted	42.9	27.6
Unrestricted	29.2	42.3
Total net Assets	\$ 201.4	\$ 209.0

Analysis of the Statement of Net Assets

The City's assets exceeded liabilities by \$201.4 million at the close of the most recent fiscal year. Of the total net assets, \$29.2 million or 14.5% 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 \$42.9 million or 21.3% of the total is subject to legal restrictions on their use. At \$129.3 million, investment in capital assets (meaning: infrastructure, land, buildings, other improvements, vehicles, and equipment, less outstanding debt used to acquire them) comprise 64.2% 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.

By the close of the fiscal year, the City's net assets decreased \$7.6 million as a result of this year's activities. This decrease is derived from the change in net assets as recorded in the Statement of Activities and flows through the Statement of Net Assets. The City's net assets are broken down into three sections: (a) Invested in capital assets, net of related debt, (b) Restricted assets, which are restricted for specific purposes, and (c) Unrestricted assets meaning they may be used for any governmental purpose. Understanding changes between these net asset classes provides readers an enhanced perspective of the City's financial condition.

Notable changes in the statement of net assets between June 30, 2009 and June 30, 2010 include:

- Current and other assets increased \$1.9 million (net) primarily due to the acceptance of bond proceeds resulting from the issuance of the Series 2010 A Tax Allocation Bonds offset by a fiscal year 2008/09 City receivable for a one-time payment of \$9.4 million from an award settlement for a soils litigation case.
- The City acquired \$6.1 million in new capital assets during the fiscal year made up of \$3.0 million for the installation of various "green energy" improvements at the City's affordable housing sites, \$1.0 million in building construction, \$1.9 million in Street and Highway improvements, and \$0.2 million to complete final improvements at the City's Golf Resort. Total depreciation expense reached \$8.8 million during the year. As a result of this year's activities, total capital assets net of depreciation decreased \$2.8 million from \$265.6 million to \$262.8 million.
- Long-term debt obligations increased by \$7.0 million to \$133.5 million due to the recent issuance of \$10.9 million in Series 2010 A bonds less debt payments of \$3.9 million to bond holders during the year.
- Net assets invested in capital assets, net of related debt decreased \$9.8 million or 7.0% as a result of the current year's activities. The decrease is due mainly to the issuance of Series 2010 A Redevelopment Agency tax allocation bonds exceeding the change in total capital assets net of depreciation.
- Restricted and unrestricted net assets increased \$15.3 million and decreased \$13.1 million respectively. The change in both restricted and unrestricted net assets generally stems from changes in advances between Community Development and Debt Service.

Governmental Activities

The City is a full service city providing residents and visitors with the following functional services:

General Government is comprised of six departments (City Council, City Manager, Advertising & Marketing, City Attorney, Personnel, and Finance) providing general governance, executive management, legal services, records management, risk management, finance, accounting, and information technology services.

Public Safety is comprised of two departments (Police and Fire) providing general law enforcement and code enforcement, fire suppression and prevention services, paramedic and medical transport services, and disaster preparedness.

Public Works is comprised of three departments (Engineering, Traffic Signals, and Maintenance Services) providing engineering, construction and maintenance of public streets, highways, buildings, and related infrastructure.

Community Development is comprised of three departments (Planning, Building, and Affordable Housing operations) that provide planning and zoning services, economic development services, and building plan check.

The table below lists a condensed Statement of Activities for the fiscal year ending June 30, 2010 and 2009.

Table 2
Statement of Activities
(in Millions)

	Governmental Activities	
	2010	2009
Revenues		
Program Revenues		
Charges for services	\$ 14.2	\$ 9.8
Operating contributions and grants	5.6	6.5
Capital contributions and grants	5.2	9.7
General revenues:		
Taxes		
Property taxes	18.1	18.8
Transient occupancy taxes	4.3	4.8
Sales taxes	0.8	1.0
Franchise taxes	0.8	0.9
Other taxes	1.3	1.4
Investment income	1.5	1.1
Other	0.4	0.2
Total revenues	\$ 52.2	\$ 54.2
Expenses		
General government	8.2	10.7
Community development	19.5	9.8
Public safety	8.2	7.6
Public works	5.4	5.9
Golf resort	12.9	10.2
Interest Expense	5.9	6.1
Total expenses	\$ 60.1	\$ 50.3
Increase in net assets	\$ (7.9)	\$ 3.9

Major Governmental Activities in the current fiscal year included the following:

Revenues:

- Revenues continued their decline into fiscal year 2009/10. The City collected \$52.2 (net of pass through obligations) during fiscal year 2009/10 compared to \$54.2 million the year before.
- The City collected \$25.3 million (net of pass through obligations) in general taxes during fiscal year 2009/10 representing a decline of 5.9% compared to the prior year. Property taxes and transient occupancy accounted for the majority of the decline.

- Charges for services increased \$4.4 million (nearly 45.0%) as the City's new Indian Wells Golf Resort completed its second year of operations. Revenues at the Golf Resort topped \$11.1 million compared to \$6.8 million the year before.
- City officials continued an aggressive capital grant program again this year receiving more than \$5.2 million in capital contributions and grants. This collection of capital grants may be deceptive to some readers when compared to the capital contributions and grants received in the prior fiscal year. It needs to be clearly noted that the City received a one-time payment of \$9.4 million in capital contributions and grants during fiscal year 2008/09 stemming from an award settlement for a soils litigation case.

Expenditures:

- In the current year, expenditures for all governmental activities totaled \$60.1 million. Overall, an increase of \$9.8 million (19.5%) from the prior year, which can be attributed to the following factors:
- General Government expenditures decreased \$2.5 million (23.4%) when compared to the prior year reflecting the implementation of the City's new expenditure savings plan. The cost savings plan was developed during fiscal year 2008/09 to proactively defend against declining City revenues.
- Community Development expenditures increased \$9.7 million (98.9%) in the current year primarily due to the \$9.6 million payment Supplement Education Relief Augmentation Fund (SERAF) obligation for the fiscal year 2009/10.
 - During fiscal year 2008/09, the State Legislature 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. Agency funds will be deposited in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Prop 98 obligations to schools.
- Public Safety expenditures are up \$0.6 million (7.9%) in the current year. The increase is due the addition of the second motor officer and general increases in contract patrol rates with the County of Riverside Sherriff's Department. Patrol rates generally include salaries, benefit and retirement costs, legal and liability costs, and facility and administration charges.
- Public Works expenditures decreased \$0.5 million (8.5%) when compared to prior year reflecting the implementation of the City's new expenditure savings plan.

- Golf Resort expenditures were up \$2.7 million (26.5%) due to a full year's operating costs associated with the Indian Wells Golf Resort and summertime agronomy capital programs budgeted by the City's operator. Expenditures at the Golf Resort were \$12.9 million.

Financial Analysis of the City'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.

Fund Balance – As of the end of the current fiscal year, the City's Governmental Funds reported combined fund balances of \$61.6 million, an increase of \$2.3 million from the prior year. The General Fund represented \$43.6 million or 70.8% of the combined fund balances of the Governmental Funds.

Reserved Fund Balance – The City has \$47.5 million in fund balance that is reserved to indicate it is not available to finance new activities because it has already been committed: 1) notes receivable (\$4.3 million), 2) as a reserve for affordable housing (\$8.6 million), 3) Advances to other funds (\$33.9 million), and 4) for a variety of other restrictions that make these resources unavailable for spending (\$0.7 million).

Unreserved Fund Balance – The remaining \$16.4 million is classified as unreserved fund balance, which is available for spending at the City Council's discretion but may be designated for special purposes. The City's General Fund had an unreserved fund balance of \$19.5 million. The combined unreserved fund balance of the City's special revenue funds was \$29.2 million. The City's debt service funds completed the year with a deficit fund balance of (\$31.9) million primarily due to advances from the City General Fund (\$22.4 million) for construction loans and the Affordable Housing fund (11.5 million) for SERAF payments. The combined unreserved fund balance of the City's capital fund had a deficit balance of (\$0.3) million primarily due to advances in developer fee collection funds such as Park Facilities in Lieu fees.

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 \$41.9 million of which \$22.4 million is reserved for advances to other funds and \$19.5 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, 2010 was \$18.5 million.

The combined unreserved fund balance of the General Fund and Emergency Reserve is \$38.0 million at June 30, 2010. Despite the economic slowdown affecting the nation and reduced transient occupancy tax revenues, the City's General Fund achieved a \$2.1 million operating surplus of revenues over expenses during the fiscal year.

Fiscal year 2009/10 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. General Fund revenues fell \$0.4 million from \$12.6 million during fiscal year 2008/09 to \$12.2 million in fiscal year 2009/10 principally due to declining transient occupancy tax and property tax revenues.

With the implementation of the City's new expenditure savings plan, City officials were able to shave \$1.1 million of General Fund expenditures. Fiscal year 2009/10 expenditures were \$10.1 million compare to \$11.2 million the year before. Expenditure savings include salaries and benefits, staffing decreases, decreased funding to the Marketing Co-Op fund and Palm Springs Desert Resorts Communities CVA, reductions of citywide travel & training, reduction of contract professionals and recommended reductions to charitable giving.

See Fund Financial Statements tab page 56-62.

Golf Resort Operations Fund

The Golf Resort completed its second full operations with both golf courses and the IW Club clubhouse open during fiscal year 2009/10. Golf Resort revenues of \$11.1 million were \$4.0 million higher than 2008/09 revenues of \$7.1 million reflecting full operations of the resort.

Golf Resort Fund expenditures of \$12.9 million in 2009/10 were \$2.7 million higher than 2008/09 expenditures of \$10.2 million due to full time operations of the Golf Resort facility and 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 \$1.7 million.

The operating loss at the Golf Resort is due to three primary reasons:

- Difficulty to generate and attract new business/golf groups at the resort
- An overall decrease of the average daily rack rate from prime category golf groups
- A decrease of both leisure and business group and tournament play generated by the City's four major resort hotels

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

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 two 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 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.

The Agency's Low/Moderate Housing Fund ("Housing Fund") collected \$7.4 million in 20% set-aside revenues during fiscal year 2009/10, reflecting a decrease of 4.1% over the prior fiscal year. The Housing Fund received \$2.4 million in other revenue as part of a soils litigation

settlement. At the close of fiscal year 2008/09, the Housing Fund held the \$2.4 million as deferred revenue until finally collected during fiscal year 2009/10.

Administrative costs during fiscal year reached \$2.3 million. The Housing Fund spent \$3.0 million on capital improvements during fiscal year 2009/10. The city completed development of the Mountain View Villas Phase 1 subsidence strategy and monitoring plan. Dual pool drains were installed at Mountain View Villas Phase 1 and Indian Wells Villas. New tankless water heaters, low volume toilets, and photovoltaic panels were installed at Indian Wells Villas to be more energy and water efficient and obsolete swamp coolers at Indian Wells Villas were replaced with high efficiency refrigerated systems.

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.

Activity in the Agency continued to decline during fiscal year 2009/10. The cost of administrative expenses and other operational charges closely paralleled the decline growth in for Agency services. The Agency spent \$1.5 million for administrative and professional services during fiscal year 2009/10, a sharp decline compared to fiscal year 2008/09 expenditures of \$4.4 million. The Agency spent \$0.9 million on capital projects during fiscal year 2009/10. The Agency spent \$0.1 million to finish summertime agronomy work at the Indian Wells Golf Resort. Revised drawings of the major Highway 111 widening project where completed for \$0.8 million.

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-six percent (56%) 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-four percent (24%) is available for Agency debt service and operating costs such as administration.

In 2009/10, the Agency collected revenues of \$37.0 million compared with tax increment revenues of \$38.6 million collected in the prior year. Agency expenses climbed to \$39.8 million in 2009/10 reflecting an increase of \$8.4 million. The increase in expenditures was primarily due to the \$9.6 million payment Supplement Education Relief Augmentation Fund (SERAF) obligation for the fiscal year 2009/10. The SERAF expenditure was offset by a decrease in Agency Pass-through obligations resulting from declining tax increment revenues. The Agency paid Pass-through obligations of \$21.1 million during fiscal year 2009/10 compared with \$22.1 million during the prior fiscal year.

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	
	2010	2009	2010	2009
General government	\$ 8.2	\$ 10.7	\$ (8.1)	\$ (10.5)
Community development	14.5	9.8	(10.4)	3.8
Public safety	8.2	7.6	(4.7)	(4.2)
Public works	5.4	5.9	0.8	(4.0)
Golf Resort	17.9	10.2	(6.8)	(3.3)
Interest expense	5.9	6.1	(5.9)	(6.1)
Totals	<u>\$ 60.1</u>	<u>\$ 50.3</u>	<u>\$ (35.1)</u>	<u>\$ (24.3)</u>

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

Program revenues include capital grants and contributions which may be deceptive to the reader since program expenditures exclude capital acquisitions, which could create a misleading net cost of program services. Such is the case for the City's Public Works program, which during fiscal year 2009/10 indicated the net cost of services was a surplus of \$0.8 million. This could be interpreted as the Public Works department generated \$0.8 million more than it spent. While Public Works is highly appreciated, one could hardly call it a profit center. Readers need to account for this revenue source when reviewing the City's financials. See the Statement of Activities on page 53 for further detail.

General Fund Budgetary Highlights

Due to pronounced economic slowing, the final fiscal year 2009/10 General Fund budget withstood many changes and revisions compared with its original projection. The original fiscal year 2009/10 budget was the second year of the City's biennial budget adopted in June of 2008.

Changes to Original Budget

Final budgeted revenues for the General Fund decreased \$6.1 million from the original budget during the year ended June 30, 2010. Significant factors contributing to this fluctuation are highlighted as follows:

- 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 the Supplemental Education Relief Augmentation Fund (SERAF). Under the proposed SERAF tax shift the City's Redevelopment Agency is responsible to shift \$11.5 million during fiscal year(s) 2009/10 and 2010/11. 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 2009/10 interest was accrued as deferred revenue and will be paid to the General Fund using redevelopment tax increment from future years.
- Transient occupancy tax originally budgeted to reach \$6.5 million in June 2008 was revised to \$4.1 million in July of 2009. Current economic conditions have played havoc on the tourism industry. Transient occupancy taxes have declined 29.5% since fiscal year 2006/07.
- Similarly, taxes have fallen as much as 11.0% since fiscal year 2008/09. Property taxes, general sales taxes, as well as other taxes represent a \$0.7 million decrease over original budgetary estimates.

Final budgeted expenditures for the General Fund decreased \$3.0 million from the original budget during the year ended June 30, 2010. Significant factors contributing to this fluctuation are highlighted as follows:

- In January 2009 the City developed the expenditure cost savings plan to meet the challenges in these difficult economic times. The impact of the struggling economy has made a significant change on tourism both nationally and locally in the Coachella Valley. The expenditure cost savings plan was extended into the fiscal year 2009/10 City budget. While declining revenues brought about many of the cost saving recommendations proposed in the new budget; no City services were eliminated.
- The cost savings plan does not affect direct city services or quality of life issues. The savings plan is citywide with all city departments contributing their fair share. Expenditure savings include salaries and benefits, staffing decreases, decreased funding to the Marketing Co-Op fund and Palm Springs Desert Resorts Communities CVA, reductions of citywide travel & training, reduction of contract professionals and recommended reductions to charitable giving.

Capital Assets

The City of Indian Wells' investment in capital assets, net of accumulated depreciation amounted to \$262.8 million at June 30, 2010. This investment includes land, infrastructure, structures and improvements, vehicles, equipment, intangible assets, and

construction in progress. 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 Section 7 Capital Assets on page 90-91 of the Notes to Basic Financial Statements.

Table 4
Summary of Changes in Capital Assets
For the Year Ended June 30, 2010
(in millions)

	Balance at July 1, 2009	Additions	Retirements	Balance at June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 61.2	\$ 0.7	\$ -	\$ 61.9
Construction in progress	19.7	4.7	(2.4)	22.0
Total capital assets not being depreciated	<u>80.9</u>	<u>5.4</u>	<u>(2.4)</u>	<u>83.9</u>
Capital assets, being depreciated:				
Buildings and improvements	124.9	0.8	-	125.7
Equipment	7.0	0.1	-	7.1
Infrastructure	87.4	2.1	-	89.5
Total capital assets being depreciated	<u>219.3</u>	<u>3.0</u>	<u>-</u>	<u>222.3</u>
Less accumulated depreciation for:				
Buildings and improvements	(18.6)	(5.8)		(24.4)
Equipment	(2.9)	(1.2)		(4.1)
Infrastructure	(13.1)	(1.8)		(14.9)
Total accumulated depreciation	<u>(34.6)</u>	<u>(8.8)</u>	<u>-</u>	<u>(43.4)</u>
Total capital assets being depreciated, net	<u>184.7</u>	<u>(5.8)</u>	<u>-</u>	<u>178.9</u>
Total capital assets, net	<u>\$ 265.6</u>	<u>\$ (0.4)</u>	<u>\$ (2.4)</u>	<u>\$ 262.8</u>

At year-end, depreciable capital assets were 19.5% depreciated compared with 15.8% in the previous year. The City acquired \$6.1 million in new capital assets during the fiscal year made up of \$3.0 million for the installation of various "green energy" improvements at the City's affordable housing sites, \$1.0 million in building construction, \$1.9 million in Street and Highway improvements, and \$0.2 million to complete final improvements at the City's Golf Resort. Total depreciation expense reached \$8.8 million during the year. As a result of this year's activities, total capital assets net of depreciation decreased \$2.8 million from \$265.6 million to \$262.8 million.

