

CITY OF INDIAN WELLS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

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FISCAL YEAR ENDED JUNE 30, 2012

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CITY OF INDIAN WELLS
 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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December 18, 2012

To the Citizens of the City of Indian Wells and the
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, 2012. 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 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 auditors' report on page 3 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 does not conflict with or contradict GASB pronouncements.

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 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, 2012.

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.

Lance Soll & Lunghard, LLP, Certified Public Accountants have issued an unqualified opinion on the City of Indian Wells financial statements for the year ended June 30, 2012. The independent auditors' report is located at the front of the financial section of this report. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and estimates made by management and evaluating the overall financial statement presentation. 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, 2012, are fairly presented in conformity with GAAP. This is the most favorable conclusion and commonly known as an "unqualified" or "clean" opinion. The independent auditors' report is included in the Financial Section of this report.

Profile of the Government

The City of Indian Wells is located 120 miles east of Los Angeles in the eastern portion of Riverside County known as the Coachella Valley. 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. Incorporated in 1967, the City of Indian Wells boasts 5,035 full-time residents spread over 15.04 square miles. An additional 4,000 to 5,000 part-time residents call the city home during the winter season.

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 utilizing City staff. The City provides a full range of services, including police and fire protection, construction and maintenance of streets and infrastructure, planning and community development, building and safety, recreational activities, arts and culture, and parks.

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, special revenue funds and permanent funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

Outstanding Community Benefits

The City of Indian Wells offers an outstanding quality of life, numerous cultural and social activities, a cohesive and innovative city government, excellent resorts, and championship golf at Indian Wells Golf Resort. Moreover, the city supports 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 boasts a very successful benefit program designed specifically for property owners. With a Property Owner ID card, property owners enjoy select discounts at the Indian Wells Golf Resort, BNP Paribas Open , and all four Indian Wells hotel properties. 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 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 offers a wide variety of activities appealing to many interests and energy levels. The Center is home to the Joslyn Players Theatre Company, which offers an entertaining performance schedule in season.

Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Indian Wells that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-03.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of

the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss). Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

Factors Affecting Financial Condition

The City of Indian Wells is committed to generating an annual net operating surplus in the General Fund. Astounding leadership, business savoir-faire, and fiscal accountability ensures the City's financial goals are maintained and monitored. The City has established a tradition of providing residents, commercial business and visitors alike with a superior level of public safety services, premium life enrichment opportunities and a renowned physical environment. The City Council adopted a conservative budget for Fiscal Year 2012/13 based on the current economic conditions. With that stated, the FY 2012/13 budget is balanced, whereby all current expenditures are supported by current revenues. In developing the FY 2012/13 budget, City staff was committed to the challenge of aligning escalating fixed costs – such as construction expenses, energy, fuel and retiree health insurance costs – with reduced revenues. The result is a fiscally responsible budget that meets the quality-of-life expectations of the community while at the same time exploring new options for revenue generation.

In consideration of the elimination of redevelopment, the new budget created five new capital reserve program funds, a compensated absences reserve fund, and a new self-insurance reserve fund. Over time, these funds will grow to support the long-term capital and risk management needs of the City. The City Council has long since anticipated the financial impacts attributed to the State of California's brunt on redevelopment. During previous budgetary cycles, the City Council took a series of budgetary actions to minimize impacts to the City's General Fund. The City Council formulated a plan to grow new revenues and reduce operating costs in consideration of the elimination of redevelopment.

The quest to maintain the quality of life expectations of the community has resulted in an ever present concern that Indian Wells' traditionally strong economic base may be unsustainable without expanding this economic base and/or incorporating new revenue sources. This concern is further exacerbated by the elimination of redevelopment and the ever-increasing competition the city faces from other markets and tourism venues – both national and international.

Local Economy

According to the Coachella Valley Economic Partnership 2012 Economic Report prepared by economist John E. Husing, Ph.D., the Coachella Valley's economy is clearly on the mend with positive indicators coming from each of the five sectors primarily responsible for its economic health: tourism, health care, agriculture, retail trade and housing. Short term economic challenges, of course, still exist due to the lengthy recession that impacted the U.S. and the hangover from the mortgage crisis that continues to affect Southern California's residential markets.

Meanwhile, on a longer term competitive basis, the valley is helped by its low water and natural gas prices and industrial lease rates. It ranks in the middle among key western non-California cities on average labor costs, office lease rates and housing costs (especially in cities where most workers live). Its labor force quality is not good. Its competitiveness is badly hurt by the regulatory, tax and electrical rate environment created by California's policies and laws.

The Coachella Valley's economic base is largely driven by money coming into the area through five sectors. Tourism has been a major staple of the region and had a strong season in 2011-2012. Health care has increased throughout the recession with growth continuing into 2012. Agricultural production, which reached a record level in 2010, nearly matched it in 2011. Retail trade grew 6.4% in the first quarter of 2012 after increasing 9.9% in 2011 with increased tourism and more spending by local families. The housing sector which added great energy to the area's economy from 2000-2007 has finally started to show signs of repair in 2012.

Coachella Valley tourism is on its way back. In part this is because the U.S. economy is slowly gaining strength having added 4,056,000 jobs through August 2012, or 46.2% of those 8,779,000 lost in the Great Recession. Growth has been continuous but slow, up just 96,000 in August 2012. An improving American economy is important to the Coachella Valley as national tourism is a major driver for it.

According to the Greater Palm Springs Convention & Visitors Bureau, hotel room revenue was up 10.8% through November 2011 after falling the prior four years. It is now at roughly the 2008 level. The same is true of the 58.0% average annual room occupancy rate and revenue per room. Passenger traffic at Palm Springs International Airport accelerated in 2012. Volume was up 17.6% through July 2012 and was headed for a record 1,777,559. From 2010-2011, it grew just 1.1% from 1,495,167 to 1,511,150.

Given the above, the City is still 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 citywide budget reflects reductions in both revenues and expenditures. These reductions dictate a budget that strives to continue funding existing City services and focus on infrastructure support and maintenance.

Key Issues

The key mission of the City Council is to create an unsurpassed quality of life for our residents and guests by providing superior public safety, exceptional service and outstanding amenities. The City is committed to its residents, believing "residents come first" and maintains an active community events calendar to enhance the quality of their lives. Community events include a Veterans Day celebration, a modern "State of the City" patio party address, exclusive resident patio parties, tree lighting ceremony and much more.

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 2010/11 to provide enhanced medical services. The City's Public Safety Committee is dedicated to increasing the public's knowledge of crime prevention. The use of electronic media

such as e-blasts and broadcasts on the City's channel 17 has proved very effective communication devices for resident outreach.

Indian Wells is committed to establishing itself as a "green" community. The City continues to develop new sustainability programs that include solar, water, and waste diversion conservation programs. Immediate plans include continued implementation of water conservation programs and use of non-potable water for golf course and adjacent parkway irrigation. Over the next fiscal year, the City plans to change all public 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.

Indian Wells is by no means standing still. Over the course of the next five years, the City Council anticipates construction of more than \$17.6 million in new capital projects focused on improving the lives of residents living in Indian Wells. Projects include completion of an undergrounding utility project, Highway 111 Phase III improvements, improvements to City Hall, city-wide street infrastructure and roadway overlay projects and fire safety additions. Achieving the undergrounding of utilities in the City's Village Area is extremely important to the City Council; making streets safer for all residents. Planned improvements on Highway 111 will dramatically improve roadway conditions and make the highway safer for travel.

City Council's Stated Priorities:

- Public Safety
- Village Area Undergrounding
- Indian Wells Golf Resort
- Managing Infrastructure
- "Green City Programs" and environmentally friendly policies
- Operating Performance
- Marketing & Community Relations
- Managing Financial Success

Every performance measure was established in part by numerous strategic planning session(s) held by the City Council to develop the City Council's stated priorities. The performance measures were formed out of public desire and City Council direction. The performance measures serve as the basic outcome supporting the City Council's stated priorities. Each City department and program implemented specific strategic initiatives to achieve measurable activities supporting each performance measure, which in turn supported the stated priorities.

To monitor its progress in meeting resident needs, the City of Indian Wells engages its residents on a regular basis and receives constant subjective feedback on issue, policy and performance matters. Although these informal feedback mechanisms are a valuable source of information for the City in that they provide timely and accurate information about the opinions of specific residents, it is important to recognize that they do not necessarily provide an accurate picture of the community as a whole.

Accomplishments

Improved Public Safety

Public safety continues to be the City Council's number one priority. The City Council actively reviews the various public safety services engaged and makes changes when applicable. In the last three years, the City Council has modified patrol time, engaged additional community service officer coverage, and added a full time Police Chief and a second dedicated motor officer. As a result, crime continues to decline with total property crime falling from 170 in 2010 to 151 in 2011. Burglaries have declined as well from 58 burglaries committed in 2010 compared to 47 committed in 2011. Nationally, crime statistics are generally reported in crimes per 1,000 populations. Indian Wells reported just 29.3 crimes per 1,000 populations during 2011.

The addition of the second ambulance to Station 55 has proven to be very effective in reducing advanced life support response times. 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.

Building Improvements

During fiscal year 2011/12, the City spent \$1.6 million on improvements to the Club Drive project, final restoration of Mountain View Villas Affordable Housing, and completion of various Civic Center improvements.

The City spent \$0.2 million to complete repairs to its office space located at 45-200 Club drive. Repairs included a new roof, HVAC system, paint, stone work, and installation of audio visual equipment. With the building completely remodeled, staff is now working with local realtors to lease the available office space.

The Mountain View Villas Phase 1 Rehabilitation project repaired eight settlement damaged buildings. The repairs re-leveled and re-supported failed framing and foundation systems, as required. Deep, loose hydro-collapsible soils at MVV were believed to be the primary cause of the extreme differential soil settlement at the property. The City spent \$0.9 million to complete the refurbishment of affected units located in the Mountain View Villas Phase 1 Rehabilitation project. The Mountain View Villas Phase 1 Rehabilitation project was completed in January 2012.

The City completed final improvements of \$0.3 million for the installation of various "green energy" improvements at the City's IW Villas affordable housing site. The IW Villas Green Capital Improvements project completes a major remodel of the IW Villas Affordable Housing Community to utilize photovoltaic energy, high efficiency tank-less water heaters, low volume toilets and high efficiency HVAC at Indian Wells Villas.

The City Council authorized the Civic Center improvement project which provided \$0.2 million in funding to upgrade the City Council chambers and audio/visual systems suitable for public broadcast on the City's internet site as well as the City's local channel 17. Additional Civic Center improvements included replacement of six aging and obsolete HVAC units.

Street and Highway and Infrastructure Improvements

The City spent nearly \$5.2 million during the fiscal year to improve roadway conditions on Highway 111. Highway 111 is one of the most heavily traveled arterial roadways in the Coachella Valley. During fiscal year 2011/12, Highway 111 was completely repaved from the City's eastern boundary to Cook Street. In addition to repaving, new landscaped medians were added to enhance traffic safety and the appearance of the overall roadway. New high sight LED safety lighting was added to signalized intersections. Funding costs for this transportation project are shared by both the City of Indian Wells and the Coachella Valley Association of Governments. The Coachella Valley Association of Governments is responsible to oversee the regional transportation needs of the Coachella Valley and receives State and local funding to accomplish this. Of the reimbursable portion, the City's share of the costs is 25% and the Coachella Valley Association of Governments share of the costs is 75%.

Golf Resort Improvements

Golf Resort improvements cost the City \$2.0 million during fiscal year 2011/12. Improvements to the Golf Resort consisted of \$0.3 million with the remainder allocated to new golf course turf maintenance equipment which replaced the previous aging fleet.

Other Projects

The City replaced pickup truck for \$20k which is utilized by the Building department to conduct onsite inspections. In addition, the City purchased a replacement police motorcycle for \$27k and completed various infrastructure improvements throughout the City including recycling bins, irrigation upgrades, and speed signs for an additional \$17K.

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. 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. 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 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.

Established 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 policies 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 Lance Soll & Lughard, LLP 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 constant evaluation by the management of the City and annual review by independent auditors.

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, 2012 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Accounting Controls

In the public sector, a city government maintains a variety of "funds" 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.

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's 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 issues debt instruments, administers debt proceeds and makes debt service payments, acting with prudence and diligence, and attention to prevailing economic conditions. This policy documents the City's goals for the use of debt instruments and provides guidelines for the use of debt for financing the City's infrastructure and project needs.

The City 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's customers. Debt will be used to finance projects (i) if it meets the City's goal of equitable treatment of all customers, both current and future, (ii) if it is the most cost-effective means available to the City, 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 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 is a minimum of 10% of the General Fund annual operating cost. 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.

The Emergency Reserve Fund shall hold a minimum of 15% of the 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 its 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.

Capital Replacements: With the elimination of redevelopment resulting in the loss of redevelopment revenues, today's budget represents a major structural change in the way the City accounts for its long term funding requirements. The use of capital replacement programs set aside \$26.3 million in funding for the City's on-going capital projects. The City has five such capital replacement programs. Interest income from these funds will be used as a funding source to support the City's annual capital improvement plan.

The Capital Replacement funds were 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 replacement to fund new capital projects as well. Because this replacement 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 Capital Replacement funds sufficient to construct the on-going capital needs of the City.

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, 2012 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 into obligations of the U.S. Government or its agencies, certificates of deposit, 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, 2011. 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.

The Comprehensive Annual Financial Report of the City of Indian Wells for the fiscal year ended June 30, 2012 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 Lance Soll & Lunghard, LLP, Certified Public Accountants, for their professionalism in conducting the annual audit for the City of Indian Wells.

Respectfully submitted,



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, 2011

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.