New tankless water heaters, low volume toilets, and photovoltaic panels were installed at Indian Wells Villas affordable housing community to be more energy and water efficient and obsolete swamp coolers at Indian Wells Villas were replaced with high efficiency

refrigerated systems. The major improvement to Highway 111 this year was the completion of the right turn lane, drainage upgrade and signal modification at Rancho Palmeras and Highway 111. The installation to the turn lane dramatically improved the safety of residents traveling east on Highway 111 attempting to make a right hand turn on to Rancho Palmeras.

The City recently completed a major remodel of the Indian Wells Fire Station 55. The kitchen and living areas of the station were completely remodeled with new commercial appliances, eating area, recliners, and audio visual equipment. The station was freshly painted and new flooring installed. Improvements included the installation of an exhaust exchange system to remove 100% of all vehicle exhaust from the station's bay to improve working conditions of fire staff. Two Club Drive buildings were recently purchased by the City in preparation for possible/potential development of a Community Center. The City of Indian Wells recently completed a new community gardens project to support resident interest in local gardening.

Long-term Debt

At year-end, the City had \$134.0 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
Summary of Changes in Long-Term Liabilities
For the Year Ended June 30, 2010
(in millions)

Description	Balance at 6/30/2009	Additions	Deletions	Balance at 6/30/2010	Due Within One Year
Bonds Payable:					
2003 A Tax Allocation Bonds	\$ 10.0	\$ -	\$ (0.5)	\$ 9.5	\$ 0.6
2003 A-T Tax Allocation Bonds	37.0	-	(1.9)	35.1	2.0
2005 Refunding Tax Allocation Bonds	12.8	-	(0.7)	12.1	0.7
2006 A Tax Allocation Bonds	66.1	-	(0.7)	65.4	0.7
2010 A Tax Allocation Bonds	-	10.9	-	10.9	-
Subtotal	<u>125.9</u>	<u>10.9</u>	<u>(3.8)</u>	<u>133.0</u>	<u>4.0</u>
Add (less) deferred amounts:					
Bond premium	0.6	-	(0.1)	0.5	0.1
Subtotal	<u>0.6</u>	<u>-</u>	<u>(0.1)</u>	<u>0.5</u>	<u>0.1</u>
Total bonds payable	<u>126.5</u>	<u>10.9</u>	<u>(3.9)</u>	<u>133.5</u>	<u>4.1</u>
Other liabilities:					
Other Post Employment Benefits	0.4	0.7	(1.1)	-	-
Compensated absences	0.5	0.4	(0.4)	0.5	0.1
Total long-term liabilities	<u>\$ 127.4</u>	<u>\$ 12.0</u>	<u>\$ (5.4)</u>	<u>\$ 134.0</u>	<u>\$ 4.2</u>

The City of Indian Wells Redevelopment Agency maintains five 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

The Redevelopment Agency recently completed a Series 2010 A Tax Allocation Bond issuance in May 2010. The Series 2010 A Tax Allocation Bonds were issued to provide \$9.7 million (after fees) in new money in order to repay debt owed to the City's General Fund. Over the past four fiscal years the City General Fund has advanced funds to the Agency for various projects. Bond proceeds from the debt repayment will be used by the City to finance City capital projects including the purchase/remodel of the new community center and the utility undergrounding improvement project in the City's Village Area. The Redevelopment Agency currently has no plans to issue additional debt in the near future.

Details of the Agency's outstanding debt can be found in Section 8 Long Term Liabilities on page 92-99 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City is experiencing declining revenues due to the economic recession. Since fiscal year 2006/07, tourism revenues are down nearly 30.0%. We continue to monitor our top tax revenue sources; property tax, transient occupancy tax, sales tax, and admissions tax. After enjoying several years of revenues well in excess of expenditures, fiscal year 2009/10 ended with General Fund revenues just \$2.1 million over General Fund expenditures.

The City anticipates the General Fund will generate a net operating surplus of \$1.6 million during fiscal year 2010/11 and \$1.6 million during fiscal year 2011/12. A General Fund long term cash flow analysis was run based upon the proposed cost saving modifications. Using conservative key metrics the City's General Fund is projected to have \$123.4 million in fiscal year 2025.

The budget has been prepared during the most difficult economy in recent history. The worldwide economy seems to be worsening, with historically high unemployment, a distressed housing market, weakened retail sales and a tightened credit market. At present, the duration of this situation is uncertain. The current economic decline has negatively impacted virtually every sector of the business and government community.

The City has a long standing practice of being fiscally conservative and proactive in its budgetary development. Given the uncertainty of current economic conditions, the City is financially prepared for a slow economic recovery. Indian Wells is not anticipating or forecasting any significant economic recovery to meet revenue demands in the current budget. In fact, the newly adopted budget reflects both the reductions in revenues and expenditures. These reductions dictate a budget that strives to continue funding existing services and focus on infrastructure support and maintenance. To meet these challenges, the City have implemented various cost saving programs such as the City Financial Sustainability Employee Compensation Program which implemented a new pay for performance compensation plan and established salary pool caps. The City also established a new City Health Benefits programs to lower the cost of ongoing health care costs.

The City's formally adopted the fiscal year 2010/11 and fiscal year 2011/12 biennial budget and Five-Year Capital Improvement Program considering all anticipated revenues and expenditures based upon the following: historical factors, current economic conditions, property values, local tourism, current salaried administration costs, contract agreements for professional services, and County resources.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin McCarthy, Finance Director and Agency Treasurer, at the City of Indian Wells, 44-950 Eldorado Drive, Indian Wells, California 92210-7497. E-mail address: kmccarthy@indianwells.com

(This page intentionally left blank)

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, 2010

(with comparative totals for the prior year)

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Assets:		
Cash and investments (note 2)	\$ 57,491,537	57,080,214
Restricted assets:		
Cash and investments with fiscal agents (note 2)	10,090,466	9,087
Receivables:		
Accounts (note 3)	979,305	9,765,285
Interest	174,260	425,582
Notes (note 4)	4,316,639	4,316,639
Prepaid items	106,563	80,242
Net pension asset (note 11)	929,319	714,000
Inventory	501,090	473,863
Deferred charges	2,611,609	2,484,507
Capital assets, not depreciated (note 7)	83,924,141	80,894,413
Capital assets, depreciated, net (note 7)	<u>178,912,381</u>	<u>184,682,505</u>
Total assets	<u>340,037,310</u>	<u>340,926,337</u>
Liabilities:		
Accounts payable	1,943,572	2,140,817
Accrued liabilities	450,643	251,522
Interest payable	1,909,879	1,913,114
Deposits payable	261,828	247,832
Noncurrent liabilities:		
Due within one year (note 8)	4,188,160	4,237,777
Due in more than one year (note 8)	<u>129,817,902</u>	<u>123,139,850</u>
Total liabilities	<u>138,571,984</u>	<u>131,930,912</u>
Net assets:		
Invested in capital assets, net of related debt	129,332,619	139,057,460
Restricted for:		
Community development	38,057,825	23,412,380
Public safety	4,570,215	4,014,475
Public works	308,322	252,873
Unrestricted	<u>29,196,345</u>	<u>42,258,237</u>
Total net assets	<u>\$ 201,465,326</u>	<u>208,995,425</u>

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS
Statement of Activities
For the Year ended June 30, 2010
(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	2010	2009
Governmental activities:						
General government	\$ 8,194,604	30,284	33,501	-	(8,130,819)	(10,536,145)
Community development	19,519,593	2,136,604	1,568,330	444,801	(15,369,858)	3,875,846
Public safety	8,157,222	873,229	2,557,187	-	(4,726,806)	(4,197,066)
Public works	5,423,271	6,266	1,472,156	4,750,952	806,103	(3,979,229)
Golf resort	12,885,373	11,126,337	-	-	(1,759,036)	(3,329,100)
Interest on long-term debt	5,934,148	-	-	-	(5,934,148)	(6,120,317)
Total governmental activities	<u>\$ 60,114,211</u>	<u>14,172,720</u>	<u>5,631,174</u>	<u>5,195,753</u>	<u>(35,114,564)</u>	<u>(24,286,011)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					18,121,718	18,756,437
Transient occupancy taxes					4,294,079	4,804,501
Sales taxes					762,241	963,446
Franchise taxes					817,863	870,700
Other taxes					1,331,372	1,360,608
Investment income, unrestricted					1,513,114	1,147,924
Miscellaneous					362,922	255,654
Total general revenues					<u>27,203,309</u>	<u>28,159,270</u>
Change in net assets					(7,911,255)	3,873,259
Net assets at beginning of year, as restated (note 18)					<u>209,376,581</u>	<u>205,122,166</u>
Net assets at end of year					<u>\$ 201,465,326</u>	<u>208,995,425</u>

See accompanying notes to basic financial statements.

(This page intentionally left blank)

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, 2010
(with comparative totals for the prior year)

	Special Revenue Funds			
	General	Emergency Reserve	Golf Resort Operations	Low/Moderate Housing
Assets:				
Cash and investments	\$ 9,070,010	18,500,000	937,417	8,913,722
Cash and investments with fiscal agents	9,292,716	-	-	7,971
Receivables:				
Accounts	503,591	-	167,840	4,334
Interest	86,300	-	-	27,814
Notes	-	-	-	4,316,639
Prepaid items	47,743	-	41,170	-
Inventory	-	-	501,090	-
Due from other funds (note 5)	1,717,810	-	-	-
Advances to other funds (note 5)	27,100,881	-	-	11,514,773
Total assets	\$ 47,819,051	18,500,000	1,647,517	24,785,253
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 811,951	-	459,020	335,500
Accrued liabilities	166,361	-	279,105	-
Deposits payable	200,828	-	-	-
Deferred revenue	4,691,520	-	-	-
Due to other funds (note 5)	-	-	-	-
Advances from other funds (note 5)	-	-	6,000,366	-
Total liabilities	5,870,660	-	6,738,491	335,500
Fund balances (deficits):				
Reserved:				
Inventory	-	-	501,090	-
Prepaid items	47,743	-	41,170	-
Notes receivable	-	-	-	4,316,639
Low and moderate housing	-	-	-	8,618,341
Advances to other funds	22,409,361	-	-	11,514,773
Unreserved, reported in:				
General fund	19,491,287	-	-	-
Special revenue funds	-	18,500,000	(5,633,234)	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances (deficits)	41,948,391	18,500,000	(5,090,974)	24,449,753
Total liabilities and fund balances	\$ 47,819,051	18,500,000	1,647,517	24,785,253

See accompanying notes to basic financial statements.

Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals	
			2010	2009
RDA Whitewater Debt Service	RDA Whitewater Capital Improvement			
55	1,004,086	16,656,827	55,082,117	54,254,051
789,777	2	-	10,090,466	9,087
21,668	-	281,872	979,305	9,765,285
-	3,134	49,494	166,742	403,909
-	-	-	4,316,639	4,316,639
-	-	17,650	106,563	80,242
-	-	-	501,090	473,863
-	-	8,940	1,726,750	12,211,923
-	-	-	38,615,654	29,128,588
<u>811,500</u>	<u>1,007,222</u>	<u>17,014,783</u>	<u>111,585,326</u>	<u>110,643,587</u>
104,524	19,382	213,195	1,943,572	2,140,817
-	-	5,177	450,643	251,522
-	-	61,000	261,828	247,832
-	-	-	4,691,520	5,402,588
1,000	-	1,725,750	1,726,750	12,211,923
<u>32,615,288</u>	<u>-</u>	<u>-</u>	<u>38,615,654</u>	<u>29,128,588</u>
<u>32,720,812</u>	<u>19,382</u>	<u>2,005,122</u>	<u>47,689,967</u>	<u>49,383,270</u>
-	-	-	501,090	473,863
-	-	17,650	106,563	80,242
-	-	-	4,316,639	4,316,639
-	-	-	8,618,341	18,965,920
-	-	-	33,924,134	26,150,000
-	-	-	19,491,287	17,356,780
-	-	16,293,056	29,159,822	29,035,755
(31,909,312)	-	-	(31,909,312)	(31,419,170)
-	987,840	(1,301,045)	(313,205)	(3,699,712)
<u>(31,909,312)</u>	<u>987,840</u>	<u>15,009,661</u>	<u>63,895,359</u>	<u>61,260,317</u>
<u>811,500</u>	<u>1,007,222</u>	<u>17,014,783</u>	<u>111,585,326</u>	<u>110,643,587</u>

See accompanying notes to basic financial statements.

(This page intentionally left blank)

CITY OF INDIAN WELLS

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

June 30, 2010

Fund balances - total governmental funds		\$ 63,895,359
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		262,836,522
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	(132,925,000)	
Bond premium	(578,903)	
Deferred charges for issuance costs and bond discounts	2,611,609	
Compensated absences	<u>(489,223)</u>	(131,381,517)
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		(1,909,879)
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		4,691,520
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>3,333,321</u>
Net assets of governmental activities		<u>\$ 201,465,326</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, 2010
(with comparative totals for the prior year)

	Special Revenue Funds			
	General	Emergency Reserve	Golf Resort Operations	Low/Moderate Housing
Revenues:				
Taxes	\$ 9,156,141	-	-	-
Assessments	-	-	-	-
Licenses and permits	234,274	-	-	-
Intergovernmental	440,486	-	-	-
Fines and forfeitures	18,669	-	-	-
Charges for services	388,137	-	11,088,608	-
Investment income	1,654,851	-	1,014	444,801
Rental income	65,243	-	12,000	-
Development fees	-	-	-	-
Other revenue	210,211	-	24,715	2,424,000
Total revenues	<u>12,168,012</u>	<u>-</u>	<u>11,126,337</u>	<u>2,868,801</u>
Expenditures				
Current:				
General government	4,599,397	-	-	1,890,084
Community development	751,172	-	-	384,955
Public safety	3,262,981	-	-	-
Public works	1,483,952	-	-	-
Golf resort	-	-	12,885,373	-
Capital outlay	-	-	-	3,049,937
Debt service				
Principal retirement	-	-	-	1,900,000
Interest and fiscal charges	-	-	-	1,875,233
Bond issuance costs	-	-	-	-
SERAF obligation	-	-	-	-
Pass-through expenditures	-	-	-	-
Total expenditures	<u>10,097,502</u>	<u>-</u>	<u>12,885,373</u>	<u>9,100,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,070,510</u>	<u>-</u>	<u>(1,759,036)</u>	<u>(6,231,408)</u>
Other financing sources (uses):				
Transfers in (note 6)	-	-	1,000,000	7,398,602
Transfers out (note 6)	(3,679,686)	-	-	-
Sale of property	-	-	-	-
Proceeds of bonds	-	-	-	-
Total other financing sources (uses)	<u>(3,679,686)</u>	<u>-</u>	<u>1,000,000</u>	<u>7,398,602</u>
Net change in fund balances	(1,609,176)	-	(759,036)	1,167,194
Fund balances (deficit) at beginning of year, as restated (note 18)	<u>43,557,567</u>	<u>18,500,000</u>	<u>(4,331,938)</u>	<u>23,282,559</u>
Fund balances (deficit) at end of year	<u>\$ 41,948,391</u>	<u>18,500,000</u>	<u>(5,090,974)</u>	<u>24,449,753</u>

See accompanying notes to basic financial statements.

Debt Service Fund RDA Whitewater Debt Service	Capital Projects Fund RDA Whitewater Capital Improvement	Nonmajor Governmental Funds	Totals	
			2010	2009
			36,993,007	-
-	-	3,481,755	3,481,755	3,385,707
-	-	550	234,824	226,007
-	4,460,919	256,552	5,157,957	937,750
-	-	65,913	84,582	52,762
-	-	-	11,476,745	7,478,699
34,181	40,240	557,493	2,732,580	2,609,238
-	-	1,250,159	1,327,402	1,552,809
-	-	228,628	228,628	59,252
156,044	-	331,090	3,146,060	7,823,725
<u>37,183,232</u>	<u>4,501,159</u>	<u>9,018,306</u>	<u>76,865,847</u>	<u>75,371,601</u>
-	1,017,572	434,836	7,941,889	10,506,842
496,925	452,679	1,857,419	3,943,150	3,784,085
-	-	4,737,316	8,000,297	7,471,826
-	-	1,475,823	2,959,775	3,278,386
-	-	-	12,885,373	10,179,734
-	924,349	1,980,696	5,954,982	12,361,227
1,960,000	-	-	3,860,000	3,720,000
6,279,059	3,646	-	8,157,938	8,858,488
359,236	-	-	359,236	-
9,550,323	-	-	9,550,323	-
21,138,998	-	-	21,138,998	22,107,922
<u>39,784,541</u>	<u>2,398,246</u>	<u>10,486,090</u>	<u>84,751,961</u>	<u>82,268,510</u>
<u>(2,601,309)</u>	<u>2,102,913</u>	<u>(1,467,784)</u>	<u>(7,886,114)</u>	<u>(6,896,909)</u>
-	1,472,501	1,974,678	11,845,781	15,377,613
(8,778,833)	(44,992)	(92,270)	(12,595,781)	(16,377,613)
-	-	-	-	4,341,639
10,890,000	-	-	10,890,000	-
<u>2,111,167</u>	<u>1,427,509</u>	<u>1,882,408</u>	<u>10,140,000</u>	<u>3,341,639</u>
(490,142)	3,530,422	414,624	2,253,886	(3,555,270)
<u>(31,419,170)</u>	<u>(2,542,582)</u>	<u>14,595,037</u>	<u>61,641,473</u>	<u>64,815,587</u>
<u>(31,909,312)</u>	<u>987,840</u>	<u>15,009,661</u>	<u>63,895,359</u>	<u>61,260,317</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, 2010

Net changes in fund balances - total governmental funds \$ 2,253,886

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	6,076,294	
Depreciation expense	<u>(8,816,690)</u>	(2,740,396)

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:

Issuance of tax allocation bonds	(10,890,000)	
Bond issuance costs	359,236	
Principal payments	<u>3,860,000</u>	(6,670,764)

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	3,235	
Amortization of bond premium	31,655	
Amortization of issuance costs and bond discounts	(218,234)	
Compensated absences	<u>4,627</u>	(178,717)

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. (711,068)

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 135,804

Net changes in net assets of governmental funds \$ (7,911,255)

CITY OF INDIAN WELLS

Statement of Net Assets

Proprietary Fund

June 30, 2010

(with comparative totals for the prior year)

	Internal Service Fund	
	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and investments	\$ 2,409,420	2,826,163
Receivables:		
Interest	7,518	21,673
Non-current assets:		
Net pension asset (note 11)	<u>929,319</u>	<u>714,000</u>
Total assets	<u>3,346,257</u>	<u>3,561,836</u>
Liabilities		
Noncurrent liabilities:		
Due within one year (note 8)	-	210,000
Due in more than one year (note 8)	<u>12,936</u>	<u>154,319</u>
Total liabilities	<u>12,936</u>	<u>364,319</u>
Net assets:		
Unrestricted	<u>3,333,321</u>	<u>3,197,517</u>
Total net assets	<u>\$ 3,333,321</u>	<u>3,197,517</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, 2010
 (with comparative information for the prior year)

	Internal Service Fund	
	2010	2009
Operating expenses:		
Personnel benefits	\$ 682,322	571,786
Other	31,057	15,000
Operating income (loss)	(713,379)	(586,786)
Nonoperating revenues (expenses):		
Investment income	99,183	122,322
Total nonoperating revenues (expenses)	99,183	122,322
Income before transfers	(614,196)	(464,464)
Transfers in (note 5)	750,000	1,000,000
Change in net assets	135,804	535,536
Total net assets at beginning of year	3,197,517	2,661,981
Total net assets at end of year	\$ 3,333,321	3,197,517

See accompanying notes to basic financial statements.

CITY OF INDIAN WELLS

Statement of Cash Flows

Proprietary Fund

For the Year ended June 30, 2010

(with comparative information for the prior year)

	<u>Internal Service Fund</u>	
	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Payments to suppliers for goods and services	\$ (1,280,081)	(936,467)
Net cash provided by operating activities	(1,280,081)	(936,467)
Cash flows from noncapital financing activities:		
Cash received from other funds	750,000	1,000,000
Cash flows from investing activities:		
Investment income	113,338	123,829
Net increase in cash and cash equivalents	(416,743)	187,362
Cash and cash equivalents at beginning of year	<u>2,826,163</u>	<u>2,638,801</u>
Cash and cash equivalents at end of year	<u>\$ 2,409,420</u>	<u>2,826,163</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	<u>\$ (713,379)</u>	<u>(586,786)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Amortization of net pension asset	31,057	15,000
(Increase) decrease in net pension asset	(246,376)	(729,000)
Increase (decrease) in other post employment benefits	<u>(351,383)</u>	<u>364,319</u>
Total adjustments	<u>(566,702)</u>	<u>(349,681)</u>
Net cash provided (used) by operating activities	<u>\$ (1,280,081)</u>	<u>(936,467)</u>

Noncash Financing and Investing Transactions

For the years ended June 30, 2010 and 2009, there were no significant noncash investing or financing transactions.

See accompanying notes to basic financial statements.

(This page intentionally left blank)

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year ended June 30, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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	\$ 55,082,117	-	-	-
Cash and investments with fiscal agents	10,090,466	-	-	-
Receivables:				
Accounts	979,305	-	-	-
Interest	166,742	-	-	-
Notes	4,316,639	-	-	-
Prepaid items	106,563	-	-	-
Net pension asset	-	-	-	-
Inventory	501,090	-	-	-
Due from other funds	1,726,750	-	-	-
Advances to other funds	38,615,654	-	-	-
Deferred charges	-	-	-	2,611,609
Capital assets	-	306,215,433	-	-
Accumulated depreciation	-	(43,378,911)	-	-
Total assets	\$ 111,585,326	262,836,522	-	2,611,609
Liabilities:				
Accounts payable	\$ 1,943,572	-	-	-
Accrued liabilities	450,643	-	-	-
Deposits payable	261,828	-	-	-
Deferred revenue	4,691,520	-	-	-
Due to other funds	1,726,750	-	-	-
Advances from other funds	38,615,654	-	-	-
Noncurrent liabilities:				
Due within one year	-	-	127,605	4,060,555
Due in more than one year	-	-	361,618	129,443,348
Total liabilities	47,689,967	-	489,223	133,503,903
FUND BALANCES/NET ASSETS	63,895,359	262,836,522	(489,223)	(130,892,294)
TOTAL NET ASSETS/LIABILITIES	\$ 111,585,326	262,836,522	-	2,611,609

CITY OF INDIAN WELLS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
For the Year ended June 30, 2010

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

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

Interest Payable	Deferred Revenue	Internal Service Fund	Reclassifications and Eliminations	Total Statement of Net Assets
-	-	2,409,420	-	57,491,537
-	-	-	-	-
-	-	-	-	10,090,466
-	-	-	-	-
-	-	-	-	979,305
-	-	7,518	-	174,260
-	-	-	-	4,316,639
-	-	-	-	106,563
-	-	929,319	-	929,319
-	-	-	-	501,090
-	-	-	(1,726,750)	-
-	-	-	(38,615,654)	-
-	-	-	-	2,611,609
-	-	-	-	306,215,433
-	-	-	-	(43,378,911)
-	-	3,346,257	(40,342,404)	340,037,310
-	-	-	-	1,943,572
1,909,879	-	-	-	2,360,522
-	-	-	-	261,828
-	(4,691,520)	-	-	-
-	-	-	(1,726,750)	-
-	-	-	(38,615,654)	-
-	-	-	-	-
-	-	-	-	4,188,160
-	-	12,936	-	129,817,902
1,909,879	(4,691,520)	12,936	(40,342,404)	138,571,984
(1,909,879)	4,691,520	3,333,321	-	201,465,326
-	-	3,346,257	(40,342,404)	340,037,310

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

For the Year ended June 30, 2010

I. 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	\$ 48,995,314	-	-	-
Assessments	3,481,755	-	-	-
Licenses and permits	234,824	-	-	-
Intergovernmental	5,157,957	-	-	-
Fines and forfeitures	84,582	-	-	-
Charges for services	11,476,745	-	-	-
Investment income	2,732,580	-	-	-
Rental income	1,327,402	-	-	-
Development fees	228,628	-	-	-
Other revenue	3,146,060	-	-	-
Total revenues	76,865,847	-	-	-
Expenditures:				
Current:				
General government	7,941,889	194,931	(4,627)	-
Community development	3,943,150	5,968,447	-	-
Public safety	8,000,297	131,944	-	-
Public works	2,959,775	2,400,056	-	-
Golf resort	12,885,373	-	-	-
Capital outlay	5,954,982	(5,954,982)	-	-
Debt service:				
Principal	3,860,000	-	-	(3,860,000)
Interest	8,157,938	-	-	186,579
Bond issuance costs	359,236	-	-	(359,236)
SERAF obligation	9,550,323	-	-	-
Pass-through expenditures	21,138,998	-	-	-
Total expenditures	84,751,961	2,740,396	(4,627)	(4,032,657)
Other financing sources (uses):				
Transfers in	11,845,781	-	-	-
Transfers out	(12,595,781)	-	-	-
Sale of property	-	-	-	-
Proceeds of bonds	10,890,000	-	-	(10,890,000)
Total other financing sources (uses)	10,140,000	-	-	(10,890,000)
Net change in fund balances	2,253,886	(2,740,396)	4,627	(6,857,343)
FUND BALANCES (DEFICITS)/NET ASSETS AT BEGINNING OF YEAR	61,641,473	265,576,918	(493,850)	(124,034,951)
FUND BALANCES (DEFICITS)/NET ASSETS AT END OF YEAR	\$ 63,895,359	262,836,522	(489,223)	(130,892,294)

CITY OF INDIAN WELLS
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year ended June 30, 2010

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
-	-	-	(21,138,998)	27,856,316
-	-	-	-	3,481,755
-	-	-	-	234,824
-	-	-	-	5,157,957
-	-	-	-	84,582
-	-	-	(189,227)	11,287,518
-	1,712,932	99,183	(2,407,134)	2,137,561
-	-	-	-	1,327,402
-	-	-	-	228,628
-	(2,424,000)	-	(315,647)	406,413
-	(711,068)	99,183	(24,051,006)	52,202,956
-	-	378,058	(315,647)	8,194,604
-	-	159,856	(102,183)	9,969,270
-	-	45,796	(20,815)	8,157,222
-	-	129,669	(66,229)	5,423,271
-	-	-	-	12,885,373
-	-	-	-	-
(3,235)	-	-	(2,407,134)	5,934,148
-	-	-	-	-
-	-	-	-	9,550,323
-	-	-	(21,138,998)	-
(3,235)	-	713,379	(24,051,006)	60,114,211
-	-	750,000	(12,595,781)	-
-	-	-	12,595,781	-
-	-	-	-	-
-	-	-	-	-
-	-	750,000	-	-
3,235	(711,068)	135,804	-	(7,911,255)
(1,913,114)	5,402,588	3,197,517	-	209,376,581
(1,909,879)	4,691,520	3,333,321	-	201,465,326

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

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 Indian Wells Golf Resort, Indian Wells Villas and Mountain View Villas. Each fund's share in this pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for approximately \$112,125 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, 2010

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, 2010

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, 2010

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.

P. Subsequent Events:

Management has evaluated subsequent events through October 26, 2010 (the date the financial statements were available to be issued). Management believes no events have occurred subsequent to the statement of financial position date and through October 26, 2010 that would require adjustments to or disclosure in the City's financial statements.

2. CASH AND INVESTMENTS:

Cash and investments at June 30, 2010 are classified in the accompanying financial statements as follows:

Unrestricted assets:

Cash and investments	\$ 57,491,537
----------------------	---------------

Restricted assets:

Cash and investments with fiscal agent	<u>10,090,466</u>
--	-------------------

\$ 67,582,003

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

2. CASH AND INVESTMENTS (CONTINUED):

Cash and investments at June 30, 2010 consisted of the following:

Demand accounts	\$ (6,129,056)
Petty cash	1,400
Investments	<u>73,709,659</u>
Total cash and investments	<u>\$ 67,582,003</u>

Investments Authorized by the California Government Code and the City's Investment Policy:

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, 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, 2010

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, 2010

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. Treasury Bills, Bonds, and Notes	\$ -	-	9,173,970	9,173,970
U.S. Government - Sponsored Entities Securities	1,015,940	-	7,157,140	8,173,080
Negotiable Certificate of Deposit	2,821,750	-	-	2,821,750
Local Agency Investment Funds	36,349,955	-	-	36,349,955
Medium Term Notes	3,030,610	1,030,130	3,039,698	7,100,438
Held by a Bond Trustee:				
Money Market Mutual Funds	<u>10,090,466</u>	<u>-</u>	<u>-</u>	<u>10,090,466</u>
	<u>\$53,308,721</u>	<u>1,030,130</u>	<u>19,370,808</u>	<u>73,709,659</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, 2010

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk (Continued):

<u>Investment Type</u>	<u>Total As of June 30, 2010</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
U.S. Treasury Bills, Bonds, and Notes	\$ 9,173,970	N/A	9,173,970	-	-	-
U.S. Government Sponsored Entities Securities	8,173,080	AAA	-	8,173,080	-	-
Negotiable certificate of deposit	2,821,750	N/A	2,821,750	-	-	-
Local Agency Investment Fund	36,349,955	N/A	36,349,955	-	-	-
Medium Term Notes Held By Bond Trustee:	7,100,438	AA	-	-	7,100,438	-
Money Market Mutual Funds	<u>10,090,466</u>	A	-	-	-	<u>10,090,466</u>
Total	<u>\$73,709,659</u>		<u>39,171,705</u>	<u>17,347,050</u>	<u>7,100,438</u>	<u>10,090,466</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>
U.S. Treasury	U.S. Treasury Bills, Bonds, and Notes	\$9,173,970	12.45%
Federal Home Loan Bank	U.S. Government Sponsored Entities Securities	4,119,060	5.59%

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

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, 2010

3. COMPOSITION OF ACCOUNTS RECEIVABLE:

Receivables at June 30, 2010, are composed of the following:

	Due from Other <u>Governments</u>	Other <u>Receivable</u>	Taxes <u>Receivable</u>	<u>Total</u>
General	\$ 6,504	64,097	432,990	503,591
Golf Resort Operations	-	167,840	-	167,840
Low/Moderate Housing	-	-	4,334	4,334
RDA Whitewater Debt Service	-	-	21,668	21,668
Nonmajor Governmental Funds	<u>44,547</u>	<u>90,193</u>	<u>147,132</u>	<u>281,872</u>
Total	<u>\$ 51,051</u>	<u>322,130</u>	<u>606,124</u>	<u>979,305</u>

4. NOTES RECEIVABLE:

Notes receivables at June 30, 2010, are composed of the following:

	<u>Outstanding at June 30, 2010</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, 2010

5. INTERFUND BALANCES:

Current interfund receivables and payables as of June 30, 2010 are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,716,810
General Fund	RDA Whitewater Capital Improvement Capital Projects Fund	1,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>8,940</u>
		<u>\$1,726,750</u>

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

Current interfund advances as of June 30, 2010 are as follows:

<u>Advances From Fund</u>	<u>Advances To Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency Whitewater Debt Service Fund	\$21,100,515
General Fund	Golf Resort Operations Special Revenue Fund	6,000,366
Low/Moderate Housing Special Revenue Fund	Redevelopment Agency Whitewater Debt Service Fund	<u>11,514,773</u>
		<u>\$38,615,654</u>

In prior fiscal years, the General Fund issued unsecured notes in which was advanced to the Redevelopment Agency Whitewater Debt Service Fund in a total of \$29,128,587. These advances accrue interest annually at 9.5%. During the current year, \$9,741,005 of the notes, plus \$694,201 of accrued interest charges was repaid to the City. Accrued interest charges of \$2,407,134 to date have been added to the balance of the advances.

In June 2010, the General Fund advanced the Golf Resort Operations Special Revenue Fund \$6,000,366. The advance bears no interest. The purpose of the advance is to temporarily support the operations of the Golf Operations Special Revenue Fund.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

5. INTERFUND BALANCES (CONTINUED):

In April 2010, the Low and Moderate Housing Fund advanced the Whitewater Debt Service Fund \$11,514,773. The advance bears no interest and has to be repaid in full on June 30, 2015. The advance was made to provide funding for the Supplemental Education Relief Augmentation Funds (SERAF) Obligation.

6. INTERFUND TRANSFERS:

Transfers in and out for the year ended June 30, 2010 are as follows:

<u>Transfer Out of Fund</u>	<u>Transfer In to Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 750,000
	Golf Resort Operations Special Revenue Fund	1,000,000
	Nonmajor Governmental Funds	1,929,686
Redevelopment Agency Whitewater Debt Service	Low/Moderate Housing Special Fund Revenue Fund	7,398,602
	Redevelopment Agency Whitewater Capital Improvement Fund	1,380,231
Redevelopment Agency Whitewater Capital Improvements Fund	Nonmajor Governmental Funds	44,992
Nonmajor Governmental Funds	Redevelopment Agency Whitewater Capital Improvement Fund	92,270
		<u>\$12,595,781</u>

The RDA Whitewater Debt Service Fund transferred \$7,398,602 to the Low/Moderate Housing Special Revenue Fund as part of the 20% set-aside in tax increment and \$1,380,231 to the RDA Capital Improvement Fund to fund capital projects.

The General Fund transferred \$1,000,000 to the Golf Resort Operations Special Revenue Fund to fund the operations.