Christopher P. Moivell

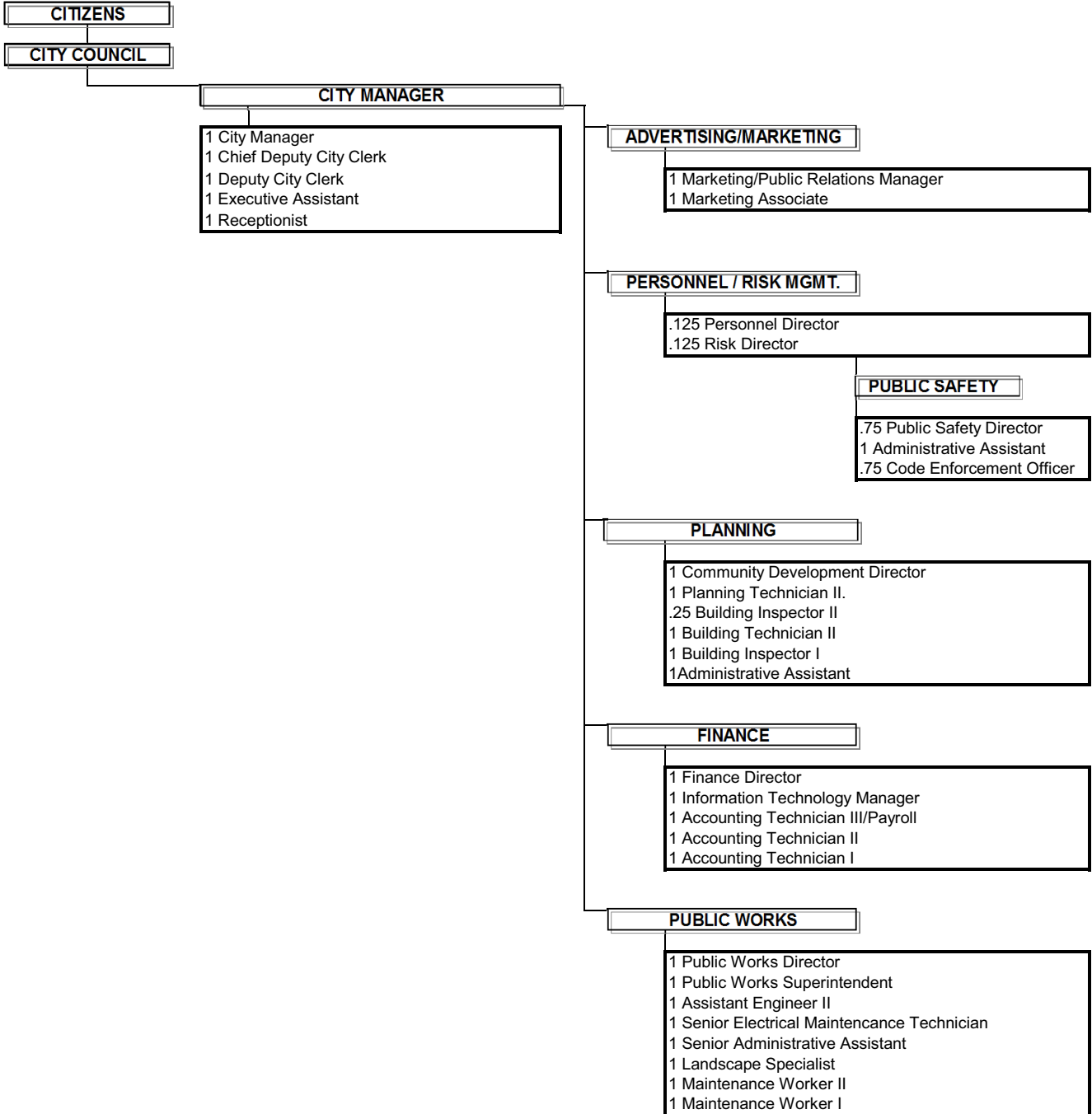
President

Jeffrey R. Enow

Executive Director

**CITY OF INDIAN WELLS
ORGANIZATION CHART**

JUNE 30, 2012





CERTIFIED PUBLIC ACCOUNTANTS

- David E. Hale, CPA, CFP
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

Brandon W. Burrows, CPA, Retired

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Indian Wells, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinion.

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, 2012, 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.

We would like to draw the reader's attention to Note 18 – "Successor Agency Trust for Assets of the Former Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the newly formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the City of Indian Wells, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required



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

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Indian Wells, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Luyhard, LLP

Brea, California
December 18, 2012

Management's Discussion and Analysis

As the management of the City of Indian Wells, we offer readers of the City of Indian Wells' financial statements this narrative, overview and analysis of the financial activities for the fiscal year ended June 30, 2012. The Management Discussion and Analysis (commonly referred to as the 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 i-xvi, and the accompanying basic financial statements, which can be found on pages 19-21 of the report.

Financial Highlights

- On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Indian Wells which previously had reported the redevelopment agency within the reporting entity of the City as a blended component unit. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.
- In accordance with the elimination of redevelopment, the City of Indian Wells transferred the assets and liabilities to the newly formed Successor Agency private-purpose trust totaling \$78.7 million.
- Total assets exceed total liabilities by \$277.2 million (net assets). Of this amount, unrestricted net assets of \$45.3 million may be used to meet the City's ongoing obligations to citizens and creditors and restricted net assets of \$24.3 million are dedicated to specific purposes. The City completed the year with \$207.6 million invested in capital assets, net of related debt otherwise viewed as non-spendable assets.
- As a result of this year's activities, total capital assets net of depreciation decreased \$50.6 million from \$258.2 million to \$207.6 million. The City acquired \$9.2 million in new capital assets during the fiscal year and retired \$2.2 million. With the elimination of redevelopment as described above, the City transferred approximately \$49.1 million of capital assets (net of depreciation) to the private-purpose trust fund of the Successor Agency of the former Redevelopment Agency.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$67.1 million representing an increase of \$7.9 million in comparison with the prior year.
- At the end of the current fiscal year, the unassigned General Fund Balance comprised \$4.7 million of the total \$7.7 million General Fund Balance. During the fiscal year, the City Council committed \$2.3 million to the emergency reserve. The General Fund's non-spendable assets comprised \$0.7 million in prepaid costs.

- With the elimination of redevelopment, the former Redevelopment Agency's long-term debt obligations totaling \$125.0 million were transferred to the Successor Agency and no longer appear on the City's financial statements. Of the remaining debt, the City had \$0.9 million in compensated absences and other liabilities outstanding.

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, Required Supplementary Information*, 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 expenses are accounted for in the statement of activities.

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. Any 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples include revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include

general government, public safety, highways and streets, sanitation, economic development, and culture and recreation.

The government-wide financial statements include not only the City of Indian Wells itself (known as the *primary government*), but also a legally separate maintenance district for which the City is financially accountable. Financial information for this *component units* is reported separately from the financial information presented for the primary government itself. The 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 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 that are 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, expenses, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenses, and changes in fund balances for the major funds of the government. The City maintains individual governmental funds which are distinguished between major and non-major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Data collected from the governmental funds is combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City 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.

The City adopts a biennial appropriated budget. 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 - 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.

Analysis of the Statement of Net Assets

The City's assets exceeded liabilities by \$277.2 million at the close of the most recent fiscal year. Of the total net assets, \$45.3 million or 16.3% 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 \$24.3 million or 8.8% of the total is subject to legal restrictions on their use. These restricted resources can be used only for those purposes that are specified by their providers, such as grantors, bondholders, or higher levels of government. It is important to note that these resources are constrained by external parties.

At \$207.6 million, investment in capital assets (infrastructure, land, buildings, other improvements, vehicles, and equipment, less outstanding debt used to acquire them) comprise 74.9% of the City of Indian Wells' total net assets. These non-spendable assets are amounts that will never convert to cash (such as prepaid items), amounts that will not convert to cash soon enough to affect the current period (such as assets held for resale), and amounts that are required to be maintained intact (such as the corpus of an endowment fund). By the close of the fiscal year, the City's net assets increased \$65.1 million as a result of this year's activities. This increase is derived from the change in net assets as recorded in the Statement of Activities and flows through the Statement of Net Assets.

The following table lists a condensed Statement of Net Assets for the fiscal year ending June 30, 2012 and 2011.

Table 1
Statement of Net Assets
(in Millions)

	Governmental Activities		
	2012	2011	\$ change
Current and other assets	\$ 72.7	\$ 73.1	\$ (0.4)
Capital assets	207.6	258.2	(50.6)
Total Assets	280.3	331.3	(51.0)
Current liabilities	2.5	9.9	(7.4)
Non-current Liabilities	0.6	125.1	(124.5)
Total Liabilities	3.1	135.0	(131.9)
Net assets:			
Invested in capital assets, net of related debt	207.6	128.7	78.9
Restricted			
Community development project	1.9	28.6	(26.7)
Housing	15.8	-	15.8
Public safety	4.9	4.7	0.2
Public works	1.7	1.6	0.1
Debt service	-	0.8	(0.8)
Unrestricted	45.3	30.9	14.4
Total Net Assets	\$ 277.2	\$ 195.3	\$ 81.9

Governmental Activities

The table below lists a condensed Statement of Activities for the fiscal year ending June 30, 2012 and 2011.

Table 2
Statement of Activities
(in Millions)

	Governmental Activities		
	2012	2011	\$ change
Revenues			
Program Revenues			
Charges for services	\$ 13.3	\$ 19.1	\$ (5.8)
Operating contributions and grants	6.7	6.9	(0.2)
Capital contributions and grants	2.8	0.5	2.3
General revenues:			
Taxes			
Property taxes	13.1	17.3	(4.2)
Transient occupancy taxes	5.7	4.8	0.9
Sales taxes	1.0	0.9	0.1
Franchise taxes	0.8	0.8	-
Admissions taxes	1.6	1.2	0.4
Investment income	3.8	3.9	(0.1)
Other	0.6	0.4	0.2
Extraordinary gain/(loss) on dissolution of redevelopment agency	78.7	-	78.7
Total revenues	128.1	55.8	72.3
Expenses			
General government	7.6	4.8	2.8
Community development	9.5	20.2	(10.7)
Public safety	7.4	7.4	-
Public works	7.0	6.7	0.3
Golf resort	12.7	13.7	(1.0)
Interest Expense	2.0	8.2	(6.2)
Total expenses	46.2	61.0	(14.8)
Increase in net assets	\$ 81.9	\$ (5.2)	\$ 87.1

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.

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

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.

Golf Resort reflects the operations at the City's Indian Wells Golf Resort. The Golf Resort Contract Program accounts for the operation, management and maintenance of the Golf Resort at Indian Wells according to the terms of the City's management agreement.

Revenues:

- The City collected \$128.1 during fiscal year 2011/12 compared to \$55.8 million the year before. The \$72.3 million in additional revenue was primarily due to the impact of the elimination of California redevelopment and the establishment of the Successor Agency of the former Redevelopment Agency private-purpose trust fund.
- The City collected \$22.2 million in general taxes during fiscal year 2011/12 representing a decrease of \$2.8 million compared to the prior year primarily due to elimination of tax increment revenues of the former Redevelopment Agency.
- Charges for services declined \$5.8 million during this fiscal year reflecting an increase in community development revenues of \$0.4 million offset against \$6.2 million received in the prior fiscal year resulting from the acquisition of land covenants for affordable housing purposes.
- The City received \$6.7 million in operating contributions and grants consistent with the prior year's collections.
- City Officials continue to maintain an aggressive capital grant program, receiving \$2.8 million in capital contributions and grants.

Expenses:

In the current year, expenses for all governmental activities totaled \$46.2 million, reflecting a decrease of \$14.8 million (24.3%) from the prior year. Changes in expenses compared to the prior year financials can be attributed to the following factors:

- General Government expenses increased \$2.8 million (58.33%) when compared to the prior year. The primary reason for the increase in General Government expenses was due to the reallocation of administrative costs once born by the former redevelopment agency and allocated to Community Development.

- The cost of Community Development changed significantly with the elimination of redevelopment which now excludes the payment of tax increment to various tax sharing public agencies. With the elimination of redevelopment, the payment of tax increment to various tax sharing public agencies will be administrated and paid by the County of Riverside.
- Public Safety and Public Works expenses remained relativity flat when compared to the prior fiscal year.
- Operational costs at the Golf Resort decreased \$1.0 million compared to the prior fiscal year citing strong budgetary management.
- The City's interest expense changed significantly with the elimination of redevelopment, the former Redevelopment Agency's long-term debt obligations totaling \$125.0 million were transferred to the Successor Agency and no longer appear on the City's financial statements.

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.

As of the end of the current fiscal year, the City of Indian Wells' governmental funds reported combined ending fund balances of \$67.1 million as follows:

Fund Balances by Category 2011/12

Category	General Fund	Percent	All Other Funds	Percent	Total Funds	Percent
Nonspendable:						
Inventory	\$ -	0.0%	\$ 696,882	1.2%	\$ 696,882	1.0%
Prepaid costs	724,847	9.4%	79,410	0.1%	804,257	1.2%
Notes	-	0.0%	15,831,412	26.7%	15,831,412	23.6%
Restricted for:						
Community development	-	0.0%	1,932,254	3.3%	1,932,254	2.9%
Public safety	-	0.0%	4,870,005	8.2%	4,870,005	7.3%
Public works	-	0.0%	1,709,637	2.9%	1,709,637	2.5%
Committed for:						
Emergency Reserve	2,250,000	29.2%	-	0.0%	2,250,000	3.4%
Capital projects	-	0.0%	33,377,906	56.2%	33,377,906	49.8%
Golf Resort	-	0.0%	2,403,970	4.0%	2,403,970	3.6%
Unassigned:						
	4,743,094	61.5%	(1,539,173)	-2.6%	3,203,921	4.8%
Total Fund Balances	\$ 7,717,941	100.0%	\$ 59,362,303	100.0%	\$ 67,080,244	100.0%

Governmental fund balances ended the year totaling \$67.1 million, an increase of \$7.9 million in comparison with the prior years ending balance of \$59.2 million. Of this amount, \$17.3 million or 25.8% constitutes non-spendable reserves, which means that these reserves must be maintained intact, \$8.5 million or 12.7% are restricted fund balances which are the result of external limitations on spending, \$38.0 million or 56.7% are committed fund balances which has resulted in internally-imposed limitations placed upon the funds by the Governing Board responsible for adopting the fund budget. The remainder of fund balance is \$3.3 million or 4.8% which represents unassigned fund balances or the residual net resources after taking into consideration the other classifications.