The General Fund transferred \$1,929,686 to Nonmajor Governmental Funds of which \$1,630,000 was to fund capital projects, \$250,000 to fund a grant, and \$49,686 to fund a share of the City's landscape.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

7. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 61,158,149	672,834	-	61,830,983
Construction in progress	<u>19,736,264</u>	<u>4,745,694</u>	<u>(2,388,800)</u>	<u>22,093,158</u>
Total capital assets not being depreciated	<u>80,894,413</u>	<u>5,418,528</u>	<u>(2,388,800)</u>	<u>83,924,141</u>
Capital assets, being depreciated:				
Buildings and improvements	124,878,477	847,631	-	125,726,108
Equipment	6,952,553	121,311	-	7,073,864
Infrastructure	<u>87,413,696</u>	<u>2,077,625</u>	<u>-</u>	<u>89,491,320</u>
Total capital assets being depreciated	<u>219,244,726</u>	<u>3,046,567</u>	<u>-</u>	<u>222,291,292</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,572,276)	(5,818,240)	-	(24,390,516)
Equipment	(2,925,830)	(1,169,038)	-	(4,094,868)
Infrastructure	<u>(13,064,115)</u>	<u>(1,829,412)</u>	<u>-</u>	<u>(14,893,527)</u>
Total accumulated depreciation	<u>(34,562,221)</u>	<u>(8,816,690)</u>	<u>-</u>	<u>(43,378,911)</u>
Total capital assets being depreciated, net	<u>184,682,505</u>	<u>(5,770,123)</u>	<u>-</u>	<u>178,912,381</u>
Total capital assets, net	<u>\$265,576,918</u>	<u>(351,595)</u>	<u>(2,388,800)</u>	<u>262,836,522</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

7. CAPITAL ASSETS (CONTINUED):

Capital construction commitments for the year ended June 30, 2010 was as follows:

Capital Construction in Progress:

<u>Description</u>	<u>Total Project Budget</u>	<u>Total Expended During Fiscal Year Ending 2010</u>	<u>Unexpended</u>
Indian Wells Villas Capital Imp.	\$ 2,594,132	1,739,981	691,522
Mountain View Villas Phase I	36,829,418	395,949	954,097
Mountain View Villas Phase II	14,313,440	898,311	203,162
Highway 111 Improvement	8,122,831	811,692	189,680
Indian Wells Underground Utilities	<u>200,000</u>	<u>30</u>	<u>199,970</u>
	<u>\$62,059,821</u>	<u>3,845,963</u>	<u>2,238,431</u>

Depreciation Expense:

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

General Government	\$ 194,931
Community Development	5,968,447
Public Safety	131,944
Public Works	<u>2,521,368</u>
	<u>\$8,816,690</u>

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

For the Year ended June 30, 2010

8. LONG-TERM LIABILITIES:

The changes in long-term liabilities for the year ended June 30, 2010 were as follows:

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>	<u>Due Within One Year</u>
Bonds payable:					
2003A Tax Allocation Bonds	\$ 10,050,000	-	(535,000)	9,515,000	555,000
2003A-T Tax Allocation Bonds	36,950,000	-	(1,900,000)	35,050,000	1,985,000
2005 Refunding Tax Allocation Bonds	12,780,000	-	(710,000)	12,070,000	740,000
2006A Tax Allocation Bonds	66,115,000	-	(715,000)	65,400,000	735,000
2010A Tax Allocation Bonds	<u>-</u>	<u>10,890,000</u>	<u>-</u>	<u>10,890,000</u>	<u>-</u>
Subtotal	<u>125,895,000</u>	<u>10,890,000</u>	<u>(3,860,000)</u>	<u>132,925,000</u>	<u>4,015,000</u>
Add (less) deferred amounts:					
Bond premium	<u>624,458</u>	<u>-</u>	<u>(45,555)</u>	<u>578,903</u>	<u>45,555</u>
Subtotal	<u>624,458</u>	<u>-</u>	<u>(45,555)</u>	<u>578,903</u>	<u>45,555</u>
Total bonds payable	<u>126,519,458</u>	<u>10,890,000</u>	<u>(3,905,555)</u>	<u>133,503,903</u>	<u>4,060,555</u>
Other liabilities:					
Other Post Employment Benefits	364,319	630,512	(981,895)	12,936	-
Compensated absences	<u>493,850</u>	<u>433,942</u>	<u>(438,569)</u>	<u>489,223</u>	<u>127,605</u>
Total long-term liabilities	<u>\$127,377,627</u>	<u>11,954,454</u>	<u>(5,326,019)</u>	<u>134,006,062</u>	<u>4,188,160</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

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, 2010 were \$9,515,000.

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

For the Year ended June 30, 2010

8. LONG-TERM LIABILITIES (CONTINUED):

2003A Tax Allocation Bonds (Continued):

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	650,000	357,895	1,007,895
2016-2020	3,780,000	1,268,677	5,048,677
2021-2023	<u>2,745,000</u>	<u>278,691</u>	<u>3,023,691</u>
Subtotal	9,515,000	3,600,852	13,115,852
Add deferred amounts:			
Bond premium	<u>490,446</u>	<u>-</u>	<u>490,446</u>
	<u>\$10,005,446</u>	<u>3,600,852</u>	<u>13,606,298</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, 2010

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, 2010, bonds outstanding were \$35,050,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,365,000	1,450,449	3,815,449
2016-2020	13,905,000	5,168,709	19,073,709
2021-2023	<u>10,295,000</u>	<u>1,144,143</u>	<u>11,439,143</u>
	<u>\$35,050,000</u>	<u>14,535,913</u>	<u>49,585,913</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.

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

For the Year ended June 30, 2010

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, 2010 were \$12,070,000.

Future debt service requirements on these bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	850,000	359,581	1,209,581
2016-2020	4,755,000	1,295,487	6,050,487
2021-2023	<u>3,340,000</u>	<u>287,938</u>	<u>3,627,938</u>
Subtotal	12,070,000	3,653,131	15,723,131
Add deferred amounts:			
Bond premium	<u>38,830</u>	<u>-</u>	<u>38,830</u>
	<u>\$12,108,830</u>	<u>3,653,131</u>	<u>15,761,961</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

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, 2010 were \$65,400,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	875,000	2,720,369	3,595,369
2016-2020	4,920,000	13,049,245	17,969,245
2021-2025	10,535,000	11,882,314	22,417,314
2026-2030	20,480,000	8,588,321	29,068,321
2031-2035	<u>25,420,000</u>	<u>3,656,013</u>	<u>29,076,013</u>
Subtotal	65,400,000	51,110,207	116,510,207
Add deferred amounts:			
Bond premium	49,627	-	49,627
	<u>\$65,449,627</u>	<u>51,110,207</u>	<u>116,559,834</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

8. LONG-TERM LIABILITIES (CONTINUED):

2010A Tax Allocation Bonds:

On May 11, 2010, the Agency issued \$10,890,000 of Tax Allocation Bonds to provide funds to repay a portion of a loan to the Agency from the City of Indian Wells and thereby provide funds for the City to finance certain public capital improvements. A portion of the proceeds from the bonds issued in 2010 were placed in a reserve account for the Series 2010A Bonds and to pay costs of issuance.

The 2010A Tax Allocation Bonds are special obligation of the Agency secured by tax increment revenues on a parity with the Agency's 2003A Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2005A Refunding Tax Allocation Bonds, 2006A Tax Allocation Bonds. The reserve requirement and the payment of principal and interest on the bonds as they become due are insured by a financial guaranty insurance policy issued simultaneously with the issuance of the bonds.

The Bonds are payable in annual installments ranging from \$265,000 to \$735,000 until maturity on September 1, 2034. Interest is payable semiannually on March 1 and September 1, with rates ranging from 4.00% to 5.25% per annum. Bonds outstanding at June 30, 2010 were \$10,890,000.

Future debt service requirements on these bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	387,709	387,709
2012	265,000	502,246	767,246
2013	280,000	491,346	771,346
2014	290,000	479,946	769,946
2015	300,000	468,146	768,146
2016-2020	1,705,000	2,145,646	3,850,646
2021-2025	2,090,000	1,746,428	3,836,428
2026-2030	2,625,000	1,195,438	3,820,438
2031-2035	<u>3,335,000</u>	<u>450,915</u>	<u>3,785,915</u>
	<u>\$10,890,000</u>	<u>7,867,820</u>	<u>18,757,820</u>

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

8. LONG-TERM LIABILITIES (CONTINUED):

Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$489,223 at June 30, 2010 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, 2010, the following represents the amounts still outstanding on bonds considered defeased:

\$21,095,000 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, 2010

11. DEFINED BENEFIT PENSION PLAN:

Plan Description:

The City of Indian Wells contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, 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 PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

Contributions and Funding Policy:

Miscellaneous and safety participants are required to contribute 7% and 9%, respectively, of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2010 is 8% percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the plan for the years ending June 30, 2008, 2009, and 2010 were \$601,504, \$943,658, and \$740,575, respectively, and were equal to the required contributions for each year.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

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 \$3,385,004 compared with a total payroll of \$3,795,664 for the fiscal year ended June 30, 2010.

All full-time employees are eligible to participate in the plan and benefits vest immediately. The required period of service is six months. Eligible employees at age 50 or more may begin to collect defined contribution benefits immediately upon retirement. The employer contribution is 2.5% of earnings. No employee contributions are permitted. The total contribution made by the City was \$84,625.

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.

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

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

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. *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.* Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P. Street, Sacramento, CA 95814.

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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	18
Active plan members	<u>40</u>
Total	<u>58</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 2009-10, the City contributed \$981,895 to the plan for current premiums.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

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 twenty 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	\$682,322
Interest on net OPEB obligation	28,235
Adjustments to annual required contributions	<u>(80,045)</u>
Annual OPEB cost (expense)	630,512
Contributions made (including premiums paid)	<u>(981,895)</u>
Increase in net OPEB obligation	(351,383)
Net OPEB obligation-beginning of year	<u>364,319</u>
Net OPEB obligation-end of year	<u>\$ 12,936</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/08	N/A	N/A	N/A
6/30/09	\$ 571,786	36.3%	\$ 364,319
6/30/10	630,512	97.9%	12,936

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

14. POST EMPLOYMENT BENEFIT PLAN (CONTINUED):

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$4,022,233
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$4,022,233</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	3,333,737
UAAL as a percentage of covered payroll	120.65%

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, 2010

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 on an open basis 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 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)
6/30/08	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%
6/30/10	\$0	\$4,022,233	\$4,022,233	0%	\$3,333,737	120.65%

15. RISK MANAGEMENT:

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement:

The City of Indian Wells is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

15. RISK MANAGEMENT (CONTINUED):

Self-Insurance Programs of the Authority:

Liability:

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). 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 police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) 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; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance policies and are subject to a \$2,500,000 annual aggregate deductible; (4b) costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) Costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with 4a, 4b, and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

Workers' Compensation:

The City of Indian Wells 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). 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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

15. RISK MANAGEMENT (CONTINUED):

Self-Insurance Programs of the Authority (Continued):

Workers' Compensation (Continued):

Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) 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; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

Purchased Insurance:

Property Insurance:

The City of Indian Wells participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Indian Wells property is currently insured according to a schedule of covered property submitted by the City of Indian Wells to the Authority. The City of Indian Wells currently has all-risk property insurance protection in the amount of \$82,482,809. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance:

The City of Indian Wells purchases crime insurance coverage in the amount of \$1,000,000 with a Non Participant deductible. The fidelity coverage is arranged by the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

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

For the Year ended June 30, 2010

15. RISK MANAGEMENT (CONTINUED):

Purchased Insurance (Continued):

Earthquake and Flood Insurance:

The City of Indian Wells purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Indian Wells property currently has earthquake protection in the amount of \$57,986,438. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Adequacy of Protection:

During the past three fiscal (claims) 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 from coverage in the prior year.

16. OTHER REQUIRED DISCLOSURES (CONTINUED):

Expenditures in Excess of Appropriations:

The following departments reported expenditures in excess of appropriations:

Traffic Safety	
Special Revenue Fund:	
Public works	24,457
Emergency Services Upgrade	
Special Revenue Fund:	
Capital outlay	1,128
Capital Improvement	
Capital Projects Fund:	
General government	211

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

16. OTHER REQUIRED DISCLOSURES (CONTINUED):

Deficit Fund Balance:

The following Funds reported a deficit fund balance at June 30, 2010:

Golf Resort Operations Special Revenue Fund	\$ 5,090,974
RDA Whitewater Debt Service Fund	31,909,312
South Coast Air Quality Management District Vehicle Registration Special Revenue Fund	7,540
Hwy 111 Circulation Improvement Capital Projects Fund	31,923
Park Facilities in Lieu Capital Projects Fund	1,541,669
Capital Improvement Capital Projects Fund	65,071

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 although it will take several years expunge. It is anticipated the Golf Resort Operations Special Revenue Fund will begin to operate with a net operating surplus within three years as tourism and group business begins to return to the Coachella Valley.

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 and \$11.5 million from the Low/Moderate Housing Fund to advance the Agency's SERAF obligation. A full refunding of the advance is expected to take several fiscal years.

The deficit in the South Coast Air Quality Management District Vehicle Registration Special Revenue Fund will be eliminated through the collection of vehicle registration fees from the State of California to repay the outstanding loan to the City's General Fund and eliminate the deficit. This deficit balance is temporary although it will take several years expunge.

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

For the Year ended June 30, 2010

16. OTHER REQUIRED DISCLOSURES (CONTINUED):

Deficit Fund Balance (Continued):

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. This deficit balance is temporary although it will take several years expunge.

The deficit in the Capital Improvements Capital Projects Fund is due to the capital acquisitions of land and improvements on that land for the Club Drive Community Center.

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.

CITY OF INDIAN WELLS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the Year ended June 30, 2010

18. RESTATEMENT OF NET ASSETS:

Net assets at June 30, 2009 have been adjusted to reflect the accumulated result of the following changes to the financial statements.

	<u>Golf Resort Operations</u>
Net assets (deficit) at beginning of year, as previously reported	\$ (4,713,094)
Accounting policy change to include the food and beverage assets and liabilities in the Golf Resort Operations Fund Resort ("TWGR").	<u>381,156</u>
Net assets (deficit) at beginning of year, as restated	<u>\$ (4,331,938)</u>

(This page intentionally left blank)

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, 2010

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, 2010

	Budgeted Amounts		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Property taxes	\$ 2,353,183	2,230,597	2,085,046	(145,551)	2,125,644
Franchise taxes	989,938	979,938	817,863	(162,075)	870,700
General sales tax	1,214,731	1,056,000	809,441	(246,559)	963,447
Transient occupancy tax	6,485,000	4,100,000	4,294,079	194,079	4,804,501
Business license tax	21,218	32,000	30,284	(1,716)	30,400
Real property transfer tax	100,000	90,000	130,261	40,261	82,746
Admissions tax	835,227	880,000	989,167	109,167	882,298
Licenses and permits	392,000	246,450	234,274	(12,176)	216,890
Intergovernmental	550,385	521,908	440,486	(81,422)	426,730
Fines and forfeitures	42,436	29,000	18,669	(10,331)	22,668
Charges for services	627,370	444,027	388,137	(55,890)	438,103
Investment income	4,300,000	1,320,000	1,654,851	334,851	1,576,110
Rental income	-	25,000	65,243	40,243	-
Other	420,050	233,374	210,211	(23,163)	111,066
Total revenues	18,331,538	12,188,294	12,168,012	(20,282)	12,551,303
Expenditures:					
Current:					
General government:					
Legislation and policy	113,663	67,623	40,812	26,811	43,850
City manager	261,837	254,072	210,801	43,271	241,669
City clerk	119,556	88,710	67,847	20,863	69,734
Community relations	356,100	319,828	293,390	26,438	270,631
City attorney	116,036	156,805	150,414	6,391	113,308
Financial services	432,652	215,030	206,795	8,235	254,350
Central services	64,374	63,598	22,318	41,280	24,311
Cultural events	3,707,081	2,758,841	2,663,460	95,381	3,378,079
Human resources	553,606	454,637	450,303	4,334	429,409
Technology	602,835	517,912	493,257	24,655	470,668
Community development:					
Administration	52,045	44,737	42,856	1,881	40,943
Inspections and examinations	940,848	560,994	554,945	6,049	729,055
Current and advanced planning	448,332	167,043	153,371	13,672	152,212

(Continued)

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 General Fund
 For the Year ended June 30, 2010
 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Expenditures (Continued):					
Current:					
Public safety:					
Administration	\$ 235,724	69,375	63,979	5,396	232,646
Code enforcement	173,631	91,544	68,355	23,189	148,940
Public services	2,696,591	2,640,301	2,640,301	-	2,361,443
Community service officers	481,154	483,204	483,203	1	422,210
Emergency preparedness	26,265	10,000	7,143	2,857	4,266
Public works:					
Administration	250,771	317,761	233,754	84,007	191,891
City engineering	234,243	92,192	78,059	14,133	170,327
Maintenance services	1,121,224	892,747	811,565	81,182	953,583
City parkway landscape	597,331	378,341	360,574	17,767	482,507
Total expenditures	<u>13,585,899</u>	<u>10,645,295</u>	<u>10,097,502</u>	<u>547,793</u>	<u>11,186,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,745,639</u>	<u>1,542,999</u>	<u>2,070,510</u>	<u>527,511</u>	<u>1,365,271</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	800,000
Transfers out	-	(3,979,686)	(3,679,686)	300,000	(1,252,396)
Total other financing sources (uses)	<u>-</u>	<u>(3,979,686)</u>	<u>(3,679,686)</u>	<u>300,000</u>	<u>(452,396)</u>
Net change in fund balance	4,745,639	(2,436,687)	(1,609,176)	827,511	912,875
Fund balances at beginning of year	43,557,867	43,557,867	43,557,867	-	42,644,992
Fund balance at end of year	<u>\$ 48,303,506</u>	<u>41,121,180</u>	<u>41,948,691</u>	<u>827,511</u>	<u>43,557,867</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Emergency Reserve Special Revenue Fund
 For the Year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with	Prior
	<u>Original</u>	<u>Final</u>		Final Budget	Year
				Positive	Actual
				(Negative)	
Other financing sources (uses):					
Transfers in	\$ 1,500,000	-	-	-	-
Transfers out	-	-	-	-	(800,000)
Total other financing sources (uses)	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(800,000)</u>
Net change in fund balance	1,500,000	-	-	-	(800,000)
Fund balance at beginning of year	<u>18,500,000</u>	<u>18,500,000</u>	<u>18,500,000</u>	<u>-</u>	<u>19,300,000</u>
Fund balance at end of year	<u>\$ 20,000,000</u>	<u>18,500,000</u>	<u>18,500,000</u>	<u>-</u>	<u>18,500,000</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Golf Resort Operations Special Revenue Fund
 For the Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Charges for services	\$ 10,581,231	11,713,291	11,088,608	(624,683)	7,040,596
Investment income	8,736	8,736	1,014	(7,722)	126
Rental Income	-	-	12,000	12,000	-
Other revenue	110,000	-	24,715	24,715	75,408
Total revenues	<u>10,699,967</u>	<u>11,722,027</u>	<u>11,126,337</u>	<u>(595,690)</u>	<u>7,116,130</u>
Expenditures:					
Current:					
Golf resort	<u>10,428,951</u>	<u>13,403,009</u>	<u>12,885,373</u>	<u>517,636</u>	<u>10,179,734</u>
Total expenditures	<u>10,428,951</u>	<u>13,403,009</u>	<u>12,885,373</u>	<u>517,636</u>	<u>10,179,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>271,016</u>	<u>(1,680,982)</u>	<u>(1,759,036)</u>	<u>(78,054)</u>	<u>(3,063,604)</u>
Other financing sources (uses):					
Transfers in	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	271,016	(680,982)	(759,036)	(78,054)	(3,063,604)
Fund balance (deficit) at beginning of year, as restated	<u>(4,331,938)</u>	<u>(4,331,938)</u>	<u>(4,331,938)</u>	<u>-</u>	<u>(1,649,490)</u>
Fund balance (deficit) at end of year	<u>\$ (4,060,922)</u>	<u>(5,012,920)</u>	<u>(5,090,974)</u>	<u>(78,054)</u>	<u>(4,713,094)</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Low/Moderate Housing Special Revenue Fund
 For the Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Investment income	\$ 500,000	500,000	444,801	(55,199)	349,115
Other revenue	-	2,424,000	2,424,000	-	6,975,500
Total revenues	<u>500,000</u>	<u>2,924,000</u>	<u>2,868,801</u>	<u>(55,199)</u>	<u>7,324,615</u>
Expenditures:					
Current:					
General government	1,309,139	2,128,150	1,890,084	238,066	1,207,912
Community development	360,947	839,167	384,955	454,212	156,669
Capital outlay	-	5,038,274	3,049,937	1,988,337	3,847,184
Debt service:	-				
Principal retirement	1,900,000	1,900,000	1,900,000	-	1,835,000
Interest and fiscal charges	1,883,137	1,883,137	1,875,233	7,904	1,949,001
Total expenditures	<u>5,453,223</u>	<u>11,788,728</u>	<u>9,100,209</u>	<u>2,688,519</u>	<u>8,995,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,953,223)</u>	<u>(8,864,728)</u>	<u>(6,231,408)</u>	<u>2,633,320</u>	<u>(1,671,151)</u>
Other financing sources (uses):					
Transfers in	7,780,027	7,583,328	7,398,602	(184,726)	7,712,472
Sale of property	-	-	-	-	4,341,639
Total other financing sources (uses)	<u>7,780,027</u>	<u>7,583,328</u>	<u>7,398,602</u>	<u>(184,726)</u>	<u>12,054,111</u>
Net change in fund balance	2,826,804	(1,281,400)	1,167,194	2,448,594	10,382,960
Fund balance at beginning of year	<u>23,282,559</u>	<u>23,282,559</u>	<u>23,282,559</u>	<u>-</u>	<u>12,899,599</u>
Fund balance at end of year	<u>\$ 26,109,363</u>	<u>22,001,159</u>	<u>24,449,753</u>	<u>2,448,594</u>	<u>23,282,559</u>

(This page intentionally left blank)

SUPPLEMENTARY SCHEDULES

Combining Other Governmental Funds

CITY OF INDIAN WELLS
Combining Balance Sheet

Other Governmental Funds

June 30, 2010

Special Revenue Funds

	Traffic Safety	Public Safety 1/2 % Tax	Measure "A" Transportation	Extraordinary Grant	Fire Access Maintenance District No. 1	South Coast Air Quality Management District Vehicle Registration
<u>Assets</u>						
Cash and investments	\$ 181,094	11,499	-	-	1,382,122	-
Accounts receivable	18,147	1,058	49,030	-	28,877	1,400
Interest receivable	565	35	-	-	4,313	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 199,806	12,592	49,030	-	1,415,312	1,400
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 2,000	-	-	-	36,799	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	49,029	-	-	8,940
Deposits payable	-	-	-	-	-	-
Total liabilities	2,000	-	49,029	-	36,799	8,940
Fund balances (deficits):						
Reserved:						
Prepaid items	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	197,806	12,592	1	-	1,378,513	(7,540)
Capital projects funds	-	-	-	-	-	-
Total fund balances (deficits)	197,806	12,592	1	-	1,378,513	(7,540)
Total liabilities and fund balances	\$ 199,806	12,592	49,030	-	1,415,312	1,400

Special Revenue Funds

Citizens Option for Public Safety Program	Gas Tax	Emergency Services Upgrade	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Cooperative Marketing	Affordable Housing Operations
1	2,384	3,068,982	248,061	181,492	1,159,672	4,203	35,713	10,044,238
25,000	9,624	16,686	3,308	27,346	14,511	-	-	66,327
773	8	9,576	-	1,340	3,621	13	111	28,085
-	-	-	-	-	-	-	17,650	-
-	-	-	-	-	-	-	-	-
<u>25,774</u>	<u>12,016</u>	<u>3,095,244</u>	<u>251,369</u>	<u>210,178</u>	<u>1,177,804</u>	<u>4,216</u>	<u>53,474</u>	<u>10,138,650</u>
-	-	120,959	-	25,537	14,085	111	-	-
-	-	5,177	-	-	-	-	-	-
6,038	6,484	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	61,000
<u>6,038</u>	<u>6,484</u>	<u>126,136</u>	<u>-</u>	<u>25,537</u>	<u>14,085</u>	<u>111</u>	<u>-</u>	<u>61,000</u>
-	-	-	-	-	-	-	17,650	-
19,736	5,532	2,969,108	251,369	184,641	1,163,719	4,105	35,824	10,077,650
-	-	-	-	-	-	-	-	-
<u>19,736</u>	<u>5,532</u>	<u>2,969,108</u>	<u>251,369</u>	<u>184,641</u>	<u>1,163,719</u>	<u>4,105</u>	<u>53,474</u>	<u>10,077,650</u>
<u>25,774</u>	<u>12,016</u>	<u>3,095,244</u>	<u>251,369</u>	<u>210,178</u>	<u>1,177,804</u>	<u>4,216</u>	<u>53,474</u>	<u>10,138,650</u>

(Continued)

CITY OF INDIAN WELLS
Combining Balance Sheet

Other Governmental Funds

(Continued)

Capital Projects Funds

	Hwy 111	Park	Citywide	Capital	Art in	Totals	
	Circulation Improvement	Facilities In Lieu	Public Improvement	Improvement	Public Places	2010	2009
<u>Assets</u>							
Cash and investments	\$ 1	-	2	798	336,565	16,656,827	16,427,416
Accounts receivable	-	-	-	20,558	-	281,872	417,131
Interest receivable	-	-	-	3	1,051	49,494	115,703
Prepaid items	-	-	-	-	-	17,650	8,600
Due from other funds	-	-	-	8,940	-	8,940	12,131
Total assets	<u>1</u>	<u>-</u>	<u>\$ 2</u>	<u>30,299</u>	<u>337,616</u>	<u>17,014,783</u>	<u>16,980,981</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	-	-	13,704	-	213,195	593,395
Accrued liabilities	-	-	-	-	-	5,177	-
Due to other funds	31,924	1,541,669	-	81,666	-	1,725,750	1,727,292
Deposits payable	-	-	-	-	-	61,000	65,257
Total liabilities	<u>31,924</u>	<u>1,541,669</u>	<u>-</u>	<u>95,370</u>	<u>-</u>	<u>2,005,122</u>	<u>2,385,944</u>
Fund balances (deficits):							
Reserved:							
Prepaid items	-	-	-	-	-	17,650	8,600
Unreserved, reported in:							
Special revenue funds	-	-	-	-	-	16,293,056	15,743,567
Capital projects funds	(31,923)	(1,541,669)	2	(65,071)	337,616	(1,301,045)	(1,157,130)
Total fund balances (deficits)	<u>(31,923)</u>	<u>(1,541,669)</u>	<u>2</u>	<u>(65,071)</u>	<u>337,616</u>	<u>15,009,661</u>	<u>14,595,037</u>
Total liabilities and fund balances	<u>\$ 1</u>	<u>-</u>	<u>2</u>	<u>30,299</u>	<u>337,616</u>	<u>17,014,783</u>	<u>16,980,981</u>

(This page intentionally left blank)

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

Other Governmental Funds

For the Year ended June 30, 2010

	Special Revenue Funds					
	Traffic Safety	Public Safety 1/2 % Tax	Measure "A" Transportation	Extraordinary Grant	Fire Access Maintenance District No. 1	South Coast Air Quality Management District Vehicle Registration
Revenues:						
Taxes	\$ -	-	195,794	-	179,997	-
Assessments	-	-	-	-	1,200,041	-
Licenses and permits	-	-	-	-	550	-
Intergovernmental	46,184	13,736	-	-	2,665	5,789
Fines and forfeitures	65,913	-	-	-	-	-
Investment income	6,736	427	16	-	44,076	4
Rental income	-	-	-	-	-	-
Development fees	-	-	-	-	-	-
Other revenue	-	-	-	-	545	-
Total revenues	118,833	14,163	195,810	-	1,427,874	5,793
Expenditures:						
Current:						
General government	-	-	-	250,000	-	-
Community development	-	-	-	-	-	-
Public safety	-	17,337	-	-	944,924	-
Public works	158,125	-	195,814	-	-	1,975
Capital outlay	-	-	-	-	171,148	-
Total expenditures	158,125	17,337	195,814	250,000	1,116,072	1,975
Excess (deficiency) of revenues over (under) expenditures	(39,292)	(3,174)	(4)	(250,000)	311,802	3,818
Other financing sources (uses):						
Transfers in	-	-	-	250,000	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	250,000	-	-
Net change in fund balances	(39,292)	(3,174)	(4)	-	311,802	3,818
Fund balances (deficits) at beginning of year	237,098	15,766	5	-	1,066,711	(11,358)
Fund balances (deficits) at end of year	\$ 197,806	12,592	1	-	1,378,513	(7,540)

Special Revenue Funds

Citizens Option for Public Safety Program	Gas Tax	Emergency Services Upgrade	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1	Cooperative Marketing	Affordable Housing Operations
-	-	2,470,375	-	-	-	-	-	-
-	-	572,686	76,106	803,627	827,829	1,466	-	-
-	-	-	-	-	-	-	-	-
100,000	88,178	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
777	89	104,870	-	17,493	40,160	143	3,605	317,931
-	-	-	-	-	-	-	-	1,250,159
-	-	-	-	-	-	-	-	-
1,659	-	8,000	5,000	-	-	-	315,647	239
<u>102,436</u>	<u>88,267</u>	<u>3,155,931</u>	<u>81,106</u>	<u>821,120</u>	<u>867,989</u>	<u>1,609</u>	<u>319,252</u>	<u>1,568,329</u>
-	-	2,898	-	-	-	-	-	-
-	-	-	-	-	-	-	290,177	1,567,242
100,380	-	2,872,857	-	801,818	-	-	-	-
-	88,600	-	139,514	-	890,316	1,479	-	-
-	-	60,047	-	-	-	-	-	-
<u>100,380</u>	<u>88,600</u>	<u>2,935,802</u>	<u>139,514</u>	<u>801,818</u>	<u>890,316</u>	<u>1,479</u>	<u>290,177</u>	<u>1,567,242</u>
<u>2,056</u>	<u>(333)</u>	<u>220,129</u>	<u>(58,408)</u>	<u>19,302</u>	<u>(22,327)</u>	<u>130</u>	<u>29,075</u>	<u>1,087</u>
-	-	-	-	-	94,678	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	94,678	-	-	-
2,056	(333)	220,129	(58,408)	19,302	72,351	130	29,075	1,087
<u>17,680</u>	<u>5,865</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>19,736</u>	<u>5,532</u>	<u>2,969,108</u>	<u>251,369</u>	<u>184,641</u>	<u>1,163,719</u>	<u>4,105</u>	<u>53,474</u>	<u>10,077,650</u>

(Continued)

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

Other Governmental Funds

(Continued)

	Capital Projects Funds					Totals	
	Hwy 111 Circulation Improvement	Park Facilities In Lieu	Citywide Public Improvement	Capital Improvement	Art in Public Places	2010	2009
Revenues:							
Taxes	\$ -	-	-	-	-	2,846,166	2,923,856
Assessments	-	-	-	-	-	3,481,755	3,385,707
Licenses and permits	-	-	-	-	-	550	9,117
Intergovernmental	-	-	-	-	-	256,552	252,270
Fines and forfeitures	-	-	-	-	-	65,913	30,094
Investment income	-	-	-	9,641	11,525	557,493	537,919
Rental income	-	-	-	-	-	1,250,159	1,552,809
Development fees	21,450	61,672	84,626	-	60,880	228,628	59,252
Other revenue	-	-	-	-	-	331,090	474,660
Total revenues	<u>21,450</u>	<u>61,672</u>	<u>84,626</u>	<u>9,641</u>	<u>72,405</u>	<u>9,018,306</u>	<u>9,225,684</u>
Expenditures:							
Current:							
General government	-	-	-	181,938	-	434,836	159,060
Community development	-	-	-	-	-	1,857,419	1,697,875
Public safety	-	-	-	-	-	4,737,316	4,244,395
Public works	-	-	-	-	-	1,475,823	1,480,078
Capital outlay	-	-	-	1,749,501	-	1,980,696	1,700,536
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,931,439</u>	<u>-</u>	<u>10,486,090</u>	<u>9,281,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,450</u>	<u>61,672</u>	<u>84,626</u>	<u>(1,921,798)</u>	<u>72,405</u>	<u>(1,467,784)</u>	<u>(56,260)</u>
Other financing sources (uses):							
Transfers in	-	-	-	1,630,000	-	1,974,678	311,790
Transfers out	-	-	(92,270)	-	-	(92,270)	(15,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(92,270)</u>	<u>1,630,000</u>	<u>-</u>	<u>1,882,408</u>	<u>296,790</u>
Net change in fund balances	<u>21,450</u>	<u>61,672</u>	<u>(7,644)</u>	<u>(291,798)</u>	<u>72,405</u>	<u>414,624</u>	<u>240,530</u>
Fund balances (deficits) at beginning of year	<u>(53,373)</u>	<u>(1,603,341)</u>	<u>7,646</u>	<u>226,727</u>	<u>265,211</u>	<u>14,595,037</u>	<u>14,354,507</u>
Fund balances (deficits) at end of year	<u>\$ (31,923)</u>	<u>(1,541,669)</u>	<u>2</u>	<u>(65,071)</u>	<u>337,616</u>	<u>15,009,661</u>	<u>14,595,037</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.

Extraordinary Grant - This Fund is used to account for the City's extraordinary grant issued to the Food in Need of Distribution, Inc., a non-profit corporation.