The General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance in the General Fund was \$7.7 million of which \$0.7 million is non-spendable, \$2.3 million is committed for Emergency Reserve, and \$4.7 million of unreserved fund balance reported in the General Fund.

Despite the economic slowdown affecting the nation, the City's General Fund achieved a \$1.4 million operating surplus of revenues over expenditures primarily due to growth in transient occupancy tax and admissions taxes. During fiscal year 2011/12, the City Council increased the transient occupancy tax rate from 9.25% to 11.25%. This increase is expected to generate \$1.0 million annually.

General Fund Financial Summary

	2012	2011	\$ Change	% Change
Revenue				
Total taxes	\$ 11,370,629	\$ 9,965,398	\$ 1,405,231	14.1%
License & permit fees	225,788	118,782	107,006	90.1%
Fines & forfeitures	139,573	39,088	100,485	257.1%
Interest income from investments	432,040	1,484,147	(1,052,107)	-70.9%
Intergovernmental	382,613	418,678	(36,065)	-8.6%
Current service charges	437,657	414,430	23,227	5.6%
Other revenues	57,958	38,903	19,055	49.0%
Total - revenues & sources	13,046,258	12,479,426	566,832	4.5%
Expenditures				
City council	322,785	43,705	279,080	638.6%
City manager	1,041,237	803,490	237,747	29.6%
Personnel & Risk Management	644,703	450,725	193,978	43.0%
Marketing	2,446,538	1,875,448	571,090	30.5%
Finance	773,591	751,463	22,128	2.9%
City attorney	494,104	146,035	348,069	238.3%
Planning	972,044	645,460	326,584	50.6%
Public safety	3,228,066	3,291,049	(62,983)	-1.9%
Public works	1,714,319	1,495,427	218,892	14.6%
Total - expenditures & uses	11,637,387	9,502,802	2,134,585	22.5%
Surplus / deficit	\$ 1,408,871	\$ 2,976,624	\$ (1,567,753)	-52.7%

During fiscal year 2011/12, the General Fund saw some modest revenue growth compared to the prior fiscal year. General Fund revenues increased 4.5% during fiscal year 2011/12 when compared to the prior year. Total taxes climbed 14.1% with transient occupancy taxes and admissions taxes experiencing the lion’s share of the growth. Property taxes and franchise taxes remained flat during the fiscal year.

License and permit revenues increased \$107k, roughly 90% during fiscal year 2011/12. To spark economic development and increase residential property values, the City Council provided free or discounted licenses and permits on all residential remodels started during fiscal year 2010/11. The program ended in June 2011. In July 2011, the City began collecting on all residential remodels.

General Fund expenses increased a net \$2.1 million during fiscal year 2011/12. With the loss of redevelopment, the General Fund lost an administrative cost allocation to the Redevelopment Agency of \$3.6 million annually thus effectively increasing General Fund expenses by \$3.6 million. To offset this General Fund increase caused by the loss of redevelopment, the City Council reduced City personnel and philanthropic opportunities by \$1.5 million.

See Fund Financial Statements tab page 22-29.

Golf Resort Operations Fund

Golf operations continued to improve during fiscal year 2011/12. The Golf Resort posted an operating gain (EBITDA) of \$0.2 million which was a \$0.9 million improvement over prior year actual(s) and a \$0.5 million improvement over budgeted expectations. Overall revenues grew at 1.9% while expenditures decreased 5.3% compared to fiscal year 2010/11 actual(s).

Indian Wells Golf Resort					
Year to Date					
	2010-11	Budget for	2011-12	Variance	Variance
	Actual	2011-12	Actual	compared to	compared to
				prior year	budget
# of Rounds	83,052	81,120	83,104	52	1,984
Revenues	\$ 12,242,748	\$ 12,807,636	\$ 12,479,691	\$ 236,943	\$ (327,945)
Cost of Sales	\$ 2,498,676	\$ 2,528,240	\$ 2,325,146	\$ (173,530)	\$ (203,094)
Op Expenses	\$ 10,470,605	\$ 10,530,684	\$ 9,953,375	\$ (517,230)	\$ (577,309)
EBITDA	\$ (726,534)	\$ (251,289)	\$ 201,170	\$ 927,704	\$ 452,459

Golf Resort revenues of \$12.5 million were \$0.3 million higher than 2010/11 revenues of \$12.2 million. Golf Resort Fund expenditures of \$12.3 million in 2011/12 were \$0.7 million less than 2010/11 expenditures of \$13.0 million.

See Fund Financial Statements tab page 22-29.

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	
	2012	2011	2012	2011
General government	\$ 7.6	\$ 4.8	\$ (7.1)	\$ (4.4)
Community development	9.5	20.2	(8.9)	(13.5)
Public safety	7.4	7.4	(3.2)	(5.5)
Public works	7.0	6.7	(1.9)	(4.0)
Golf Resort	12.7	13.7	(0.2)	(1.4)
Interest expense	2.0	8.2	(2.0)	(8.2)
Totals	\$ 46.2	\$ 61.0	\$ (23.3)	\$ (37.0)

The net cost of services 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 the 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. This could create a misleading net cost of program services. Readers need to account for this revenue source when reviewing the City’s financials.

See the Statement of Activities on page 21 for further detail.

General Fund Budgetary Highlights

During the fiscal year, the City Council took action several times to reduce spending in preparation of anticipated State of California attacks to eliminate redevelopment. Final budgeted revenues for the General Fund increased \$0.04 million from the original budget during the year ended June 30, 2012. The significant factor contributing to this fluctuation is highlighted below:

- The City Council took action to seek voter approval increasing the transient occupancy tax rate from 9.25% to 11.25%.

General Fund actual expenditures were \$0.6 million less than the final budget during the year ended June 30, 2012. The significant factor contributing to this fluctuation was a series of budget adjustments based upon the impact of the State's elimination of redevelopment.

- The General Fund lost an administrative cost allocation to the Redevelopment Agency of \$3.6 million annually thus effectively increases General Fund expenses by \$3.6 million. To offset this General Fund increase caused by the loss of redevelopment, the City Council reduced City personnel and philanthropic opportunities by \$1.5 million.

Capital Assets

The City of Indian Wells' investment in capital assets, net of accumulated depreciation amounted to \$207.6 million at June 30, 2012. 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.

The Statement of Net Assets includes such infrastructure assets as in 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 47 of the Notes to Basic Financial Statements.

Table 4
Summary of Changes in Capital Assets
For the Year Ended June 30, 2012
(in millions)

	Balance at July 1, 2011	Transfers	Additions	Retirements	Transfer to Successor Agency	Balance at June 30, 2012
Capital assets, not being depreciated:						
Land	\$ 61.9	\$ -	\$ -	\$ -	\$ -	\$ 61.9
Construction in progress	12.3	(11.4)	-	-	-	0.9
Total capital assets not being depreciated	74.2	(11.4)	-	-	-	62.8
Capital assets, being depreciated:						
Buildings and improvements	131.3	11.4	1.9	-	-	144.6
Equipment	7.0	-	1.8	(2.2)	-	6.6
Infrastructure	98.1	-	5.5	-	(54.5)	49.1
Total capital assets being depreciated	236.4	11.4	9.2	(2.2)	(54.5)	200.3
Less accumulated depreciation for:						
Buildings and improvements	(30.4)	-	(6.5)	-	-	(36.9)
Equipment	(5.0)	-	(1.3)	1.4	-	(4.9)
Infrastructure	(17.0)	-	(2.1)	-	5.4	(13.7)
Total accumulated depreciation	(52.4)	-	(9.9)	1.4	5.4	(55.5)
Total capital assets being depreciated, net	184.0	11.4	(0.7)	(0.8)	(49.1)	144.8
Total capital assets, net	\$ 258.2	\$ -	\$ (0.7)	\$ (0.8)	\$ (49.1)	\$ 207.6

The City acquired \$9.2 million in new capital assets during the fiscal year and retired \$2.2 million. During fiscal year 2011/12, the City spent \$1.6 million on improvements to the Club Drive project, final restoration of Mountain View Villas Affordable Housing, and completion of various Civic Center improvements. The City spent nearly \$5.2 million during the fiscal year to improve roadway conditions on Highway 111. Highway 111 is one of the most heavily traveled arterial roadways in the Coachella Valley. During fiscal year 2011/12, Highway 111 was completely repaved from the City's eastern boundary to Cook Street. In addition to repaving, new landscaped medians were added to enhance traffic safety and the appearance of the overall roadway. New high sight LED safety lighting was added to signalized intersections.

The City replaced a vehicle for \$20k that is utilized by the Building Department to conduct onsite inspections. In addition, the City purchased a replacement police motorcycle for \$27k and completed various infrastructure improvements throughout the City including recycling bins, irrigation upgrades, and speed signs for an additional \$17K. With the elimination of redevelopment, the City transferred approximately \$49.1 million of capital assets to the private-purpose trust fund of the Successor Agency of the former Redevelopment Agency.

Long-term Debt

With the elimination of redevelopment, the transfer of the long-term debt of the former redevelopment agency from governmental funds to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial

statements. The receipt of these assets and liabilities as of January 31, 2012, was reported in the private-purpose trust fund as an extraordinary gain (or loss). Consistent with the elimination of redevelopment, the City transferred the remaining principal balance of \$125.0 million of former Redevelopment Agency tax allocation bonds (TABs) to the new Successor Agency private-purpose trust.

At year-end, the City had just \$0.9 million in compensated absences and other liabilities outstanding, as shown in Table 5 below.

Table 5
Summary of Changes in Long-Term Liabilities
For the Year Ended June 30, 2012
(in millions)

Description	Balance at 6/30/2011	Additions	Reductions	Transfer to Successor Agency	Balance at 6/30/2012	Due Within One Year
Bonds Payable:						
2003 A Tax Allocation Bonds	\$ 8.9	\$ -	\$ (0.6)	\$ (8.3)	\$ -	\$ -
2003 A-T Tax Allocation Bonds	33.1	-	(2.1)	(31.0)	-	-
2005 Refunding Tax Allocation Bonds	11.4	-	(0.8)	(10.6)	-	-
2006 A Tax Allocation Bonds	64.7	-	(0.8)	(63.9)	-	-
2010 A Tax Allocation Bonds	10.9	-	(0.2)	(10.7)	-	-
Subtotal	<u>129.0</u>	<u>-</u>	<u>(4.5)</u>	<u>(124.5)</u>	<u>-</u>	<u>-</u>
Add (less) deferred amounts:						
Bond premium	0.5	-	-	(0.5)	-	-
Subtotal	<u>0.5</u>	<u>-</u>	<u>-</u>	<u>(0.5)</u>	<u>-</u>	<u>-</u>
Total bonds payable	<u>129.5</u>	<u>-</u>	<u>(4.5)</u>	<u>(125.0)</u>	<u>-</u>	<u>-</u>
Other liabilities:						
CJPIA Retrospective Deposit	-	0.5	-	-	0.5	-
Compensated absences	0.5	0.4	(0.5)	-	0.4	0.1
Total long-term liabilities	<u>\$ 130.0</u>	<u>\$ 0.9</u>	<u>\$ (5.0)</u>	<u>\$ (125.0)</u>	<u>\$ 0.9</u>	<u>\$ 0.1</u>

Details of the Agency's outstanding debt can be found in Section 8 Long Term Liabilities on page 48 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

We continue to monitor our top tax revenue sources; property tax, transient occupancy tax, sales tax, and admissions tax. Fiscal year 2011/12 ended with General Fund revenues just \$1.4 million over General Fund expenditures. 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. Our goal is to manage financial resources to ensure economic vitality and to sustain quality public services. To that end, the development of the City budget incorporates two consistent ideals: preserve quality public services for our residents and achieve long term financial sustainability.

The City anticipates the General Fund will generate a net operating surplus of \$0.3 million during fiscal year 2012/13. The budget has been prepared during the most difficult economy in recent history. The worldwide economy seems to be slow to recover 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.