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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 29,705	46,184	16,479	42,655
Fines and forfeitures	46,827	65,913	19,086	30,094
Investment income	8,000	6,736	(1,264)	7,540
Total revenues	<u>84,532</u>	<u>118,833</u>	<u>34,301</u>	<u>80,289</u>
Expenditures:				
Current:				
Public works	<u>133,668</u>	<u>158,125</u>	<u>(24,457)</u>	<u>76,980</u>
Total expenditures	<u>133,668</u>	<u>158,125</u>	<u>(24,457)</u>	<u>76,980</u>
Excess (deficiency) of revenues over (under) expenditures	(49,136)	(39,292)	9,844	3,309
Fund balance at beginning of year	<u>237,098</u>	<u>237,098</u>	-	<u>233,789</u>
Fund balance at end of year	<u>\$ 187,962</u>	<u>197,806</u>	<u>9,844</u>	<u>237,098</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Public Safety 1/2% Tax Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 17,000	13,736	(3,264)	15,766
Investment income	350	427	77	523
Total revenues	<u>17,350</u>	<u>14,163</u>	<u>(3,187)</u>	<u>16,289</u>
Expenditures:				
Current:				
Public safety	<u>17,337</u>	<u>17,337</u>	<u>-</u>	<u>16,832</u>
Total expenditures	<u>17,337</u>	<u>17,337</u>	<u>-</u>	<u>16,832</u>
Excess (deficiency) of revenues over (under) expenditures	13	(3,174)	(3,187)	(543)
Fund balance at beginning of year	<u>15,766</u>	<u>15,766</u>	<u>-</u>	<u>16,309</u>
Fund balance (deficit) at end of year	<u>\$ 15,779</u>	<u>12,592</u>	<u>(3,187)</u>	<u>15,766</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Measure "A" Transportation Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 205,000	195,794	(9,206)	180,520
Investment income	<u>400</u>	<u>16</u>	<u>(384)</u>	<u>109</u>
Total revenues	<u>205,400</u>	<u>195,810</u>	<u>(9,590)</u>	<u>180,629</u>
Expenditures:				
Current:				
Public works	<u>205,000</u>	<u>195,814</u>	<u>9,186</u>	<u>212,550</u>
Total expenditures	<u>205,000</u>	<u>195,814</u>	<u>9,186</u>	<u>212,550</u>
Excess (deficiency) of revenues over (under) expenditures	400	(4)	(404)	(31,921)
Fund balance at beginning of year	<u>5</u>	<u>5</u>	<u>-</u>	<u>31,926</u>
Fund balance at end of year	<u>\$ 405</u>	<u>1</u>	<u>(404)</u>	<u>5</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Extraordinary Grant Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Expenditures:				
Current:				
General government	550,000	250,000	300,000	-
Total expenditures	550,000	250,000	300,000	-
Excess (deficiency) of revenues over (under) expenditures	(550,000)	(250,000)	300,000	-
Other financing sources (uses):				
Transfers in	550,000	250,000	(300,000)	-
Total other financing sources (uses)	550,000	250,000	(300,000)	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	-	-	-

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Fire Access Maintenance District No. 1 Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 219,023	179,997	(39,026)	184,379
Assessments	1,200,000	1,200,041	41	1,192,746
Licenses and permits	750	550	(200)	9,117
Intergovernmental	2,981	2,665	(316)	2,346
Investment income	24,571	44,076	19,505	30,791
Other revenues	-	545	545	900
Total revenues	<u>1,447,325</u>	<u>1,427,874</u>	<u>(19,451)</u>	<u>1,420,279</u>
Expenditures:				
Current:				
Public safety	1,006,000	944,924	61,076	954,316
Capital outlay	440,000	171,148	268,852	341,233
Total expenditures	<u>1,446,000</u>	<u>1,116,072</u>	<u>329,928</u>	<u>1,295,549</u>
Excess (deficiency) of revenues over (under) expenditures	1,325	311,802	310,477	124,730
Fund balance at beginning of year	<u>1,066,711</u>	<u>1,066,711</u>	<u>-</u>	<u>941,981</u>
Fund balance at end of year	<u>\$ 1,068,036</u>	<u>1,378,513</u>	<u>310,477</u>	<u>1,066,711</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 5,500	5,789	289	5,485
Investment income	<u>25</u>	<u>4</u>	<u>(21)</u>	<u>8</u>
Total revenues	<u>5,525</u>	<u>5,793</u>	<u>268</u>	<u>5,493</u>
Expenditures:				
Current:				
Public works	<u>2,652</u>	<u>1,975</u>	<u>677</u>	<u>3,860</u>
Total expenditures	<u>2,652</u>	<u>1,975</u>	<u>677</u>	<u>3,860</u>
Excess (deficiency) of revenues over (under) expenditures	2,873	3,818	945	1,633
Fund balance (deficit) at beginning of year	<u>(11,358)</u>	<u>(11,358)</u>	<u>-</u>	<u>(12,991)</u>
Fund balance (deficit) at end of year	<u>\$ (8,485)</u>	<u>(7,540)</u>	<u>945</u>	<u>(11,358)</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 100,000	100,000	-	100,306
Investment income	950	777	(173)	3,416
Other revenue	<u>4,509</u>	<u>1,659</u>	<u>(2,850)</u>	<u>349</u>
Total revenues	<u>105,459</u>	<u>102,436</u>	<u>(3,023)</u>	<u>104,071</u>
Expenditures:				
Current:				
Public safety	<u>105,000</u>	<u>100,380</u>	<u>4,620</u>	<u>101,446</u>
Total expenditures	<u>105,000</u>	<u>100,380</u>	<u>4,620</u>	<u>101,446</u>
Excess (deficiency) of revenues over (under) expenditures	459	2,056	1,597	2,625
Fund balance at beginning of year	<u>17,680</u>	<u>17,680</u>	<u>-</u>	<u>15,055</u>
Fund balance at end of year	<u>\$ 18,139</u>	<u>19,736</u>	<u>1,597</u>	<u>17,680</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Gas Tax Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 82,000	88,178	6,178	85,712
Investment income	710	89	(621)	162
Total revenues	<u>82,710</u>	<u>88,267</u>	<u>5,557</u>	<u>85,874</u>
Expenditures:				
Current:				
Public works	91,200	88,600	2,600	94,849
Total expenditures	<u>91,200</u>	<u>88,600</u>	<u>2,600</u>	<u>94,849</u>
Excess (deficiency) of revenues over (under) expenditures	(8,490)	(333)	8,157	(8,975)
Fund balance at beginning of year	<u>5,865</u>	<u>5,865</u>	-	<u>14,840</u>
Fund balance (deficit) at end of year	<u>\$ (2,625)</u>	<u>5,532</u>	<u>8,157</u>	<u>5,865</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Emergency Services Upgrade Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 2,416,912	2,470,375	53,463	2,558,957
Assessments	572,886	572,686	(200)	540,234
Investment income	95,795	104,870	9,075	85,750
Other revenue	500	8,000	7,500	-
Total revenues	<u>3,086,093</u>	<u>3,155,931</u>	<u>69,838</u>	<u>3,184,941</u>
Expenditures:				
Current:				
General government	3,000	2,898	102	2,760
Public safety	3,299,461	2,872,857	426,604	2,374,579
Capital outlay	58,919	60,047	(1,128)	143,688
Total expenditures	<u>3,361,380</u>	<u>2,935,802</u>	<u>425,578</u>	<u>2,521,027</u>
Excess (deficiency) of revenues over (under) expenditures	(275,287)	220,129	495,416	663,914
Fund balance at beginning of year	<u>2,748,979</u>	<u>2,748,979</u>	-	<u>2,085,065</u>
Fund balance at end of year	<u>\$ 2,473,692</u>	<u>2,969,108</u>	<u>495,416</u>	<u>2,748,979</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 AB 939 Recycling Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 100,000	76,106	(23,894)	93,942
Other revenue	5,305	5,000	(305)	5,000
Total revenues	<u>105,305</u>	<u>81,106</u>	<u>(24,199)</u>	<u>98,942</u>
Expenditures:				
Current:				
Public works	150,886	139,514	11,372	176,753
Total expenditures	<u>150,886</u>	<u>139,514</u>	<u>11,372</u>	<u>176,753</u>
Excess (deficiency) of revenues over (under) expenditures	(45,581)	(58,408)	(12,827)	(77,811)
Fund balance at beginning of year	<u>309,777</u>	<u>309,777</u>	-	<u>387,588</u>
Fund balance (deficit) at end of year	<u>\$ 264,196</u>	<u>251,369</u>	<u>(12,827)</u>	<u>309,777</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Solid Waste Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 795,000	803,627	8,627	797,273
Investment income	19,796	17,493	(2,303)	25,433
Total revenues	<u>814,796</u>	<u>821,120</u>	<u>6,324</u>	<u>822,706</u>
Expenditures:				
Current:				
General government	2,100	-	2,100	1,635
Public safety	811,227	801,818	9,409	797,222
Total expenditures	<u>813,327</u>	<u>801,818</u>	<u>11,509</u>	<u>798,857</u>
Excess (deficiency) of revenues over (under) expenditures	1,469	19,302	17,833	23,849
Fund balance at beginning of year	<u>165,339</u>	<u>165,339</u>	<u>-</u>	<u>141,490</u>
Fund balance at end of year	<u>\$ 166,808</u>	<u>184,641</u>	<u>17,833</u>	<u>165,339</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Consolidated LLMD Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 825,745	827,829	2,084	760,044
Investment income	35,633	40,160	4,527	41,580
Total revenues	<u>861,378</u>	<u>867,989</u>	<u>6,611</u>	<u>801,624</u>
Expenditures:				
Current:				
Public works	994,061	890,316	103,745	913,691
Total expenditures	<u>994,061</u>	<u>890,316</u>	<u>103,745</u>	<u>913,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,683)</u>	<u>(22,327)</u>	<u>110,356</u>	<u>(112,067)</u>
Other financing sources (uses):				
Transfers in	95,294	94,678	(616)	111,790
Total other financing sources (uses)	<u>95,294</u>	<u>94,678</u>	<u>(616)</u>	<u>111,790</u>
Net change in fund balance	<u>(37,389)</u>	<u>72,351</u>	<u>109,740</u>	<u>(277)</u>
Fund balance at beginning of year	<u>1,091,368</u>	<u>1,091,368</u>	<u>-</u>	<u>1,091,645</u>
Fund balance at end of year	<u>\$ 1,053,979</u>	<u>1,163,719</u>	<u>109,740</u>	<u>1,091,368</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Street Lighting District 2001-1 Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Assessments	\$ 1,480	1,466	(14)	1,468
Investment income	<u>106</u>	<u>143</u>	<u>37</u>	<u>131</u>
Total revenues	<u>1,586</u>	<u>1,609</u>	<u>23</u>	<u>1,599</u>
Expenditures:				
Current:				
Public works	<u>1,680</u>	<u>1,479</u>	<u>201</u>	<u>1,395</u>
Total expenditures	<u>1,680</u>	<u>1,479</u>	<u>201</u>	<u>1,395</u>
Excess (deficiency) of revenues over (under) expenditures	(94)	130	224	204
Fund balance at beginning of year	<u>3,975</u>	<u>3,975</u>	<u>-</u>	<u>3,771</u>
Fund balance at end of year	<u>\$ 3,881</u>	<u>4,105</u>	<u>224</u>	<u>3,975</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Cooperative Marketing Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 6,000	3,605	(2,395)	6,891
Other revenue	<u>315,647</u>	<u>315,647</u>	<u>-</u>	<u>455,902</u>
Total revenues	<u>321,647</u>	<u>319,252</u>	<u>(2,395)</u>	<u>462,793</u>
Expenditures:				
Current:				
Community development	<u>290,473</u>	<u>290,177</u>	<u>296</u>	<u>457,357</u>
Total expenditures	<u>290,473</u>	<u>290,177</u>	<u>296</u>	<u>457,357</u>
Excess (deficiency) of revenues over (under) expenditures	31,174	29,075	(2,099)	5,436
Fund balance at beginning of year	<u>24,399</u>	<u>24,399</u>	<u>-</u>	<u>18,963</u>
Fund balance (deficit) at end of year	<u>\$ 55,573</u>	<u>53,474</u>	<u>(2,099)</u>	<u>24,399</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Affordable Housing Operations Special Revenue Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 297,608	317,931	20,323	307,730
Rental income	1,488,797	1,250,159	(238,638)	1,552,809
Other revenue	<u>57,545</u>	<u>239</u>	<u>(57,306)</u>	<u>12,419</u>
Total revenues	<u>1,843,950</u>	<u>1,568,329</u>	<u>(275,621)</u>	<u>1,872,958</u>
Expenditures:				
Current:				
Community development	<u>1,570,870</u>	<u>1,567,242</u>	<u>3,628</u>	<u>1,240,518</u>
Total expenditures	<u>1,570,870</u>	<u>1,567,242</u>	<u>3,628</u>	<u>1,240,518</u>
Net change in fund balance	273,080	1,087	(271,993)	632,440
Fund balance at beginning of year	<u>10,076,563</u>	<u>10,076,563</u>	<u>-</u>	<u>9,444,123</u>
Fund balance at end of year	<u>\$ 10,349,643</u>	<u>10,077,650</u>	<u>(271,993)</u>	<u>10,076,563</u>

(This page intentionally left blank)

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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 37,916,641	36,993,007	(923,634)	38,562,360
Investment income	50,000	34,181	(15,819)	67,057
Other revenue	116,699	156,044	39,345	154,591
Total revenues	<u>38,083,340</u>	<u>37,183,232</u>	<u>(900,108)</u>	<u>38,784,008</u>
Expenditures:				
Current:				
Community development	500,082	496,925	3,157	491,096
Pass-throughs	21,233,319	21,138,998	94,321	22,107,922
Debt service:				
Principal retirement	1,960,000	1,960,000	-	1,885,000
Interest and fiscal charges	6,280,964	6,279,059	1,905	6,906,156
Bond issuance costs	523,817	359,236	164,581	-
SERAF obligation	9,550,323	9,550,323	-	-
Total expenditures	<u>40,048,505</u>	<u>39,784,541</u>	<u>263,964</u>	<u>31,390,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,965,165)</u>	<u>(2,601,309)</u>	<u>(636,144)</u>	<u>7,393,834</u>
Other financing sources (uses):				
Issuance of noncurrent liabilities	10,890,000	10,890,000	-	-
Transfers in	-	-	-	4,000,000
Transfers out	(8,963,559)	(8,778,833)	184,726	(10,250,823)
Total other financing sources (uses)	<u>1,926,441</u>	<u>2,111,167</u>	<u>184,726</u>	<u>(6,250,823)</u>
Net change in fund balance	<u>(38,724)</u>	<u>(490,142)</u>	<u>(451,418)</u>	<u>1,143,011</u>
Fund balance (deficit) at beginning of year	<u>(31,419,170)</u>	<u>(31,419,170)</u>	<u>-</u>	<u>(32,562,181)</u>
Fund balance (deficit) at end of year	<u>\$ (31,457,894)</u>	<u>(31,909,312)</u>	<u>(451,418)</u>	<u>(31,419,170)</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 4,242,263	4,460,919	218,656	258,750
Investment income	5,755	40,240	34,485	78,911
Other revenue	-	-	-	32,500
Total revenues	<u>4,248,018</u>	<u>4,501,159</u>	<u>253,141</u>	<u>370,161</u>
Expenditures:				
Current:				
General government	1,124,431	1,017,572	106,859	3,843,861
Community development	549,512	452,679	96,833	516,235
Public safety	-	-	-	57,926
Capital outlay	1,351,325	924,349	426,976	6,813,507
Debt service:				
Interest and fiscal charges	12,000	3,646	8,354	3,331
Total expenditures	<u>3,037,268</u>	<u>2,398,246</u>	<u>639,022</u>	<u>11,234,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,210,750</u>	<u>2,102,913</u>	<u>892,163</u>	<u>(10,864,699)</u>
Other financing sources (uses):				
Transfers in	1,460,231	1,472,501	12,270	2,553,351
Transfers out	(45,608)	(44,992)	616	(4,059,394)
Total other financing sources (uses)	<u>1,414,623</u>	<u>1,427,509</u>	<u>12,886</u>	<u>(1,506,043)</u>
Net change in fund balance	2,625,373	3,530,422	905,049	(12,370,742)
Fund balance at beginning of year	<u>(2,542,582)</u>	<u>(2,542,582)</u>	<u>-</u>	<u>9,828,160</u>
Fund balance (deficit) at end of year	<u>\$ 82,791</u>	<u>987,840</u>	<u>905,049</u>	<u>(2,542,582)</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Hwy 111 Circulation Improvement Capital Projects Fund
 For the Year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Development fees	\$ 25,000	21,450	(3,550)	-
Total revenues	25,000	21,450	(3,550)	-
Fund balance (deficit) at beginning of year	(53,373)	(53,373)	-	(53,373)
Fund balance (deficit) at end of year	<u>\$ (28,373)</u>	<u>(31,923)</u>	<u>(3,550)</u>	<u>(53,373)</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Park Facilities In Lieu Capital Projects Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	-	-	45
Development fees	<u>60,000</u>	<u>61,672</u>	<u>1,672</u>	<u>16,272</u>
Total revenues	<u>60,000</u>	<u>61,672</u>	<u>1,672</u>	<u>16,317</u>
Fund balance (deficit) at beginning of year	<u>(1,603,341)</u>	<u>(1,603,341)</u>	<u>-</u>	<u>(1,619,658)</u>
Fund balance (deficit) at end of year	<u>\$ (1,543,341)</u>	<u>(1,541,669)</u>	<u>1,672</u>	<u>(1,603,341)</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Citywide Public Improvement Capital Projects Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 100	-	(100)	104
Development fees	80,000	84,626	4,626	22,401
Total revenues	<u>80,100</u>	<u>84,626</u>	<u>4,526</u>	<u>22,505</u>
Other financing sources (uses):				
Transfers out	(80,000)	(92,270)	(12,270)	(15,000)
Total other financing sources (uses)	<u>(80,000)</u>	<u>(92,270)</u>	<u>(12,270)</u>	<u>(15,000)</u>
Net change in fund balance	100	(7,644)	(7,744)	7,505
Fund balance at beginning of year	7,646	7,646	-	141
Fund balance (deficit) at end of year	<u>\$ 7,746</u>	<u>2</u>	<u>(7,744)</u>	<u>7,646</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Capital Improvement Capital Projects Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 55,000	-	(55,000)	-
Investment income	15,000	9,641	(5,359)	18,597
Other revenue	-	-	-	90
Total revenues	<u>70,000</u>	<u>9,641</u>	<u>(60,359)</u>	<u>18,687</u>
Expenditures:				
Current:				
General government	181,727	181,938	(211)	154,665
Capital outlay	<u>2,102,698</u>	<u>1,749,501</u>	<u>353,197</u>	<u>1,203,384</u>
Total expenditures	<u>2,284,425</u>	<u>1,931,439</u>	<u>352,986</u>	<u>1,358,049</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,214,425)</u>	<u>(1,921,798)</u>	<u>292,627</u>	<u>(1,339,362)</u>
Other financing sources (uses):				
Transfers in	<u>1,630,000</u>	<u>1,630,000</u>	<u>-</u>	<u>200,000</u>
Total other financing sources (uses)	<u>1,630,000</u>	<u>1,630,000</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	(584,425)	(291,798)	292,627	(1,139,362)
Fund balance at beginning of year	<u>226,727</u>	<u>226,727</u>	<u>-</u>	<u>1,366,089</u>
Fund balance at end of year	<u>\$ (357,698)</u>	<u>(65,071)</u>	<u>292,627</u>	<u>226,727</u>