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

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CITY OF INDIAN WELLS

STATEMENT OF NET ASSETS
 JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 50,704,514
Receivables:	
Accounts	1,020,922
Notes	15,831,412
Accrued interest	41,243
Prepaid costs	804,257
Inventories	696,882
Restricted assets:	
Cash with fiscal agent	2,496,191
Net OPEB asset	1,070,289
Deposits	40,465
Capital assets not being depreciated	62,793,354
Capital assets, net of depreciation	<u>144,828,623</u>
 Total Assets	 <u>280,328,152</u>
 Liabilities:	
Accounts payable	1,785,953
Accrued liabilities	172,906
Deposits payable	239,148
Noncurrent liabilities:	
Due within one year	328,401
Due in more than one year	<u>567,852</u>
 Total Liabilities	 <u>3,094,260</u>
 Net Assets:	
Invested in capital assets, net of related debt	207,621,977
Restricted for:	
Community development	1,932,254
Housing	15,831,412
Public safety	4,870,005
Public works	1,709,637
Unrestricted	<u>45,268,607</u>
 Total Net Assets	 <u>\$ 277,233,892</u>

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CITY OF INDIAN WELLS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 7,589,850	\$ 134,600	\$ 382,613	\$ -
Public safety	7,415,881	5,507	4,208,821	-
Community development	9,513,504	663,445	-	-
Public works	6,950,388	35,877	2,127,618	2,839,642
Golf resort	12,714,308	12,480,492	-	-
Interest on long-term debt	2,024,310	-	-	-
Total Governmental Activities	\$ 46,208,241	\$ 13,319,921	\$ 6,719,052	\$ 2,839,642
				(23,329,626)
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				13,102,964
Transient occupancy taxes				5,689,952
Sales taxes				992,271
Franchise taxes				848,259
Business licenses taxes				66,294
Admissions taxes				1,544,870
Use of money and property				3,740,422
Other				563,735
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note18)				78,671,502
Total General Revenues and Extraordinary Items				105,220,269
Change in Net Assets				81,890,643
Net Assets at Beginning of Year				196,239,118
Restatement of Net Assets				(895,869)
Net Assets, as Restated				<u>195,343,249</u>
Net Assets at End of Year				<u>\$ 277,233,892</u>

CITY OF INDIAN WELLS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Golf Resort Operations</u>	<u>Housing Authority</u>
Assets:			
Cash and investments	\$ 5,494,798	\$ 1,980,285	\$ -
Receivables:			
Accounts	699,935	61,267	-
Notes	-	-	15,831,412
Accrued interest	9,000	-	-
Prepaid costs	724,847	79,410	-
Due from other funds	1,540,633	-	-
Inventories	-	696,882	-
Restricted assets:			
Cash and investments with fiscal agents	-	1,205,681	-
Total Assets	<u>\$ 8,469,213</u>	<u>\$ 4,023,525</u>	<u>\$ 15,831,412</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 442,968	\$ 843,263	\$ -
Accrued liabilities	141,591	-	-
Deposits payable	166,713	-	-
Due to other funds	-	-	-
Total Liabilities	<u>751,272</u>	<u>843,263</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventories	-	696,882	-
Prepaid costs	724,847	79,410	-
Notes	-	-	15,831,412
Restricted for:			
Community development	-	-	-
Public safety	-	-	-
Public works	-	-	-
Committed to:			
Capital projects	-	-	-
Emergency reserve	2,250,000	-	-
Golf Resort	-	2,403,970	-
Unassigned	<u>4,743,094</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>7,717,941</u>	<u>3,180,262</u>	<u>15,831,412</u>
Total Liabilities and Fund Balances	<u>\$ 8,469,213</u>	<u>\$ 4,023,525</u>	<u>\$ 15,831,412</u>

CITY OF INDIAN WELLS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

(Continued)

	Capital Projects Funds		
	Park Facilities In Lieu	Capital Improvements	Housing Villas Capital Replacement
Assets:			
Cash and investments	\$ 6,006	\$ 9,079,745	\$ 8,646,358
Receivables:			
Accounts	10	29,037	14,462
Notes	-	-	-
Accrued interest	-	15,186	-
Prepaid costs	-	-	-
Due from other funds	-	6,167	-
Inventories	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	<u>\$ 6,016</u>	<u>\$ 9,130,135</u>	<u>\$ 8,660,820</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 8,117	\$ -
Accrued liabilities	-	-	-
Deposits payable	-	-	-
Due to other funds	1,508,709	-	-
Total Liabilities	<u>1,508,709</u>	<u>8,117</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid costs	-	-	-
Notes	-	-	-
Restricted for:			
Community development	-	-	-
Public safety	-	-	-
Public works	-	-	-
Committed to:			
Capital projects	-	9,122,018	8,660,820
Emergency reserve	-	-	-
Golf Resort	-	-	-
Unassigned	<u>(1,502,693)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(1,502,693)</u>	<u>9,122,018</u>	<u>8,660,820</u>
Total Liabilities and Fund Balances	<u>\$ 6,016</u>	<u>\$ 9,130,135</u>	<u>\$ 8,660,820</u>

CITY OF INDIAN WELLS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Debt Service		Total
	Funds		
	RDA	Other	Total
	Whitewater	Governmental	Governmental
	Debt Service	Funds	Funds
Assets:			
Cash and investments	\$ -	\$ 23,159,195	\$ 48,366,387
Receivables:			
Accounts	-	216,211	1,020,922
Notes	-	-	15,831,412
Accrued interest	-	13,146	37,332
Prepaid costs	-	-	804,257
Due from other funds	-	-	1,546,800
Inventories	-	-	696,882
Restricted assets:			
Cash and investments with fiscal agents	-	1,290,510	2,496,191
Total Assets	\$ -	\$ 24,679,062	\$ 70,800,183
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 491,605	\$ 1,785,953
Accrued liabilities	-	6,447	148,038
Deposits payable	-	72,435	239,148
Due to other funds	-	38,091	1,546,800
Total Liabilities	-	608,578	3,719,939
Fund Balances:			
Nonspendable:			
Inventories	-	-	696,882
Prepaid costs	-	-	804,257
Notes	-	-	15,831,412
Restricted for:			
Community development	-	1,932,254	1,932,254
Public safety	-	4,870,005	4,870,005
Public works	-	1,709,637	1,709,637
Committed to:			
Capital projects	-	15,595,068	33,377,906
Emergency reserve	-	-	2,250,000
Golf Resort	-	-	2,403,970
Unassigned	-	(36,480)	3,203,921
Total Fund Balances	-	24,070,484	67,080,244
Total Liabilities and Fund Balances	\$ -	\$ 24,679,062	\$ 70,800,183

CITY OF INDIAN WELLS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund balances of governmental funds	\$ 67,080,244
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	207,621,977
Compensated absences have not been included in the governmental fund activity.	(366,143)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	<u>2,897,814</u>
Net assets of governmental activities	<u><u>\$ 277,233,892</u></u>

CITY OF INDIAN WELLS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Golf Resort Operations</u>	<u>Housing Authority</u>
Revenues:			
Taxes	\$ 11,370,629	\$ -	\$ -
Licenses and permits	225,788	-	-
Intergovernmental	382,613	-	-
Charges for services	437,657	12,480,492	-
Investment income	380,696	48,549	-
Fines and forfeitures	139,573	-	-
Rental income	51,344	12,000	-
Assessments	-	-	-
Development fees	-	-	-
Other revenue	57,958	81,630	-
Total Revenues	13,046,258	12,622,671	-
Expenditures:			
Current:			
General government	5,722,959	-	-
Public safety	3,228,066	-	-
Community development	972,043	-	-
Public works	1,714,319	-	-
Golf resort	-	12,714,308	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Pass-through agreement payments	-	-	-
Total Expenditures	11,637,387	12,714,308	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,408,871	(91,637)	-
Other Financing Sources (Uses):			
Transfers in	-	8,550,484	-
Transfers out	(37,714,401)	-	-
Total Other Financing Sources (Uses)	(37,714,401)	8,550,484	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	(19,275,494)	-	15,831,412
Net Change in Fund Balances	(55,581,024)	8,458,847	15,831,412
Fund Balances, Beginning of Year	63,298,965	(5,278,585)	-
Fund Balances, End of Year	\$ 7,717,941	\$ 3,180,262	\$ 15,831,412

CITY OF INDIAN WELLS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

(Continued)

	Capital Projects Funds		
	Park Facilities In Lieu	Capital Improvements	Housing Villas Capital Replacement
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	2,775,849	-
Charges for services	-	-	-
Investment income	16	35,904	10,820
Fines and forfeitures	-	-	-
Rental income	-	-	-
Assessments	-	-	-
Development fees	21,480	-	-
Other revenue	-	118,597	-
Total Revenues	21,496	2,930,350	10,820
Expenditures:			
Current:			
General government	-	63,146	-
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Golf resort	-	-	-
Capital outlay	-	7,645,187	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Pass-through agreement payments	-	-	-
Total Expenditures	-	7,708,333	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,496	(4,777,983)	10,820
Other Financing Sources (Uses):			
Transfers in	-	12,056,327	8,650,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	12,056,327	8,650,000
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-
Net Change in Fund Balances	21,496	7,278,344	8,660,820
Fund Balances, Beginning of Year	(1,524,189)	1,843,674	-
Fund Balances, End of Year	\$ (1,502,693)	\$ 9,122,018	\$ 8,660,820

CITY OF INDIAN WELLS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Debt Service Fund		
	RDA Whitewater Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 17,891,078	\$ 2,453,775	\$ 31,715,482
Licenses and permits	-	534	226,322
Intergovernmental	-	455,058	3,613,520
Charges for services	-	-	12,918,149
Investment income	(11,280)	218,585	683,290
Fines and forfeitures	-	35,877	175,450
Rental income	-	1,410,500	1,473,844
Assessments	-	3,584,325	3,584,325
Development fees	-	52,030	73,510
Other revenue	-	305,550	563,735
Total Revenues	17,879,798	8,516,234	55,027,627
Expenditures:			
Current:			
General government	421,152	7,455	6,214,712
Public safety	-	3,984,696	7,212,762
Community development	-	1,584,300	2,556,343
Public works	-	2,199,220	3,913,539
Golf resort	-	-	12,714,308
Capital outlay	-	1,552,631	9,197,818
Debt service:			
Principal retirement	4,460,000	-	4,460,000
Interest and fiscal charges	3,889,429	5,330	3,894,759
Pass-through agreement payments	7,183,533	-	7,183,533
Total Expenditures	15,954,114	9,333,632	57,347,774
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,925,684	(817,398)	(2,320,147)
Other Financing Sources (Uses):			
Transfers in	-	15,386,816	44,643,627
Transfers out	-	(8,711,407)	(46,425,808)
Total Other Financing Sources (Uses)	-	6,675,409	(1,782,181)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	33,250,891	(17,786,452)	12,020,357
Net Change in Fund Balances	35,176,575	(11,928,441)	7,918,029
Fund Balances, Beginning of Year	(35,176,575)	35,998,925	59,162,215
Fund Balances, End of Year	\$ -	\$ 24,070,484	\$ 67,080,244

CITY OF INDIAN WELLS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Net change in fund balances - total governmental funds \$ 7,918,029

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital expenditures	\$ 9,203,199	
Depreciation expense	(9,911,116)	
Loss on disposal	<u>(682,808)</u>	(1,390,725)

Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Amortization of bond premium	26,573	
Principal payments	4,487,319	
Debt issuance cost	<u>(127,303)</u>	4,386,589

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 1,971,179

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 166,039

Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,558,000

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 630,387

Extraordinary gains and losses relating to capital assets and long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

Capital assets	(49,150,177)	
Long-term liabilities	124,956,775	
Deferred revenue	(6,889,381)	
Unamortized bond issuance cost	<u>(2,266,072)</u>	<u>66,651,145</u>

Change in net assets of governmental activities \$ 81,890,643

CITY OF INDIAN WELLS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012

	<u>Governmental Activities- Internal Service Funds</u>
Assets:	
Current:	
Cash and investments	\$ 2,338,127
Receivables:	
Accrued interest	<u>3,911</u>
Total Current Assets	<u>2,342,038</u>
Noncurrent:	
Workers' compensation cumulative deposit	40,465
Net OPEB asset	<u>1,070,289</u>
Total Noncurrent Assets	<u>1,110,754</u>
Total Assets	<u>\$ 3,452,792</u>
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accrued liabilities	<u>\$ 24,868</u>
Total Current Liabilities	<u>24,868</u>
Noncurrent:	
General liability cumulative deposit	<u>530,110</u>
Total Noncurrent Liabilities	<u>530,110</u>
Total Liabilities	<u>554,978</u>
Net Assets:	
Unrestricted	<u>2,897,814</u>
Total Net Assets	<u>2,897,814</u>
Total Liabilities and Net Assets	<u>\$ 3,452,792</u>

CITY OF INDIAN WELLS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities- Internal Service Funds
Operating Expenses:	
Administration and general	\$ 687,437
Claims expense	489,645
	<hr/>
Total Operating Expenses	1,177,082
	<hr/>
Operating Income (Loss)	(1,177,082)
	<hr/>
Nonoperating Revenues (Expenses):	
Interest revenue	25,288
	<hr/>
Total Nonoperating Revenues (Expenses)	25,288
	<hr/>
Income (Loss) Before Transfers	(1,151,794)
	<hr/>
Transfers in	1,782,181
	<hr/>
Changes in Net Assets	630,387
	<hr/>
Net Assets:	
Beginning of Fiscal Year, as originally reported	3,163,296
	<hr/>
Restatements	(895,869)
	<hr/>
Beginning of Fiscal Year, as restated	2,267,427
	<hr/>
End of Fiscal Year	\$ 2,897,814
	<hr/> <hr/>

CITY OF INDIAN WELLS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Cash paid to suppliers for goods and services	\$ (1,452,318)
Net Cash Provided (Used) by Operating Activities	<u>(1,452,318)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	1,782,181
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,782,181</u>
Cash Flows from Investing Activities:	
Interest received	27,269
Net Cash Provided (Used) by Investing Activities	<u>27,269</u>
Net Increase (Decrease) in Cash and Cash Equivalents	357,132
Cash and Cash Equivalents at Beginning of Year	1,980,995
Cash and Cash Equivalents at End of Year	<u>\$ 2,338,127</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (1,177,082)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
(Increase) decrease in OPEB asset	(789,749)
(Increase) decrease in workers' compensation cumulative deposit receivable	(40,465)
Increase (decrease) in accrued liabilities	24,868
Increase (decrease) in general liability cumulative deposit payable	530,110
Total Adjustments	<u>(275,236)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,452,318)</u>

CITY OF INDIAN WELLS

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	<u>Private- Purpose Trust Fund</u>	<u>Successor Agency of the Former RDA</u>
Assets:		
Cash and investments	\$ 5,488,787	
Receivables:		
Accrued interest		9,180
Deferred charges		2,175,141
Restricted assets:		
Cash and investments with fiscal agents		788,672
Capital assets:		
Capital assets, net of accumulated depreciation		<u>48,767,526</u>
Total Assets		<u>57,229,306</u>
Liabilities:		
Accrued interest		1,893,707
Long-term liabilities:		
Due in one year		4,645,000
Due in more than one year		<u>131,807,567</u>
Total Liabilities		<u>138,346,274</u>
Net Assets:		
Held in trust for other purposes		<u>(81,116,968)</u>
Total Net Assets		<u><u>\$ (81,116,968)</u></u>

CITY OF INDIAN WELLS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	<u>Private- Purpose Trust Fund</u>
	<u>Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 6,910,508
Interest and change in fair value of investments	(31,578)
Total Additions	<u>6,878,930</u>
Deductions:	
Administrative expenses	155,228
Contractual services	15,836
Interest expense	5,494,622
Contributions to other governments	3,276,059
Depreciation expense	382,651
Total Deductions	<u>9,324,396</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	(78,671,502)
Changes in Net Assets	<u>(81,116,968)</u>
Net Assets - Beginning of the Year	<u>-</u>
Net Assets - End of the Year	<u><u>\$ (81,116,968)</u></u>

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Indian Wells have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

a. 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, the City of Indian Wells Fire Access Maintenance District No. 1 and the Indian Wells Housing Authority because each component unit meets the above mentioned criteria. A brief description of each component unit follows:

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 Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 18 for more information on the dissolution. Separate financial statements are available as of January 31, 2012 by contacting the City.

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. Separate financial statements are not prepared for FAMD No. 1.

Note 1: Summary of Significant Accounting Policies (Continued)

The Housing Authority (Housing Authority) of the City of Indian Wells was established in February 2012 to assume the housing activities from the former Redevelopment Agency. The activity of the Housing Authority is reported in the Special Revenue Funds. Separate financial statements are not prepared for the Housing Authority.

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.

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.

Government-wide Financial Statements:

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. All fiduciary activities are reported only in the fund financial statements. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, 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 funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds.

Governmental Funds:

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available 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 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".

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 another 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.

Fiduciary Fund:

The private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements.

c. Fund Classifications:

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Housing Authority - This fund is used to account for the housing activity of the former Redevelopment Agency for the benefit of providing low and moderate income housing in Indian Wells.

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.

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.

Housing Villas Capital Replacement - This fund is used to account for the repairs, maintenance, and construction of the Housing Villas community.

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.

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

Proprietary Fund - Internal Service Fund - These funds are used to account for activities and services performed for other departments within the City on a cost reimbursement basis.

Fiduciary Fund – Private Purpose Trust Fund - This fund is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

d. Cash and Investments:

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost. These investments are not transferable and they have terms that are not affected by changes in market interest rates. Investment income 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.

e. 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

Note 1: Summary of Significant Accounting Policies (Continued)

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 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	10 - 50 years
Equipment	3 - 15 years
Infrastructure	10 - 60 years

f. 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.

g. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

h. Prepaid Costs:

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

i. 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.

j. Fund Equity:

In the fund financial statements, government funds report the following fund balance classification:

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

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

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

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

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

k. 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.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 2: Cash and Investments

Cash and investments at June 30, 2012, are classified in the accompanying financial statements as follows:

	Governmental Activities	Fiduciary Activities	Total
Cash and investments	\$ 53,200,705	\$ 2,992,595	\$ 56,193,300
Restricted assets:			
Cash and investments with fiscal agent	-	3,284,864	3,284,864
	<u>\$ 53,200,705</u>	<u>\$ 6,277,459</u>	<u>\$ 59,478,164</u>

Cash and investments at June 30, 2012 consisted of the following:

Demand accounts	\$ (301,019)
Petty cash	1,400
Investments	<u>59,777,783</u>
Total cash and investments	<u>\$ 59,478,164</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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years	75%	None
Federal Agency 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

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,

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 2: Cash and Investments (Continued)

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.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13-24 Months	25-60 Months	
U.S. Treasury Bills, Bonds and Notes	\$ 10,015,257	\$ 5,221,110	\$ -	\$ 15,236,367
Federal Agency Securities	1,999,680	-	22,125,132	24,124,812
Negotiable Certificate of Deposit	-	748,265	496,525	1,244,790
Local Agency Investment Funds	7,703,032	-	-	7,703,032
Medium Term Notes	2,025,730	1,072,360	4,016,940	7,115,030
Money Market Mutual Funds	20,689	-	-	20,689
School District Bonds	-	1,048,200	-	1,048,200
Held by a Bond Trustee:				
Money Market Mutual Funds	3,284,863	-	-	3,284,863
	<u>\$ 25,049,251</u>	<u>\$ 8,089,935</u>	<u>\$ 26,638,597</u>	<u>\$ 59,777,783</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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 2: Cash and Investments (Continued)

Investment Type	Total as of June 30, 2012	Minimum Legal Rating*	Not Rated	AAA	AA+	AA	A
U.S. Treasury Bills, Bonds, and Notes	\$15,236,367	n/a	\$15,236,367	\$ -	\$ -	\$ -	\$ -
Federal Agency Securities Negotiable Certificate of Deposit	24,124,812	n/a	-	-	24,124,812	-	-
Local Agency Investment Funds	1,244,790	n/a	1,244,790	-	-	-	-
Medium Term Notes	7,703,032	n/a	7,703,032	-	-	-	-
Money Market Mutual Funds	7,115,030	A	-	-	-	7,115,030	-
School District Bonds	20,689	A	-	-	-	-	20,689
Held by a Bond Trustee: Money Market Mutual Funds	1,048,200	n/a	1,048,200	-	-	-	-
	3,284,863	A	-	-	-	-	3,284,863
Total	\$59,777,783		\$25,232,389	\$ -	\$24,124,812	\$ 7,115,030	\$ 3,305,552

*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:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
U.S. Treasury	U.S. Treasury Bills, Bonds, and Notes	\$ 15,236,367	25%
Federal National Mortgage Association	Federal Agency Securities	8,989,822	15%
Federal National Mortgage Association	Federal Agency Securities	7,014,350	12%

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.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 2: Cash and Investments (Continued)

at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are temporary covered by this provision.

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.

Note 3: Accounts Receivable

Receivables at June 30, 2012, are composed of the following:

	Due from Other Governments	Other Receivable	Taxes Receivable	Total
General	\$ -	\$ 313,471	\$ 386,464	\$ 699,935
Golf Resort Operations	-	61,267	-	61,267
Park Facilities In Lieu	-	10	-	10
Capital Improvements	-	29,037	-	29,037
Housing Villas Capital Replacement	-	14,462	-	14,462
Nonmajor Governmental Funds	<u>58,702</u>	<u>141,419</u>	<u>16,090</u>	<u>216,211</u>
Total	<u>\$ 58,702</u>	<u>\$ 559,666</u>	<u>\$ 402,554</u>	<u>\$ 1,020,922</u>

Note 4: Notes Receivable

	Outstanding at June 30, 2012
Miles Crossing Retail, LLC	
Phase 1: Commercial Property	\$ 2,292,406
Miles Crossing Retail, LLC	
Phase 2: Commercial Property	2,024,233
Successor Agency	
SERAF Loan	<u>11,514,773</u>
Total	<u>\$ 15,831,412</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 July 7, 2013. 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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 4: Notes Receivable (Continued)

In April 2010, the Redevelopment Agency Low/Moderate Housing Fund advanced the Redevelopment Agency Debt Service Fund \$11,514,773. The advance bears no interest and has to be repaid in full by June 30, 2015. The advance was made to provide funding for the Supplemental Education Revenue Augmentation Funds (SERAF) Obligation. The Successor Agency has absorbed this debt as part of the dissolution of the redevelopment agency and now is obligated to pay the debt to the Housing Authority. For more information on the dissolution of the redevelopment agency see Note 18.

Note 5: CJPIA Refund Balances Long-term Receivable

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012 had a retrospective refund due to the City in the amount of \$40,465.

During the payment deferral period, members with a retrospective refund balance will receive a portion of the balance as a credit against other charges on the annual contribution invoice. For the 2011-12 coverage year, the refund amount will be 25%. The percentage to be refunded in future years will be set on an annual basis by the Executive Committee of CJPIA. Once the payment deferral period has concluded in each program, subsequent retrospective refund adjustments will be applied in full (100%) as a credit on the annual contribution invoice.

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

Note 6: Interfund Transfers

Transfers in and out for the year ended June 30, 2012 are as follows:

Transfer Out of Fund	Transfer In to Fund	Amount
General Fund	Golf Resort Operations Fund	\$ 8,550,484
General Fund	Capital Improvements Fund	12,056,327
General Fund	Internal Service Funds	1,782,181
General Fund	Non-major Governmental Funds	15,325,409
Non-major Governmental Funds	Housing Villas Capital Replacement Fund	8,650,000
Non-major Governmental Funds	Non-major Governmental Funds	61,407
		<u>\$ 46,425,808</u>

The General Fund transferred \$8,550,484 to the Golf Resort Operations Special Revenue Fund to establish a reserve for future operations.

The General Fund transferred \$12,056,327 to the City Capital Improvement Fund to provide funding for current and future capital projects.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 6: Interfund Transfers (Continued)

The General Fund transferred \$1,782,181 to the Internal Service Funds to establish reserves for employee benefits, compensated absences and self-insurance.

The General Fund transferred \$15,325,409 to Nonmajor Governmental Funds of which \$15,273,087 was to establish the Infrastructure Capital Project Fund, the FF&E and Rolling Stock Capital Project Fund, the Golf Resort Capital Replacement Capital Project Fund and the Facilities Capital Replacement Capital Project Fund. The remaining transfers were to fund operating costs for the current year.

Note 7: Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Transfers	Additions	Retirements	Transfer to Successor Agency *	Balance at June 30, 2012
Capital assets, not being depreciated:						
Land	\$ 61,830,983	\$ -	\$ -	\$ -	\$ -	\$ 61,830,983
Construction in progress	12,421,864	(11,472,433)	12,940	-	-	962,371
Total capital assets not being depreciated	74,252,847	(11,472,433)	12,940	-	-	62,793,354
Capital assets, being depreciated:						
Buildings and improvements	131,259,916	11,472,433	1,896,084	-	-	144,628,433
Equipment	7,009,602	-	1,763,373	(2,150,186)	-	6,622,789
Infrastructure	98,047,501	-	5,530,802	-	(54,514,425)	49,063,878
Total capital assets being depreciated	236,317,019	11,472,433	9,190,259	(2,150,186)	(54,514,425)	200,315,100
Less accumulated depreciation for:						
Buildings and improvements	30,432,114	-	6,519,654	-	-	36,951,768
Equipment	5,035,086	-	1,320,574	(1,467,378)	-	4,888,282
Infrastructure	16,939,787	-	2,070,888	-	(5,364,248)	13,646,427
Total accumulated depreciation	52,406,987	-	9,911,116	(1,467,378)	(5,364,248)	55,486,477
Total capital assets being depreciated, net	183,910,032	11,472,433	(720,857)	(682,808)	(49,150,177)	144,828,623
Total capital assets, net	\$ 258,162,879	\$ -	\$ (707,917)	\$ (682,808)	\$ (49,150,177)	\$ 207,621,977

* As a result of the dissolution of the redevelopment agency, assets of the former redevelopment agency were transferred to the Successor Agency. See Note 18 for additional information.

Depreciation Expense:

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

Governmental Activities:	
General government	\$ 133,244
Public safety	132,345
Public works	2,840,022
Community development	6,805,505
Total Governmental Activities	<u>\$ 9,911,116</u>

CITY OF INDIAN WELLS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 7: Capital Assets (Continued)

Capital Construction in Progress:

Capital construction commitments for the year ended June 30, 2012, was as follows:

	Total Project Budget	Total Expended as of June 30, 2012	Total Unexpended as of June 30, 2012
Indian Wells Underground Utilities	\$ 6,082,371	\$ 962,371	\$ 5,120,000

Note 8: Long-Term Liabilities

The changes in long-term liabilities for the year ended June 30, 2012, were as follows:

	Balance at July 1, 2011	Additions	Reductions	Transfers to Successor Agency *	Balance June 30, 2012	Due Within One Year
Bonds payable:						
2003A Tax Allocation Bonds	\$ 8,960,000	\$ -	\$ 570,000	\$ 8,390,000	\$ -	\$ -
2003A-T Tax Allocation Bonds	33,065,000	-	2,075,000	30,990,000	-	-
2005 Refunding Tax Allocation Bonds	11,330,000	-	770,000	10,560,000	-	-
2006A Tax Allocation Bonds	64,665,000	-	780,000	63,885,000	-	-
2010A Tax Allocation Bonds	10,890,000	-	265,000	10,625,000	-	-
Subtotal	128,910,000	-	4,460,000	124,450,000	-	-
Add (less) deferred amounts:						
Bond premium	533,348	-	26,573	506,775	-	-
Subtotal	533,348	-	26,573	506,775	-	-
Total bonds payable	129,443,348	-	4,486,573	124,956,775	-	-
Other liabilities:						
Capital lease	27,319	-	27,319	-	-	-
Compensated absences	532,182	311,286	477,325	-	366,143	328,401
General liability retrospective deposit payable	-	530,110	-	-	530,110	-
Total long-term liabilities	\$ 130,002,849	\$ 841,396	\$ 4,991,217	\$ 124,956,775	\$ 896,253	\$ 328,401

* As a result of the dissolution of the redevelopment agency, liabilities of the former redevelopment agency were transferred to the Successor Agency. See Note 18 for additional information.

Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$366,143 at June 30, 2012, is expected to be paid in future years from future resources. Payments of employees' accrued vacation and compensatory time are expended by department within the City's General Fund.

Note 8: Long-Term Liabilities (Continued)

CJPIA Retrospective Deposit Liability:

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012 had a retrospective deposit due of \$530,110.

Optional Payment Plans

When retrospective deposit payments resume as indicated above, members will have the opportunity to select from a variety of optional payment plans. Discounts under the incentive plan are available to members choosing to voluntarily accelerate payment during the deferral period. The City has chosen not to voluntarily accelerate payment at this time.

After the deferral period, members choosing from among the optional payment plans will be subject to a moderate annual fee. The fee is intended to provide a means for the Authority to recover otherwise foregone investment earnings and to serve as a minor disincentive for the selection of longer financing terms.

Retrospective Balances will Change Annually

Retrospective balances will change with each annual computation during the payment deferral period. Member balances may increase or decrease as a result of the most recent year's claim development. Accordingly, some members who chose to pay off their balance in full may be required to pay additional retrospective deposits in the future based on the outcome of actual claim development reflected in subsequent retrospective deposit computations. Conversely, if claim development is favorable then subsequent retrospective adjustments could potentially result in refunds to the member.