CITY OF INDIAN WELLS
 Budgetary Comparison Schedule
 Art in Public Places Capital Projects Fund
 For the Year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 5,000	11,525	6,525	9,109
Development fees	<u>15,000</u>	<u>60,880</u>	<u>45,880</u>	<u>20,579</u>
Total revenues	<u>20,000</u>	<u>72,405</u>	<u>52,405</u>	<u>29,688</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,231</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,231</u>
Excess (deficiency) of revenues over (under) expenditures	20,000	72,405	52,405	17,457
Fund balance at beginning of year	<u>265,211</u>	<u>265,211</u>	<u>-</u>	<u>247,754</u>
Fund balance at end of year	<u>\$ 285,211</u>	<u>337,616</u>	<u>52,405</u>	<u>265,211</u>

(This page intentionally left blank)

DESCRIPTION OF STATISTICAL SECTION

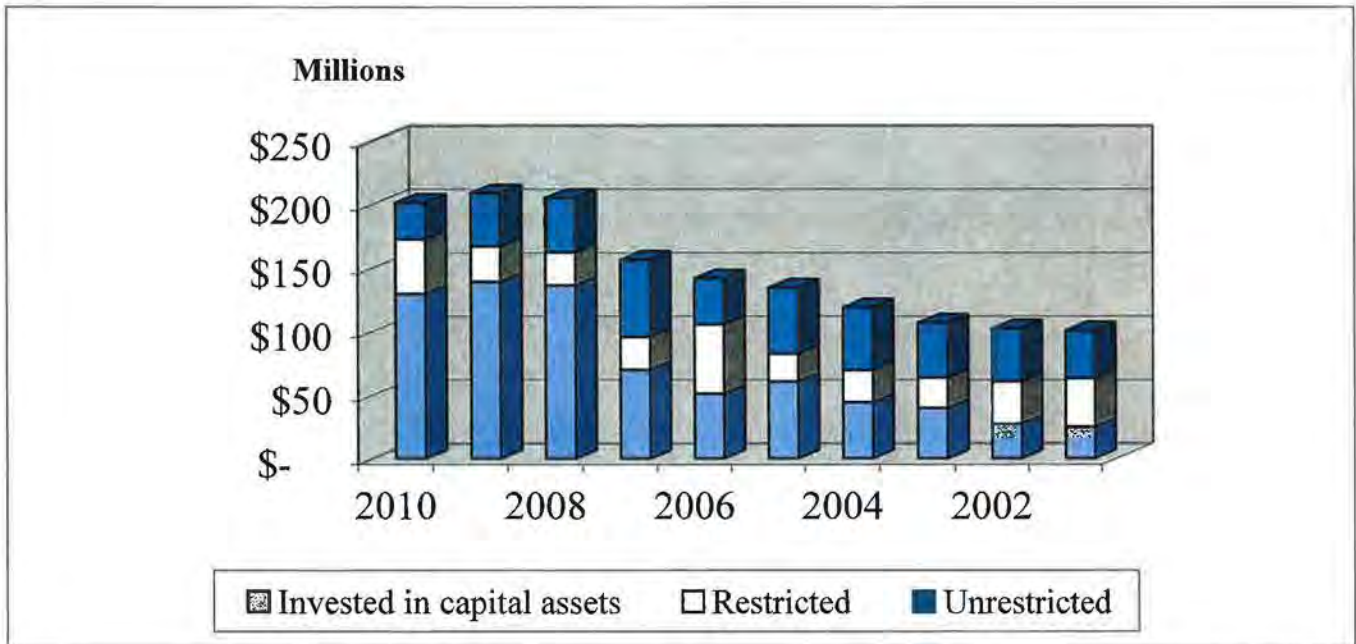
June 30, 2010

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			
	2010	2009	2008	2007
Governmental activities:				
Invested in capital assets, net of related debt	\$129,332,619	\$139,057,460	136,211,882	69,674,222
Restricted for:				
Community development	38,057,825	23,412,380	22,401,222	21,060,513
Public safety	4,570,215	4,014,475	3,199,900	2,926,727
Public works	308,322	252,873	325,432	1,863,275
Debt service	-	-	-	-
Unrestricted	<u>29,209,281</u>	<u>42,258,237</u>	<u>42,983,730</u>	<u>60,839,232</u>
Total governmental activities net assets	<u><u>\$201,478,262</u></u>	<u><u>\$208,995,425</u></u>	<u><u>205,122,166</u></u>	<u><u>156,363,969</u></u>



Fiscal Year

2006	2005	2004	2003	2002	2001
50,749,510	60,447,659	44,033,129	39,495,887	27,071,086	24,844,138
49,567,249	10,483,905	12,430,215	10,996,014	22,228,581	24,171,926
2,932,610	1,895,904	2,165,299	2,107,802	2,051,350	2,131,199
2,094,899	3,765,506	3,991,647	3,183,822	3,228,288	2,825,982
-	5,553,793	6,837,944	7,509,228	5,850,327	8,873,442
<u>36,303,201</u>	<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>141,647,469</u>	<u>134,386,843</u>	<u>118,845,408</u>	<u>106,793,221</u>	<u>102,188,973</u>	<u>100,831,606</u>

CITY OF INDIAN WELLS

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2009	2008	2007
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 30,284	\$ 30,400	627,106	2,235
Community development	2,136,604	2,114,861	2,528,006	1,934,844
Public safety	873,229	742,738	873,761	2,470,623
Public works	6,266	54,570	68,639	1,463,364
Golf resort	11,126,337	6,850,634	5,138,846	4,817,513
Operating grants and contributions:				
General government	33,501	98,175	519,133	77,946
Community development	1,568,330	2,145,952	2,038,691	314,980
Public safety	2,557,187	2,654,704	2,493,117	2,259,723
Public works	1,472,156	1,629,164	1,543,290	926,673
Capital grants and contributions:				
Community development	444,801	9,399,500	1,445,778	1,434,242
Public works	4,750,952	291,250	46,463,133	582,880
Total program revenue	<u>24,999,647</u>	<u>26,011,948</u>	<u>63,739,500</u>	<u>16,285,023</u>
Expenses:				
Governmental activities:				
General government	8,188,006	10,664,720	9,998,984	7,763,532
Community development	19,516,747	9,784,467	6,356,163	24,966,021
Public safety	8,156,575	7,594,508	7,211,930	6,146,364
Public works	5,420,426	5,954,213	6,895,396	3,862,991
Golf resort	12,885,373	10,179,734	9,518,594	5,406,302
Interest on long-term debt	5,934,148	6,120,317	7,166,630	6,009,532
Total expenses	<u>60,101,275</u>	<u>50,297,959</u>	<u>47,147,697</u>	<u>54,154,742</u>
Net revenue (expense)	<u>(35,101,628)</u>	<u>(24,286,011)</u>	<u>16,591,803</u>	<u>(37,869,719)</u>
General revenues:				
Taxes:				
Property taxes	18,121,718	18,756,437	18,582,342	37,093,682
Transient occupancy taxes	4,294,079	4,804,501	5,874,128	5,940,739
Sales taxes	762,241	963,446	1,054,972	1,202,051
Franchise taxes	817,863	870,700	902,634	894,378
Other taxes	1,331,372	1,360,608	1,875,547	1,112,636
Investment income	1,513,114	1,147,924	3,467,226	5,554,158
Gain on sale of asset		-	-	350,454
Other	362,922	255,654	169,525	438,121
Total general revenues	<u>27,203,309</u>	<u>28,159,270</u>	<u>31,926,374</u>	<u>52,586,219</u>
Change in net assets	<u>\$ (7,898,319)</u>	<u>\$ 3,873,259</u>	<u>48,518,177</u>	<u>14,716,500</u>

Fiscal Year

2006	2005	2004	2003	2002	2001
5,069	1,037	1,577	-	-	-
1,772,860	1,570,382	1,142,076	1,539,238	1,445,126	1,890,360
2,527,477	2,056,493	2,017,645	2,082,454	1,919,640	1,938,243
1,359,833	1,381,225	1,589,854	721,574	755,604	1,253,138
5,234,850	7,138,609	7,103,298	6,324,063	6,166,706	7,625,215
41,205	14,691	44,721	-	-	-
338,311	364,975	733,311	535,000	-	-
2,212,899	1,832,677	1,852,363	1,660,138	1,485,935	1,419,880
354,123	309,305	313,453	268,264	258,401	241,414
<u>3,508,743</u>	<u>11,002,296</u>	<u>7,775,714</u>	<u>132,727</u>	<u>-</u>	<u>-</u>
<u>17,355,370</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>
7,082,129	6,476,847	6,550,342	8,246,755	5,898,875	6,399,803
28,957,231	20,563,959	18,643,445	16,027,330	19,557,970	14,027,933
5,903,241	6,279,925	6,260,002	5,650,403	5,109,718	4,809,561
3,367,663	3,288,793	2,699,525	3,470,564	3,092,393	2,520,733
7,491,500	8,008,708	7,041,090	6,835,918	6,416,191	6,587,627
4,706,168	4,951,228	4,899,758	2,362,254	1,646,067	1,685,994
<u>57,507,932</u>	<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>(40,152,562)</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>
35,791,172	29,371,922	27,998,756	25,511,291	23,143,109	22,714,005
5,352,889	4,656,403	4,141,094	3,640,130	3,166,058	4,421,308
1,057,899	897,119	820,736	659,452	665,394	743,627
726,333	641,951	617,422	587,964	542,740	492,259
1,024,505	820,887	608,303	805,388	671,031	448,836
3,217,562	2,894,907	1,206,620	1,781,327	2,575,704	6,013,397
-	-	-	357,347	-	243,458
242,828	156,016	179,406	591,121	283,127	276,615
<u>47,413,188</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>7,260,626</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>

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

	Fiscal Year			
	2010	2009	2008	2007
General fund:				
Reserved for:				
Encumbrances		\$ -	-	-
Prepaid items	47,743	50,787	700	-
Advances to other funds	22,409,361	26,150,000	30,797,726	20,000,000
Unreserved	<u>19,491,287</u>	<u>17,356,780</u>	<u>11,846,566</u>	<u>7,715,559</u>
Total general fund	<u>\$41,948,391</u>	<u>\$43,557,567</u>	<u>42,644,992</u>	<u>27,715,559</u>
All other governmental funds				
Reserved for:				
Encumbrances		\$ -	-	-
Continued appropriations		-	-	-
Inventory	501,090	473,863	724,063	97,252
Prepaid items	58,820	29,455	63,394	76,516
Other long-term assets	4,316,639	4,316,639	-	-
Golf course operation		-	-	838,138
Low/moderate housing	8,618,341	18,965,920	-	26,850,170
Advances to other funds	11,514,773	-	-	-
Debt service		-	-	-
Land held for resale		-	-	15,074,119
Unreserved, reported in:				
Special revenue funds	29,159,822	29,035,755	44,176,206	43,620,019
Debt service	(31,909,312)	(31,419,170)	(32,562,181)	558,376
Capital projects funds	<u>(313,205)</u>	<u>(3,699,712)</u>	<u>9,769,113</u>	<u>5,771,337</u>
Total all other governmental funds	<u>\$21,946,968</u>	<u>\$17,702,750</u>	<u>22,170,595</u>	<u>92,885,927</u>

Fiscal Year

2006	2005	2004	2003	2002	2001
-	-	-	-	134,414	-
-	6,000	417,725	178,647	163,562	-
20,000,000	-	-	-	-	-
<u>10,727,164</u>	<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>30,727,164</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>
-	-	-	-	1,561,891	9,951,289
-	-	-	-	14,468,745	-
189,573	183,252	346,399	425,311	508,855	440,593
53,269	91,690	87,989	127,535	139,841	85,500
-	-	-	-	792,290	993,843
96,369	639,790	717,691	790,898	1,030,465	1,878,283
33,734,335	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
19,102,515	4,028,395	4,028,395	4,028,395	4,028,395	4,028,395
26,803,436	40,771,632	40,637,254	35,302,727	34,747,887	19,823,123
(17,736,492)	-	-	-	-	-
<u>9,073,188</u>	<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>71,316,193</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>

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

	Fiscal Year			
	2010	2009	2008	2007
Revenues:				
Taxes	\$ 48,995,314	\$ 51,245,652	51,537,447	48,314,537
Assessments	3,481,755	3,385,707	3,483,606	3,036,321
Licenses and permits	234,824	226,007	399,003	728,761
Intergovernmental	5,157,957	937,750	1,460,266	2,682,465
Fines and forfeitures	84,582	52,762	52,083	109,671
Charges for services	11,476,745	7,478,699	6,257,950	5,518,266
Investment income	2,732,580	4,162,047	8,035,693	8,696,113
Development fees	1,327,402	59,252	214,938	582,880
Other	3,374,688	7,823,725	1,156,637	1,213,908
Total revenues	<u>76,865,847</u>	<u>75,371,601</u>	<u>72,597,623</u>	<u>70,882,922</u>
Expenditures				
Current:				
General government	7,941,889	10,506,842	9,604,914	8,076,374
Community development	13,493,473	3,784,085	4,091,199	4,045,155
Public safety	8,000,297	7,471,826	7,133,876	6,156,103
Public works	2,959,775	3,278,386	3,306,362	2,843,400
Golf resort	12,885,373	10,179,734	9,333,933	6,042,600
Pass-throughs	21,138,998	22,107,922	21,471,829	19,874,202
Capital outlay	5,954,982	12,361,227	59,787,295	35,637,285
Debt service:				
Principal retirement	3,860,000	3,720,000	3,965,000	3,330,000
Interest and fiscal charges	8,517,174	8,858,488	8,939,114	8,753,951
Total expenditures	<u>84,751,961</u>	<u>82,268,510</u>	<u>127,633,522</u>	<u>94,759,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,886,114)</u>	<u>(6,896,909)</u>	<u>(55,035,899)</u>	<u>(23,876,148)</u>
Other financing sources (uses):				
Transfers in	11,845,781	15,377,613	60,589,937	52,624,250
Transfers out	(12,595,781)	(16,377,613)	(61,339,937)	(53,374,250)
Issuance of bonds	10,890,000	-	-	67,805,000
Premium (discount) on bonds	-	-	-	57,498
Payment to bond escrow agent	-	-	-	(25,054,069)
Sale of property	-	4,341,639	-	375,848
Total other financing sources (uses)	<u>10,140,000</u>	<u>3,341,639</u>	<u>(750,000)</u>	<u>42,434,277</u>
Net change in fund balances	<u>\$ 2,253,886</u>	<u>\$ (3,555,270)</u>	<u>(55,785,899)</u>	<u>18,558,129</u>
Debt service as a percentage of noncapital expenditures	74.2%	97.1%	-259.0%	121.7%