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

Note 9: Pass-Through Agreements

The Redevelopment Agency 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. Pass-through payments through January 31, 2012 are recorded in the RDA Whitewater Debt Service Fund. Due to the dissolution of the Redevelopment Agency all future "pass-through" portions of property tax will be made by the County of Riverside.

CITY OF INDIAN WELLS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 10: Restatement of Net Assets

The City properly reported a pension asset for the funding of its PERS actuarially determined liability at transition to a cost-sharing plan in prior years. Due to GASB Statement No. 68 which amended GASB Statement No. 27, the reporting requirements for pension plans have changed and now the City reports the actuarially determined liability as pension-related debt as defined by GASB Statement No. 68 which required the restatement of net assets by \$895,869 to remove the pension asset.

Note 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 and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Contributions and Funding Policy:

Miscellaneous participants are required to contribute 8% of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2012, is 15.755% 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 year ending June 30, 2012, was \$645,474 and was equal to the required contributions for the year.

The City participates in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis.

The City's annual required contributions for the fiscal year ending June 30, 2012 and the two previous year are as follows:

Three-Year Trend Information for PERS		
Fiscal Year	Required Contribution	Percentage Contributed
6/30/2010	\$ 740,575	100%
6/30/2011	750,701	100%
6/30/2012	645,474	100%

Note 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 \$2,906,218 compared with a total payroll of \$3,629,329 for the fiscal year ended June 30, 2012.

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 \$72,656.

Note 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 \$16,500 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.

Note 14: Post Employment Benefit Plan

Plan Description:

The City provides other post employment benefits (OPEB) through the California Employers' Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). Benefits are provided to employees who retire at age 50 or older with five years of eligible CalPERS service. Coverage is also provided to eligible retirees, spouses and surviving spouses. These benefits are provided per contract between the District and the employee associations. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, CA 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

Funding Policy:

During the 2010-2011 fiscal year the City joined the CalPERS medical program. 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). The contribution requirements of plan members and the City are established and may be amended by the City and the employee associations. Currently, contributions are not required from plan members. The City calculated and recorded a net OPEB obligation (asset), representing the difference between the annual required contribution (ARC) and actual contributions, as presented below:

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 14: Post Employment Benefit Plan (Continued)

	2012	2011
Annual required contribution (ARC)	\$ 679,185	\$ 679,185
Interest on net OPEB obligation	(19,638)	906
Adjustment to ARC	27,890	(1,252)
Annual OPEB cost	687,437	678,839
Contributions made	(1,477,183)	(972,318)
(Decrease) increase in net OPEB obligation	(789,746)	(293,479)
Net OPEB obligation (asset) - beginning of year	(280,543)	12,936
Net OPEB obligation (asset) - end of year	<u>\$ (1,070,289)</u>	<u>\$ (280,543)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB (obligation) asset for 2011-2012 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$630,512	97.90%	12,936
6/30/2011	678,839	143.23%	(280,543)
6/30/2012	687,437	214.88%	(1,070,289)

Funded Status and Funding Progress:

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 City 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 below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first year of the plan.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
6/30/2007	\$ -	\$ 4,143,961	\$ 4,143,961	0%	\$ 3,140,593	131.95%
6/30/2009	-	4,022,233	4,022,233	0%	3,333,737	120.65%
6/30/2011	1,817,332	7,310,400	5,493,068	25%	3,531,596	155.50%

Actuarial Methods and Assumptions

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

Note 14: Post Employment Benefit Plan (Continued)

with past expectations and new estimates are made about the future. The schedule of funding progress 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.

The actuarial cost method used for determining the benefit obligations is the frozen entry age actuarial cost method. The actuarial assumptions included a 7% 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% initially, reduced by decrements of 0.5 per year to an ultimate rate of 2% 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. There are currently 32 active members and 25 retired members receiving benefits.

Note 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 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the Authority:

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Note 15: Risk Management (Continued)

General Liability:

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers' Compensation:

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 15: Risk Management (Continued)

Purchased Insurance:

Pollution Legal Liability Insurance:

The City of Indian Wells participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Indian Wells. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

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. 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. City of Indian Wells property currently has all-risk property insurance protection in the amount of \$84,221,987. 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 retrospective adjustments.

Crime Insurance:

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

Adequacy of Protection:

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-12.

Note 16: Other Required Disclosures

Expenditures in Excess of Appropriations:

The following department reported expenditures in excess of appropriations:

General Fund		
Public Works - City parkway landscape	\$	17,033

Deficit Fund Balance:

The following funds reported a deficit fund balance at June 30, 2012:

Park Facilities In Lieu Capital Projects Fund	\$	1,502,693
South Coast AQMD Vehicle Registration Special Revenue Fund		4,567
Hwy 111 Circulation Improvement Capital Projects Fund		31,913
Successor Agency of the Former RDA Private Purpose Trust Fund		81,116,968

Note 16: Other Required Disclosures (Continued)

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 South Coast AQMD 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.

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

The deficit in the Successor Agency of the former RDA Private-Purpose Trust Fund was caused by the dissolution of the Redevelopment Agency. See Note 18 for additional information.

Note 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.

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Indian Wells that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-03.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary gain reported in the governmental funds - decrease to net assets of the Successory Agency Trust Fund	\$ 12,020,357
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	(49,150,177)
Deferred revenue relating to the accrued interest on the advances from the City to the Redevelopment Agency - decrease to net assets of the Successor Agency Bond Trust Fund	(6,889,381)
Long-term debt and debt issuance costs reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>122,690,703</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$ 78,671,502</u>

a. Cash and investments

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

Cash and investments pooled with the City	\$ 5,488,787
Cash and investments with fiscal agent	<u>788,672</u>
	<u>\$ 6,277,459</u>

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

b. Capital Assets

An analysis of capital assets as of June 30, 2012, follows:

	Balance July 1, 2011	Transfer from Former RDA	Additions	Deletions	Balance June 30, 2012
Depreciable Assets:					
Infrastructure	\$ -	\$ 54,514,425	\$ -	\$ -	\$ 54,514,425
Total Capital Assets	-	54,514,425	-	-	54,514,425
Less Accumulated Depreciation	-	(5,364,248)	(382,651)	-	(5,746,899)
Capital Assets	\$ -	\$ 49,150,177	\$ (382,651)	\$ -	\$ 48,767,526

c. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution.

	Balance July 1, 2011	Transfers from Former RDA	Additions	Repayments	Balance June 30, 2012	Due Within One Year
<u>Project Area 1</u>						
2003 A Tax Allocation Bonds	\$ -	\$ 8,390,000	\$ -	\$ -	\$ 8,390,000	\$ 595,000
2003 A-T Tax Allocation Bonds	-	30,990,000	-	-	30,990,000	2,165,000
2005 Refunding Tax Allocation Bonds	-	10,560,000	-	-	10,560,000	795,000
2006 A Tax Allocation Bonds	-	63,885,000	-	-	63,885,000	810,000
2010A Tax Allocation Bonds	-	10,625,000	-	-	10,625,000	280,000
SERAF Loan	-	11,514,773	-	-	11,514,773	-
Total	\$ -	\$135,964,773	\$ -	\$ -	\$ 135,964,773	\$ 4,645,000

Adjustments:

Unamortized net original issue (discount) or premium	487,794
Net Long-term Debt	<u>\$ 136,452,567</u>

Upon dissolution of the Redevelopment Agency on January 31, 2012, all long-term debt was transferred to the Successor Agency. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2012, follows:

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.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

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, 2012, were \$8,390,000.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 595,000	\$ 401,650	\$ 996,650
2014	620,000	374,250	994,250
2015	650,000	342,500	992,500
2016	685,000	309,125	994,125
2017	720,000	274,000	994,000
2018-2022	4,160,000	780,000	4,940,000
2023-2027	960,000	24,000	984,000
Subtotal	<u>8,390,000</u>	<u>2,505,525</u>	<u>10,895,525</u>
Add deferred amounts:			
Bond premium	409,825	-	409,825
	<u>\$ 8,799,825</u>	<u>\$ 2,505,525</u>	<u>\$ 11,305,350</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.

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, 2012, bonds outstanding were \$30,990,000.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

Future debt service requirements on these bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,495,000	1,321,320	3,816,320
2017	2,630,000	1,113,294	3,743,294
2018-2022	15,460,000	3,187,002	18,647,002
2023-2027	3,615,000	98,690	3,713,690
	<u>\$ 30,990,000</u>	<u>\$ 10,371,141</u>	<u>\$ 41,361,141</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.

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, 2012, were \$10,560,000.

Future debt service requirements on these bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 795,000	\$ 400,579	\$ 1,195,579
2014	820,000	373,521	1,193,521
2015	850,000	344,706	1,194,706
2016	880,000	313,331	1,193,331
2017	915,000	279,103	1,194,103
2018-2022	5,140,000	801,325	5,941,325
2023-2027	1,160,000	24,650	1,184,650
Subtotal	10,560,000	2,537,215	13,097,215
Add deferred amounts:			
Bond premium	32,448	-	32,448
	<u>\$ 10,592,448</u>	<u>\$ 2,537,215</u>	<u>\$ 13,129,663</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (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, 2012, were \$63,885,000.

Future debt service requirements on these bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 810,000	\$ 2,770,369	\$ 3,580,369
2014	845,000	2,737,269	3,582,269
2015	875,000	2,702,869	3,577,869
2016	905,000	2,667,269	3,572,269
2017	945,000	2,630,269	3,575,269
2018-2022	5,330,000	12,540,844	17,870,844
2023-2027	15,955,000	10,561,272	26,516,272
2028-2032	22,295,000	6,285,438	28,580,438
2033-2037	15,925,000	1,151,113	17,076,113
Subtotal	63,885,000	44,046,712	107,931,712
Add deferred amounts:			
Bond premium	45,521	-	45,521
	<u>\$ 63,930,521</u>	<u>\$ 44,046,712</u>	<u>\$ 107,977,233</u>

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.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

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, 2012, were \$10,625,000.

Future debt service requirements on these bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 280,000	\$ 491,346	\$ 771,346
2014	290,000	479,946	769,946
2015	300,000	468,146	768,146
2016	315,000	455,846	770,846
2017	325,000	443,046	768,046
2018-2022	1,850,000	2,000,613	3,850,613
2023-2027	2,285,000	1,547,022	3,832,022
2028-2032	2,880,000	923,083	3,803,083
2033-2037	2,100,000	168,818	2,268,818
	<u>\$ 10,625,000</u>	<u>\$ 6,977,866</u>	<u>\$ 17,602,866</u>

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

SERAF Loan:

In April 2010, the Redevelopment Agency Low/Moderate Housing Fund advanced the Redevelopment Agency Debt Service Fund \$11,514,773. The advance bears no interest and has to be repaid in full by June 30, 2015. The advance was made to provide funding for the Supplemental Education Relief Augmentation Funds (SERAF) Obligation. The Successor Agency has absorbed this debt as part of the dissolution of the redevelopment agency and now is obligated to pay the debt to the Housing Authority.

d. 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, 2012, the following represents the amounts still outstanding on bonds considered defeased:

\$18,820,936 2003A Tax Allocation Bonds

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

e. Borrowings from the City of Indian Wells

In accordance with AB 1X 26 which dissolves redevelopment agencies, Section 34171(d)(2) states, in relation to borrowings between the City and the Agency, that “for purposes of this part, enforceable obligation does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency. However, written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for the purposes of this part. Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations”. As a result of the dissolution of the former redevelopment agency, loans between the City and former redevelopment agency totaling \$22,640,214 have been removed from these statements. The City and Agency believe these are to be upheld as viable enforceable obligations and have been included on the Recognized Obligation Payment Schedule (ROPS) from the Successor Agency, however they have been denied by the Department of Finance at this time. Upon receiving a Finding of Completion from the Department of Finance, Health and Safety Code Section 34191.4(b) may cause these items to be enforceable in future periods, however the result is not determinable at this time.

f. Insurance

The Successor Agency of the former redevelopment agency is covered under the insurance policy of the City of Indian Wells at June 30, 2012.

g. Commitments and Contingencies

The Successor Agency is subject to litigation arising in the normal course of business. In the opinion of the Attorney there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Successor Agency.

h. Subsequent Events

Payments to the County of Riverside

Assembly Bill 1484 established a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report there was no payment in July 2012 required by the State. The Low-Moderate Income Housing Due Diligence Review currently resulted in an amount due of \$307,838 and the Other Redevelopment Funds Due Diligence Review resulted in no amount due. Other Redevelopment Funds Due Diligence Review has been confirmed by the Department of Finance.

CITY OF INDIAN WELLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 18: Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

Deficit Cash

As of November 30, 2012, the Successor Agency has a deficit cash balance totaling \$2,555,259. This is due to a deficiency in the funds available in the Redevelopment Property Tax Trust Fund (RPTTF) held by the County of Riverside to meet obligations that became due during the period of July 1, 2012 through December 31, 2012. The obligations due during that period totaled \$7,477,071 and the RPTTF receipt totaled \$6,910,508 resulting in a deficit of \$566,563. In addition, the Successor Agency made pass through payments to taxing entities in July 2012 totaling \$3,276,060. It is expected that the deficiency will be liquidated with RPTTF funds available for the period of January 1, 2013 through June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

General Fund - This fund has been classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds and budget-actual comparisons for these funds have been presented in the accompanying financial statements as required supplementary information.

No budget was adopted for the Housing Authority and therefore no budget comparison schedule is presented for this fund.

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.