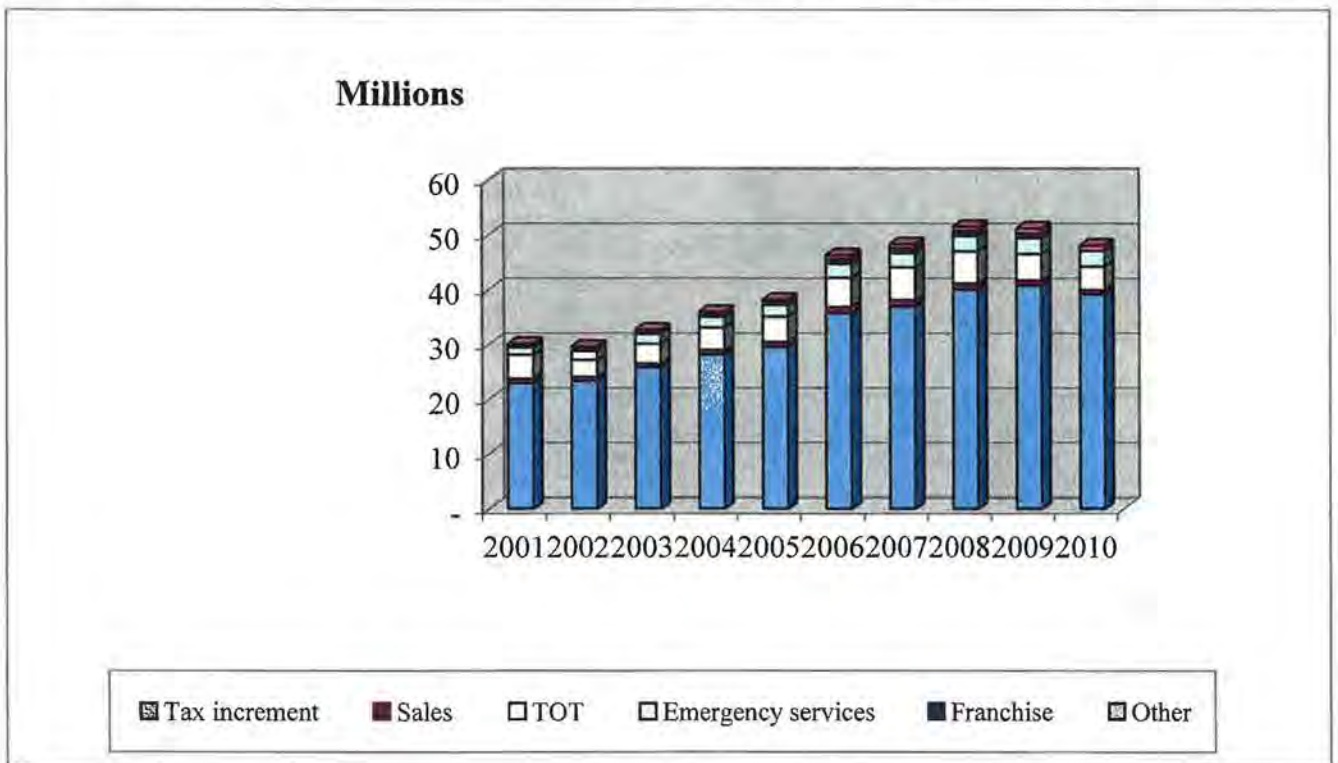
Fiscal Year

2006	2005	2004	2003	2002	2001
46,131,556	38,106,070	35,953,987	32,711,763	28,114,977	28,774,118
3,084,600	2,552,226	2,476,024	2,462,295	2,420,202	2,390,401
617,834	949,622	1,115,792	297,789	353,911	611,025
4,958,972	9,562,484	7,362,480	508,366	1,921,609	1,817,575
96,056	114,078	190,446	153,597	-	-
5,869,314	7,943,064	8,070,440	7,189,375	6,989,223	8,539,747
5,496,516	4,001,528	1,095,279	1,735,207	2,430,459	5,587,043
600,668	647,957	889,384	131,338	124,286	550,285
959,066	883,644	1,485,931	1,603,467	1,124,146	1,283,677
<u>67,814,582</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>
7,308,390	6,649,994	6,346,124	8,072,119	5,760,306	6,030,741
7,855,308	2,161,045	2,062,582	1,834,577	6,725,603	1,657,802
5,911,765	6,376,941	6,347,279	5,596,779	5,055,745	4,755,588
2,578,102	2,377,858	2,011,325	2,697,392	2,393,882	1,831,939
6,263,126	8,125,952	7,070,963	6,459,480	5,973,851	6,240,818
20,862,080	17,384,055	15,872,682	13,916,479	12,206,283	11,853,498
20,802,188	24,745,401	26,928,496	26,868,088	3,227,266	11,612,264
3,260,000	3,665,000	1,705,000	765,000	730,000	695,000
6,855,103	5,051,990	4,201,194	3,664,778	2,002,536	2,032,901
<u>81,696,062</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>(13,881,480)</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>
56,208,798	8,034,396	11,925,669	25,638,690	22,601,526	6,715,071
(56,208,798)	(8,534,396)	(11,925,669)	(25,638,690)	(17,729,194)	(6,715,071)
14,125,000	-	-	87,245,000	-	-
54,253	-	-	1,979,695	-	-
(13,682,324)	-	-	(12,839,946)	-	-
-	-	4,172,740	8,559,049	-	427,830
496,929	(500,000)	4,172,740	84,943,798	4,872,332	427,830
<u>(13,384,551)</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>
108.3%	101.6%	91.4%	74.4%	54.0%	64.7%

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
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
2010	39,208,315	762,241	4,294,079	2,828,412	817,863	1,019,451	48,930,360

Percentage change:
2001-2010 70.4% 2.5% -2.9% 118.8% 66.1% 487.0% 62.4%



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	
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
2010	798,116,578	5,300,075	803,416,653	3,775,005,209	38,992,999	3,813,998,208	1.231

* 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>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>	<u>2010</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	0.23866	0.23875	0.23617	0.23249	0.23051	0.22471	0.29460	0.29679	0.29688	0.26604
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	0.50866	0.50875	0.50617	0.50249	0.50051	0.49471	0.56460	0.56679	0.56688	0.53604
Overlapping Rates:										
Riverside County General & Fire	0.29021	0.29024	0.29080	0.29080	0.29087	0.28868	0.28791	0.28371	0.28376	0.28336
Coachella Valley Water District	0.06062	0.05989	0.05866	0.05881	0.05855	0.05891	0.05885	0.05877	0.05870	0.05932
Desert Sands Unified School District	0.08734	0.08769	0.08955	0.09159	0.09279	0.09694	0.09745	0.09857	0.09851	0.11489
Riverside County School Superintendent of Schools	0.00987	0.00991	0.01012	0.01035	0.01049	0.01096	0.01102	0.01114	0.01114	0.01299
College of the Desert	0.01815	0.01822	0.01861	0.01903	0.01928	0.02014	0.02025	0.02048	0.02047	0.02387
Coachella Valley Parks & Recreation District	0.01514	0.01523	0.01571	0.01621	0.01650	0.01750	0.01763	0.01792	0.01792	0.02190
Coachella Valley Mosquito & Vector Control District	0.01001	0.01007	0.01038	0.01072	0.01091	0.01157	0.01166	0.01185	0.01185	0.01448
Riverside County Regional Park & Open Space	-	-	-	-	0.00003	0.00019	0.00021	0.00026	0.00026	0.00088
Coachella Valley Public Cemetery	-	-	-	-	0.00003	0.00015	0.00017	0.00021	0.00022	0.00072
Desert Regional Medical Center	-	-	-	-	0.00004	0.00024	0.00025	0.00029	0.00029	0.00098
Coachella Valley Resource Conservation	-	-	-	-	-	0.00001	0.00001	0.00002	0.00002	0.00057
Coachella Valley Water District	0.02100	0.02100	0.02100	0.02100	0.02100	0.02100	0.02080	0.04000	0.04000	0.06000
Desert Community College	-	-	-	-	0.02000	0.02000	0.01995	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>0.09600</u>	<u>0.07700</u>	<u>0.07613</u>	<u>0.07561</u>	<u>0.07990</u>	<u>0.08112</u>
Total Direct Rate	<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>	<u>1.23107</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

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

Taxpayer	2010		2001	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Grand Champions LLC	\$ 70,702,636	0.0015%	\$ -	0.0000%
Vintage Club	54,811,338	0.0012%	-	0.0000%
Garden of Champions	53,152,486	0.0012%	37,908,411	0.0015%
Felcor Esmeralda, LLC	30,967,737	0.0007%	54,218,982	0.0021%
Toscana Country Club, Inc.	25,285,404	0.0005%	-	0.0000%
LH Indian Wells Holding LLC	25,000,000	0.0005%	-	0.0000%
Standard Pacific Corporation	23,974,588	0.0005%	16,987,218	0.0007%
Toscana Land LLC	21,399,677	0.0005%	-	0.0000%
Toscana Homes	19,012,389	0.0004%	-	0.0000%
IWCC Acquisition Corporation	13,849,360	0.0003%	-	0.0000%
Daon Stouffer	-	0.0000%	12,565,839	0.0005%
Heritage Land	-	0.0000%	14,171,638	0.0006%
Marcus Geneva Inc	-	0.0000%	15,327,146	0.0006%
Capital Direct	-	0.0000%	25,596,084	0.0010%
Leo W. Cook	-	0.0000%	27,651,473	0.0011%
Alexander & Baldwin Inc	-	0.0000%	117,810,144	0.0047%
Eldorado Country Club	-	0.0000%	-	0.0000%
Ryan Oil Company	-	0.0000%	13,069,972	0.0005%
Deep Canyon Associates	-	0.0000%	-	0.0000%
	<u>\$ 338,155,615</u>	<u>0.0073%</u>	<u>\$ 335,306,907</u>	<u>0.0133%</u>

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

Sources: HdL Coren & Cone

Riverside County Assessor 2009/2010 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		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of Levy Amount	Percent of Levy		Amount	Percent of Levy
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%
2010	38,711,203	38,561,729	99.61%	417,197	38,978,926	100.69%

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		
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
2010	132,925,000 ⁴	-	132,925,000	25.64%	25,841

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.

⁴ The City issued over \$10 million of new tax allocation bonds in the fiscal year ended June 30, 2010.

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			
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	732,409	645,000	88.1%
2010	132,925	3.5%	25,841	36,993	95,932	761,053	665,121	87.4%

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, 2010

2009-2010 Assessed Valuation:	\$4,882,725,048
Redevelopment Incremental Valuation:	<u>3,645,252,733</u>
Adjusted Assessed Valuation:	<u>\$1,237,472,315</u>

	%	
	Applicable	Debt 6/30/10
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Desert Sands Unified School District General Obligation Bonds	8.066%	\$ 22,454,722
Desert Community College District	3.617%	11,717,435
City of Indian Wells	100.000%	-
Coachella Valley County Water District, I.D. No. 54	30.281%	806,989
Coachella Valley County Water District, I.D. No. 55	37.600%	<u>14,025</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 34,993,171</u>
OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Riverside County General Fund Obligations	0.815%	\$ 6,001,886
Riverside County Pension Obligations	0.815%	3,057,065
Riverside County Board of Education Certificates of Participation	0.815%	59,006
Desert Sands Unified School District Certificates of Participation	8.066%	5,321,140
Coachella Valley County Water District I.D. No. 71 Certificates of Participation	4.961%	199,680
Coachella Valley Recreation and Park District Certificates of Participation	6.010%	<u>144,240</u>
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		14,783,017
Less: Riverside County Administrative Center Authority (100% self-supporting)		<u>(123,248)</u>
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 14,659,769</u>
GROSS COMBINED TOTAL DEBT		<u>\$ 49,776,188</u> ¹
NET COMBINED TOTAL DEBT		<u>\$ 49,652,940</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.

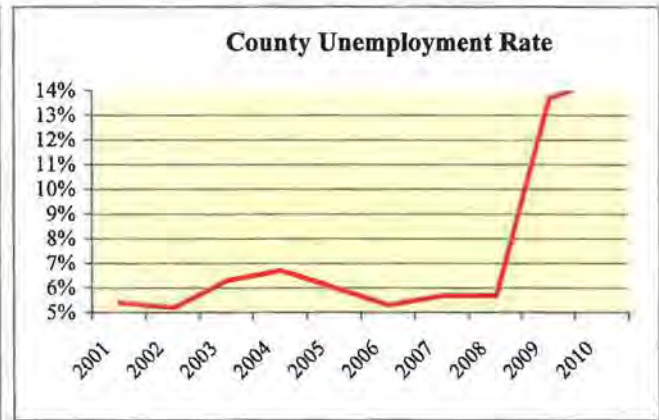
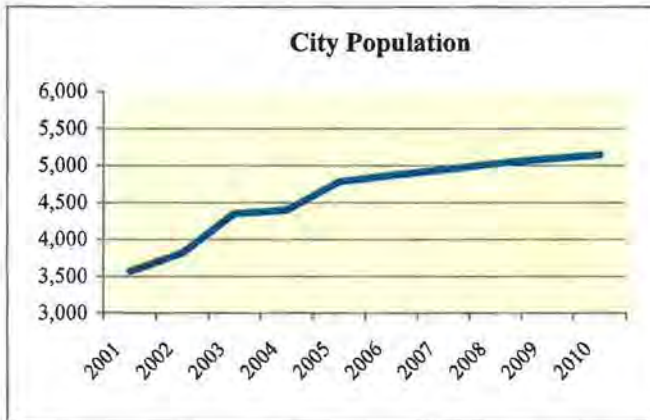
CITY OF INDIAN WELLS
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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
2010	36,993,008	3,860,000	5,769,506	3.84

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)
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%
2010	5,144	518,397	100,777	468,966	63.4	14.5%



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

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	600	Resort Hotel	1	25.66%	520	1	30.04%
Renaissance Esmeralda Resort	550	Resort Hotel	2	23.52%	502	2	29.00%
Miramonte Resort & Spa	250	Resort Hotel	3	10.69%	170	3	9.82%
El Dorado Country Club	200	Private Golf Course	4	8.55%	167	4	9.65%
Indian Wells Country Club	149	Country Club	5	6.37%	148	5	8.55%
Toscana Country Club	140	Private Golf Course	6	5.99%	0	n/a	0.00%
Indian Wells Golf Resort	125	Public Golf Course	7	5.35%	136	6	7.86%
DDC Desert Development	125	Development	8	5.35%	0	n/a	0.00%
Merrill Lynch	100	Stock & Bond Brokers	9	4.28%	88	7	5.08%
Windermer Real Estate	99	Real Estate Broker	10	4.23%	0	n/a	0.00%

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>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>	<u>2010</u>
City Manager/Clerk	4.50	5.30	4.00	4.00	4.75	8.75	9.75	9.75	6.75	6.75
Advertising/Marketing	-	-	-	-	-	-	-	-	3.00	3.00
Risk Management	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.125
Personnel	0.50	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.125
Management Services	-	-	4.25	4.25	4.00	-	-	-	-	-
City Attorney	1.75	1.75	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Planning & Building										
Development	8.70	8.00	8.00	9.00	9.00	10.00	10.00	10.00	9.00	8.25
Finance Department	5.00	7.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Central Services	2.50	0.75	-	-	-	-	-	-	-	-
Public Safety	0.80	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0.50	1.50
Public Relations	-	1.20	-	-	-	-	-	-	-	-
Public Works	6.00	7.00	7.00	8.00	8.00	7.00	8.00	8.00	8.00	8.00
Golf Resort	-	-	-	-	1.00	1.00	1.00	1.00	-	-
Total	<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>	<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>	2001	2002	2003	2004	2005
Police					
Thefts	144	84	94	73	75
Burglaries	56	82	118	148	108
Traffic Collisions	205	98	166	177	152
Traffic Citations	2,142	795	1,314	2,374	1,318
Fire					
Medical Aid Calls	547	441	452	465	530
Public Service Assists	66	31	31	31	21
Structure Fires	54	9	3	33	40
Vegetation Fires	5	2	-	-	-
Building Activity					
Permits Issued	1,318	842	732	1,092	1,148
Inspections Performed	6,450	5,494	4,554	6,267	9,245
New Dwelling Units	100	34	34	170	159
Public Works					
Lot Line Adjustments	5	8	12	13	12
Parcel Mergers	3	5	4	2	4
Encroachment Permits	51	78	101	113	88
Tract Maps	6	1	2	2	3
Golf Resort					
Golf rounds played	93,570	76,550	81,353	87,515	88,878
Adminstration					
City Council Meetings	21	22	22	24	24
Public Hearings	43	57	41	30	37
Adopted Resolutions	81	44	80	59	57

Fiscal Year				
2006	2007	2008	2009	2010
70	97	150	104	89
101	129	109	55	72
148	152	167	107	93
1,311	1,229	976	1,014	2,371
514	529	574	690	538
28	44	97	70	76
17	4	19	8	17
1	-	-	-	-
1,122	800	859	577	416
7,431	4,702	5,590	4,421	1,390
107	52	49	9	5
6	4	18	2	1
1	2	4	-	-
154	116	73	67	59
4	2	1	1	-
58,154	53,223	48,082	69,308	81,102
22	21	19	23	22
50	34	17	18	22
60	44	60	46	53

CITY OF INDIAN WELLS
 CAPITAL ASSET STATISTICS
 BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Units of Measure		
		2001	2002
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	11.00	12.00
Bridges	Each	1.50	1.50
Traffic Signals	Each	3.75	3.75
Traffic Signals equipped with Red Light Runner Camera	Each	2.00	3.00
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	11.00
Affordable Housing			
Senior Affordable Housing Complexes	Each	1.00	1.00
Senior Affordable Housing Units	Each	90.00	90.00

Fiscal Year

2003	2004	2005	2006	2007	2008	2009	2010
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
22.30	22.30	22.30	22.30	25.80	25.80	25.80	25.80
12.00	12.00	12.00	12.70	12.70	12.70	12.70	12.70
2.50	2.50	3.50	3.50	3.50	3.50	3.50	3.50
3.75	3.75	3.75	4.75	12.75	12.75	15.25	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	2.00	2.00	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
11.00	11.00	12.00	14.00	14.00	14.00	14.00	11.00
1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
90.00	90.00	218.00	218.00	218.00	218.00	218.00	218.00

(This page intentionally left blank)