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 63,298,965	\$ 63,298,965	\$ 63,298,965	\$ -
Resources (Inflows):				
Taxes	10,997,673	10,997,673	11,370,629	372,956
Licenses and permits	224,300	224,300	225,788	1,488
Intergovernmental	421,052	396,634	382,613	(14,021)
Charges for services	493,064	479,764	437,657	(42,107)
Investment income	272,348	272,348	380,696	108,348
Fines and forfeitures	112,672	112,672	139,573	26,901
Rental income	54,121	54,121	51,344	(2,777)
Other revenue	71,350	71,350	57,958	(13,392)
Amounts Available for Appropriation	75,945,545	75,907,827	76,345,223	437,396
Charges to Appropriation (Outflow):				
General government				
Legislation and policy	52,725	336,199	322,785	13,414
City manager	606,121	1,121,520	1,041,237	80,283
City clerk	76,464	274,360	241,859	32,501
Community relations	261,596	260,596	206,818	53,778
City attorney	363,553	505,999	494,104	11,895
Financial services	356,825	805,848	773,591	32,257
Central services	104,974	191,576	124,158	67,418
Cultural events	1,757,695	1,440,425	1,369,140	71,285
Human resources	628,099	666,616	644,703	21,913
Technology	540,836	539,796	504,564	35,232
Public safety				
Administration	71,919	93,869	85,965	7,904
Code enforcement	233,409	233,409	166,478	66,931
Public services	2,542,456	2,542,456	2,503,177	39,279
Community service officers	494,691	494,691	468,409	26,282
Emergency preparedness	10,121	10,121	4,037	6,084
Community development				
Administration	112,811	350,227	348,188	2,039
Inspections and examinations	361,458	358,438	342,885	15,553
Current and advanced planning	(45,678)	303,300	280,970	22,330
Public works				
Administration	275,573	464,816	449,592	15,224
City engineering	37,579	37,479	23,514	13,965
Maintenance services	927,227	924,801	871,146	53,655
City parkway landscape	353,034	353,034	370,067	(17,033)
Transfers out	37,714,401	37,714,401	37,714,401	-
Extraordinary loss on dissolution of RDA	-	-	19,275,494	(19,275,494)
Total Charges to Appropriations	47,837,889	50,023,977	68,627,282	(18,603,305)
Budgetary Fund Balance, June 30	\$ 28,107,656	\$ 25,883,850	\$ 7,717,941	\$ (18,165,909)

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
GOLF RESORT OPERATIONS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,278,585)	\$ (5,278,585)	\$ (5,278,585)	\$ -
Resources (Inflows):				
Charges for services	12,608,803	12,608,803	12,480,492	(128,311)
Investment income	50,000	50,000	48,549	(1,451)
Rental income	12,000	12,000	12,000	-
Other revenue	137,828	137,828	81,630	(56,198)
Transfers in	8,550,484	8,550,484	8,550,484	-
Amounts Available for Appropriation	16,080,530	16,080,530	15,894,570	(185,960)
Charges to Appropriation (Outflow):				
Golf resort	13,192,972	13,192,972	12,714,308	478,664
Total Charges to Appropriations	13,192,972	13,192,972	12,714,308	478,664
Budgetary Fund Balance, June 30	\$ 2,887,558	\$ 2,887,558	\$ 3,180,262	\$ 292,704

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

Note 1: Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. In June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at public workshops and City Council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is adopted by Council action.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for all governmental funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America, using the modified-accrual basis of accounting.

The 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.

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SUPPLEMENTARY INFORMATION

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 1/2% Tax - This fund is used to account for the half-cent sales tax collected by the State of California and allocated to the City for public safety.

Measure "A" Transportation - This fund is used to account for the City's share of the sales tax increase authorized by Riverside County's Measure "A". The monies are legally restricted for the acquisition, construction and improvement of public streets.

Fire Access Maintenance District No. 1 - This fund is used to account for the accumulation of special assessments, ad valorem taxes and other revenues accruing to the benefit and for expenses of the special district referred to as the Fire Access Maintenance District No. 1.

South Coast Air Quality Management District Vehicle Registration - This fund is used to account for the City's share of vehicle registration fees that the State of California has allocated to address air quality concerns in California. These monies are to be used in air quality maintenance programs locally.

Citizens Option for Public Safety Program - This fund is used for front line municipal police services including anti-gang and community crime prevention programs.

Gas Tax - This fund is used to account for the City's share of motor vehicle gas tax imposed under the provisions of the Street and Highway Code of the State of California under Sections 2105, 2106, 2107 and 2107.5 which are legally restricted for the acquisition, construction, improvement and maintenance of public streets.

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.

Street Lighting District 2001-1 - This fund is used to account for the revenues and expenditures incurred in providing lighting maintenance services within the City.

Affordable Housing Operations - This fund is used to account for revenues and expenditures associated with the retention and development of affordable housing units.

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

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 Indian Wells. This fund includes activities through January 31, 2012 when the Redevelopment Agency dissolved and all assets and liabilities were transferred to the Housing Authority. See Note 18 for additional information regarding the dissolution of the redevelopment agency.

CAPITAL PROJECTS FUNDS

The following Capital Projects Funds have been classified as other governmental funds in the accompanying financial statements:

Hwy 111 Circulation Improvement - This fund accounts for fees collected from projects, which will create adverse impacts on the existing public facilities. It will finance future projects to mitigate the traffic impact.

Citywide Public Improvement - This fund is used to account for the accumulation of resources from the citywide public improvement fee for the acquisition and construction of general 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.

Infrastructure – This fund establishes a funding replacement for the City's infrastructure assets. These assets include bridges, paved streets, curbs, gutters, landscape infrastructure, storm drains, underground utility systems, and other types of infrastructure assets. Interest income earned by the fund and other City contributions will be used to support the fund's long-term capital replacement needs to maintain the asset.

FF&E and Rolling Stock – This fund establishes a funding replacement for the City's FF&E and Rolling Stock assets. These assets include administrative equipment, furniture, and City vehicles. Interest income earned by the fund and other City contributions will be used to support the fund's long-term capital replacement needs to maintain the asset.

Golf Resort Capital Replacement – This fund establishes a funding replacement for the City's assets at the Golf Resort. These assets include the clubhouse and surrounding facilities, two 18-hole championship golf courses, maintenance and facilities equipment, and specialty furniture located at the Resort. Interest income earned by the fund and other City contributions will be used to support the fund's long-term capital replacement needs to maintain the asset.

Facilities Capital Replacement – This fund establishes a funding replacement for the City's assets in and around the City's Civic Center complex. These assets include City Hall, the Fire Station, Emergency Operations Command, and the surrounding Public Works facilities. Interest income earned by the fund and other City contributions will be used to support the fund's long-term capital replacement needs to maintain the asset.

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. This fund includes activities through January 31, 2012 when the Redevelopment Agency dissolved and all assets and liabilities were transferred to the Successor Agency. See Note 18 for additional information regarding the dissolution of the redevelopment agency.

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CITY OF INDIAN WELLS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Traffic Safety</u>	<u>Public Safety 1/2% Tax</u>	<u>Measure "A" Transportation</u>	<u>Fire Access Maintenance District No. 1</u>
Assets:				
Cash and investments	\$ -	\$ 4,107	\$ -	\$ 1,713,243
Receivables:				
Accounts	3,436	1,223	33,703	30,807
Accrued interest	-	7	-	2,866
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 3,436</u>	<u>\$ 5,337</u>	<u>\$ 33,703</u>	<u>\$ 1,746,916</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 63,396
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,396</u>
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	5,337	-	1,683,520
Public works	3,436	-	33,703	-
Committed to:				
Capital projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,436</u>	<u>5,337</u>	<u>33,703</u>	<u>1,683,520</u>
Total Liabilities and Fund Balances	<u>\$ 3,436</u>	<u>\$ 5,337</u>	<u>\$ 33,703</u>	<u>\$ 1,746,916</u>

CITY OF INDIAN WELLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	South Coast AQMD Vehicle Registration	Citizens Option for Public Safety Program	Gas Tax	Emergency Services Upgrade
Assets:				
Cash and investments	\$ -	\$ 834	\$ 61,458	\$ 3,488,301
Receivables:				
Accounts	1,600	25,000	16,090	16,987
Accrued interest	-	-	101	5,834
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 1,600</u>	<u>\$ 25,834</u>	<u>\$ 77,649</u>	<u>\$ 3,511,122</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 349,361
Accrued liabilities	-	-	-	6,447
Deposits payable	-	-	-	-
Due to other funds	6,167	-	-	-
Total Liabilities	<u>6,167</u>	<u>-</u>	<u>-</u>	<u>355,808</u>
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	25,834	-	3,155,314
Public works	-	-	77,649	-
Committed to:				
Capital projects	-	-	-	-
Unassigned	<u>(4,567)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(4,567)</u>	<u>25,834</u>	<u>77,649</u>	<u>3,155,314</u>
Total Liabilities and Fund Balances	<u>\$ 1,600</u>	<u>\$ 25,834</u>	<u>\$ 77,649</u>	<u>\$ 3,511,122</u>

CITY OF INDIAN WELLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1
Assets:				
Cash and investments	\$ 105,660	\$ 199,255	\$ 1,279,082	\$ 4,093
Receivables:				
Accounts	4,786	28,080	15,250	48
Accrued interest	-	510	2,139	7
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 110,446</u>	<u>\$ 227,845</u>	<u>\$ 1,296,471</u>	<u>\$ 4,148</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,185	\$ 28,080	\$ 13,687	\$ 109
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>2,185</u>	<u>28,080</u>	<u>13,687</u>	<u>109</u>
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	108,261	199,765	1,282,784	4,039
Committed to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>108,261</u>	<u>199,765</u>	<u>1,282,784</u>	<u>4,039</u>
Total Liabilities and Fund Balances	<u>\$ 110,446</u>	<u>\$ 227,845</u>	<u>\$ 1,296,471</u>	<u>\$ 4,148</u>

CITY OF INDIAN WELLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			Capital Projects Funds
	Affordable Housing Operations	Cooperative Marketing	Low/ Moderate Housing	Hwy 111 Circulation Improvement
Assets:				
Cash and investments	\$ 627,272	\$ 105,875	\$ -	\$ 986
Receivables:				
Accounts	13,618	-	-	-
Accrued interest	1,049	177	-	-
Restricted assets:				
Cash and investments with fiscal agents	1,290,510	-	-	-
Total Assets	\$ 1,932,449	\$ 106,052	\$ -	\$ 986
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 32,836	\$ 976	\$ -	\$ 975
Accrued liabilities	-	-	-	-
Deposits payable	72,435	-	-	-
Due to other funds	-	-	-	31,924
Total Liabilities	105,271	976	-	32,899
Fund Balances:				
Restricted for:				
Community development	1,827,178	105,076	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Unassigned	-	-	-	(31,913)
Total Fund Balances	1,827,178	105,076	-	(31,913)
Total Liabilities and Fund Balances	\$ 1,932,449	\$ 106,052	\$ -	\$ 986

CITY OF INDIAN WELLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Capital Projects Funds</u>			
	<u>Citywide Public Improvement</u>	<u>Art in Public Places</u>	<u>Infrastructure</u>	<u>FF&E and Rolling Stock</u>
Assets:				
Cash and investments	\$ 29,963	\$ 272,408	\$ 6,870,677	\$ 2,249,053
Receivables:				
Accounts	50	-	11,492	3,761
Accrued interest	-	456	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 30,013</u>	<u>\$ 272,864</u>	<u>\$ 6,882,169</u>	<u>\$ 2,252,814</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Committed to:				
Capital projects	30,013	272,864	6,882,169	2,252,814
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>30,013</u>	<u>272,864</u>	<u>6,882,169</u>	<u>2,252,814</u>
Total Liabilities and Fund Balances	<u>\$ 30,013</u>	<u>\$ 272,864</u>	<u>\$ 6,882,169</u>	<u>\$ 2,252,814</u>

CITY OF INDIAN WELLS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Capital Projects Funds</u>			<u>Total Governmental Funds</u>
	<u>Golf Resort Capital Replacement</u>	<u>Facilities Capital Replacement</u>	<u>RDA Whitewater Capital Improvement</u>	
Assets:				
Cash and investments	\$ 3,897,875	\$ 2,249,053	\$ -	\$ 23,159,195
Receivables:				
Accounts	6,519	3,761	-	216,211
Accrued interest	-	-	-	13,146
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	1,290,510
Total Assets	<u>\$ 3,904,394</u>	<u>\$ 2,252,814</u>	<u>\$ -</u>	<u>\$ 24,679,062</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 491,605
Accrued liabilities	-	-	-	6,447
Deposits payable	-	-	-	72,435
Due to other funds	-	-	-	38,091
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,578</u>
Fund Balances:				
Restricted for:				
Community development	-	-	-	1,932,254
Public safety	-	-	-	4,870,005
Public works	-	-	-	1,709,637
Committed to:				
Capital projects	3,904,394	2,252,814	-	15,595,068
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,480)</u>
Total Fund Balances	<u>3,904,394</u>	<u>2,252,814</u>	<u>-</u>	<u>24,070,484</u>
Total Liabilities and Fund Balances	<u>\$ 3,904,394</u>	<u>\$ 2,252,814</u>	<u>\$ -</u>	<u>\$ 24,679,062</u>

CITY OF INDIAN WELLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			
	Traffic Safety	Public Safety 1/2% Tax	Measure "A" Transportation	Fire Access Maintenance District No. 1
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 166,436
Licenses and permits	-	-	-	534
Intergovernmental	-	15,365	183,366	2,624
Investment income	102	71	12	18,503
Fines and forfeitures	35,877	-	-	-
Rental income	-	-	-	-
Assessments	-	-	-	1,208,011
Developer fees	-	-	-	-
Other revenue	-	-	-	1,450
Total Revenues	35,979	15,436	183,378	1,397,558
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	18,932	-	1,003,072
Community development	-	-	-	-
Public works	86,696	-	158,513	-
Capital outlay	11,939	-	-	248,296
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	98,635	18,932	158,513	1,251,368
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,656)	(3,496)	24,865	146,190
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	-
Net Change in Fund Balances	(62,656)	(3,496)	24,865	146,190
Fund Balances, Beginning of Year	66,092	8,833	8,838	1,537,330
Fund Balances, End of Year	\$ 3,436	\$ 5,337	\$ 33,703	\$ 1,683,520

CITY OF INDIAN WELLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	South Coast AQMD Vehicle Registration	Citizens Option for Public Safety Program	Gas Tax	Emergency Services Upgrade
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,287,339
Licenses and permits	-	-	-	-
Intergovernmental	6,333	100,000	147,370	-
Investment income	21	1,009	1,047	42,423
Fines and forfeitures	-	-	-	-
Rental income	-	-	-	-
Assessments	-	-	-	595,482
Developer fees	-	-	-	-
Other revenue	-	-	-	23,195
Total Revenues	6,354	101,009	148,417	2,948,439
Expenditures:				
Current:				
General government	-	-	-	2,399
Public safety	-	124,596	-	2,838,096
Community development	-	-	-	-
Public works	3,902	-	126,717	-
Capital outlay	-	-	-	3,800
Debt service:				
Interest and fiscal charges	-	-	-	5,330
Total Expenditures	3,902	124,596	126,717	2,849,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,452	(23,587)	21,700	98,814
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	-
Net Change in Fund Balances	2,452	(23,587)	21,700	98,814
Fund Balances, Beginning of Year	(7,019)	49,421	55,949	3,056,500
Fund Balances, End of Year	\$ (4,567)	\$ 25,834	\$ 77,649	\$ 3,155,314

CITY OF INDIAN WELLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			
	AB 939 Recycling	Solid Waste	Consolidated LLMD	Street Lighting District 2001-1
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	-	5,671	17,338	52
Fines and forfeitures	-	-	-	-
Rental income	-	-	-	-
Assessments	81,982	827,290	870,209	1,351
Developer fees	-	-	-	-
Other revenue	5,000	-	-	-
Total Revenues	86,982	832,961	887,547	1,403
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	102,717	827,290	891,920	1,465
Capital outlay	3,024	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	105,741	827,290	891,920	1,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,759)	5,671	(4,373)	(62)
Other Financing Sources (Uses):				
Transfers in	-	-	101,284	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	101,284	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	-
Net Change in Fund Balances	(18,759)	5,671	96,911	(62)
Fund Balances, Beginning of Year	127,020	194,094	1,185,873	4,101
Fund Balances, End of Year	\$ 108,261	\$ 199,765	\$ 1,282,784	\$ 4,039

CITY OF INDIAN WELLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

(Continued)

	Special Revenue Funds			Capital Projects Funds
	Affordable Housing Operations	Cooperative Marketing	Low/Moderate Housing	Hwy 111 Circulation Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	114,495	2,137	(11,850)	10
Fines and forfeitures	-	-	-	-
Rental income	1,410,500	-	-	-
Assessments	-	-	-	-
Developer fees	-	-	-	-
Other revenue	1,593	274,312	-	-
Total Revenues	1,526,588	276,449	(11,850)	10
Expenditures:				
Current:				
General government	-	-	5,056	-
Public safety	-	-	-	-
Community development	1,315,028	240,382	-	-
Public works	-	-	-	-
Capital outlay	-	-	1,254,108	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,315,028	240,382	1,259,164	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	211,560	36,067	(1,271,014)	10
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(8,650,000)	-	-	-
Total Other Financing Sources (Uses)	(8,650,000)	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	(16,959,287)	-
Net Change in Fund Balances	(8,438,440)	36,067	(18,230,301)	10
Fund Balances, Beginning of Year	10,265,618	69,009	18,230,301	(31,923)
Fund Balances, End of Year	\$ 1,827,178	\$ 105,076	\$ -	\$ (31,913)

CITY OF INDIAN WELLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Capital Projects Funds</u>			
	<u>Citywide Public Improvement</u>	<u>Art in Public Places</u>	<u>Infrastructure</u>	<u>FF&E and Rolling Stock</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	145	3,859	8,598	2,814
Fines and forfeitures	-	-	-	-
Rental income	-	-	-	-
Assessments	-	-	-	-
Developer fees	42,313	9,717	-	-
Other revenue	-	-	-	-
Total Revenues	<u>42,458</u>	<u>13,576</u>	<u>8,598</u>	<u>2,814</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	31,464	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>31,464</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,458</u>	<u>(17,888)</u>	<u>8,598</u>	<u>2,814</u>
Other Financing Sources (Uses):				
Transfers in	-	-	6,873,571	2,250,000
Transfers out	(12,445)	-	-	-
Total Other Financing Sources (Uses)	<u>(12,445)</u>	<u>-</u>	<u>6,873,571</u>	<u>2,250,000</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	-	-
Net Change in Fund Balances	<u>30,013</u>	<u>(17,888)</u>	<u>6,882,169</u>	<u>2,252,814</u>
Fund Balances, Beginning of Year	-	290,752	-	-
Fund Balances, End of Year	<u>\$ 30,013</u>	<u>\$ 272,864</u>	<u>\$ 6,882,169</u>	<u>\$ 2,252,814</u>

CITY OF INDIAN WELLS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Capital Projects Funds			Total Governmental Funds
	Golf Resort Capital Replacement	Facilities Capital Replacement	RDA Whitewater Capital Improvement	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,453,775
Licenses and permits	-	-	-	534
Intergovernmental	-	-	-	455,058
Investment income	4,878	2,814	4,436	218,585
Fines and forfeitures	-	-	-	35,877
Rental income	-	-	-	1,410,500
Assessments	-	-	-	3,584,325
Developer fees	-	-	-	52,030
Other revenue	-	-	-	305,550
Total Revenues	4,878	2,814	4,436	8,516,234
Expenditures:				
Current:				
General government	-	-	-	7,455
Public safety	-	-	-	3,984,696
Community development	-	-	28,890	1,584,300
Public works	-	-	-	2,199,220
Capital outlay	-	-	-	1,552,631
Debt service:				
Interest and fiscal charges	-	-	-	5,330
Total Expenditures	-	-	28,890	9,333,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,878	2,814	(24,454)	(817,398)
Other Financing Sources (Uses):				
Transfers in	3,899,516	2,250,000	12,445	15,386,816
Transfers out	-	-	(48,962)	(8,711,407)
Total Other Financing Sources (Uses)	3,899,516	2,250,000	(36,517)	6,675,409
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 18)	-	-	(827,165)	(17,786,452)
Net Change in Fund Balances	3,904,394	2,252,814	(888,136)	(11,928,441)
Fund Balances, Beginning of Year	-	-	888,136	35,998,925
Fund Balances, End of Year	\$ 3,904,394	\$ 2,252,814	\$ -	\$ 24,070,484

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 66,092	\$ 66,092	\$ 66,092	\$ -
Resources (Inflows):				
Investment income	4,040	4,040	102	(3,938)
Fines and forfeitures	47,000	47,000	35,877	(11,123)
Amounts Available for Appropriation	117,132	117,132	102,071	(15,061)
Charges to Appropriation (Outflow):				
Public works	148,230	148,230	86,696	61,534
Capital outlay	20,229	11,229	11,939	(710)
Total Charges to Appropriations	168,459	159,459	98,635	60,824
Budgetary Fund Balance, June 30	\$ (51,327)	\$ (42,327)	\$ 3,436	\$ 45,763

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY 1/2% TAX
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,833	\$ 8,833	\$ 8,833	\$ -
Resources (Inflows):				
Intergovernmental	35,374	17,687	15,365	(2,322)
Investment income	227	227	71	(156)
Amounts Available for Appropriation	44,434	26,747	24,269	(2,478)
Charges to Appropriation (Outflow):				
Public safety	18,932	18,932	18,932	-
Total Charges to Appropriations	18,932	18,932	18,932	-
Budgetary Fund Balance, June 30	\$ 25,502	\$ 7,815	\$ 5,337	\$ (2,478)

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
MEASURE "A" TRANSPORTATION
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,838	\$ 8,838	\$ 8,838	\$ -
Resources (Inflows):				
Intergovernmental	175,000	175,000	183,366	8,366
Investment income	202	202	12	(190)
Amounts Available for Appropriation	184,040	184,040	192,216	8,176
Charges to Appropriation (Outflow):				
Public works	175,000	175,000	158,513	16,487
Total Charges to Appropriations	175,000	175,000	158,513	16,487
Budgetary Fund Balance, June 30	\$ 9,040	\$ 9,040	\$ 33,703	\$ 24,663

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
FIRE ACCESS MAINTENANCE DISTRICT NO. 1
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,537,330	\$ 1,537,330	\$ 1,537,330	\$ -
Resources (Inflows):				
Taxes	205,523	205,523	166,436	(39,087)
Licenses and permits	750	750	534	(216)
Intergovernmental	3,101	3,101	2,624	(477)
Investment income	18,650	18,650	18,503	(147)
Assessments	1,208,500	1,208,500	1,208,011	(489)
Other revenue	1,500	1,500	1,450	(50)
Amounts Available for Appropriation	<u>2,975,354</u>	<u>2,975,354</u>	<u>2,934,888</u>	<u>(40,466)</u>
Charges to Appropriation (Outflow):				
Public safety	1,027,287	1,024,787	1,003,072	21,715
Capital outlay	665,967	665,967	248,296	417,671
Total Charges to Appropriations	<u>1,693,254</u>	<u>1,690,754</u>	<u>1,251,368</u>	<u>439,386</u>
Budgetary Fund Balance, June 30	<u>\$ 1,282,100</u>	<u>\$ 1,284,600</u>	<u>\$ 1,683,520</u>	<u>\$ 398,920</u>

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
SOUTH COAST AQMD VEHICLE REGISTRATION
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,019)	\$ (7,019)	\$ (7,019)	\$ -
Resources (Inflows):				
Intergovernmental	5,500	5,500	6,333	833
Investment income	10	10	21	11
Amounts Available for Appropriation	(1,509)	(1,509)	(665)	844
Charges to Appropriation (Outflow):				
Public works	2,814	2,814	3,902	(1,088)
Total Charges to Appropriations	2,814	2,814	3,902	(1,088)
Budgetary Fund Balance, June 30	\$ (4,323)	\$ (4,323)	\$ (4,567)	\$ (244)

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION FOR PUBLIC SAFETY PROGRAM
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 49,421	\$ 49,421	\$ 49,421	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Investment income	20	20	1,009	989
Amounts Available for Appropriation	149,441	149,441	150,430	989
Charges to Appropriation (Outflow):				
Public safety	130,000	130,000	124,596	5,404
Total Charges to Appropriations	130,000	130,000	124,596	5,404
Budgetary Fund Balance, June 30	\$ 19,441	\$ 19,441	\$ 25,834	\$ 6,393

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 55,949	\$ 55,949	\$ 55,949	\$ -
Resources (Inflows):				
Intergovernmental	133,156	133,156	147,370	14,214
Investment income	250	125	1,047	922
Amounts Available for Appropriation	189,355	189,230	204,366	15,136
Charges to Appropriation (Outflow):				
Public works	132,200	132,200	126,717	5,483
Total Charges to Appropriations	132,200	132,200	126,717	5,483
Budgetary Fund Balance, June 30	\$ 57,155	\$ 57,030	\$ 77,649	\$ 20,619

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES UPGRADE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,056,500	\$ 3,056,500	\$ 3,056,500	\$ -
Resources (Inflows):				
Taxes	2,125,137	2,125,137	2,287,339	162,202
Investment income	42,500	42,500	42,423	(77)
Assessments	595,486	595,486	595,482	(4)
Other revenue	23,400	23,400	23,195	(205)
Amounts Available for Appropriation	5,843,023	5,843,023	6,004,939	161,916
Charges to Appropriation (Outflow):				
General government	3,183	3,183	2,399	784
Public safety	3,131,446	3,106,446	2,838,096	268,350
Capital outlay	5,000	5,000	3,800	1,200
Debt service:				
Interest and fiscal charges	7,000	7,000	5,330	1,670
Total Charges to Appropriations	3,146,629	3,121,629	2,849,625	272,004
Budgetary Fund Balance, June 30	\$ 2,696,394	\$ 2,721,394	\$ 3,155,314	\$ 433,920

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
AB 939 RECYCLING
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 127,020	\$ 127,020	\$ 127,020	\$ -
Resources (Inflows):				
Assessments	100,000	100,000	81,982	(18,018)
Other revenue	5,000	5,000	5,000	-
Amounts Available for Appropriation	232,020	232,020	214,002	(18,018)
Charges to Appropriation (Outflow):				
Public works	154,557	150,532	102,717	47,815
Capital outlay	5,953	5,953	3,024	2,929
Total Charges to Appropriations	160,510	156,485	105,741	50,744
Budgetary Fund Balance, June 30	\$ 71,510	\$ 75,535	\$ 108,261	\$ 32,726

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 194,094	\$ 194,094	\$ 194,094	\$ -
Resources (Inflows):				
Investment income	4,040	4,040	5,671	1,631
Assessments	800,000	800,000	827,290	27,290
Amounts Available for Appropriation	998,134	998,134	1,027,055	28,921
Charges to Appropriation (Outflow):				
Public works	862,859	860,631	827,290	33,341
Total Charges to Appropriations	862,859	860,631	827,290	33,341
Budgetary Fund Balance, June 30	\$ 135,275	\$ 137,503	\$ 199,765	\$ 62,262

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
CONSOLIDATED LLMD
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,185,873	\$ 1,185,873	\$ 1,185,873	\$ -
Resources (Inflows):				
Investment income	28,783	28,783	17,338	(11,445)
Assessments	922,426	922,426	870,209	(52,217)
Transfers in	101,284	101,284	101,284	-
Amounts Available for Appropriation	<u>2,238,366</u>	<u>2,238,366</u>	<u>2,174,704</u>	<u>(63,662)</u>
Charges to Appropriation (Outflow):				
Public works	1,028,534	975,539	891,920	83,619
Total Charges to Appropriations	<u>1,028,534</u>	<u>975,539</u>	<u>891,920</u>	<u>83,619</u>
Budgetary Fund Balance, June 30	<u>\$ 1,209,832</u>	<u>\$ 1,262,827</u>	<u>\$ 1,282,784</u>	<u>\$ 19,957</u>

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING DISTRICT 2001-1
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,101	\$ 4,101	\$ 4,101	\$ -
Resources (Inflows):				
Investment income	25	25	52	27
Assessments	1,470	1,470	1,351	(119)
Amounts Available for Appropriation	5,596	5,596	5,504	(92)
Charges to Appropriation (Outflow):				
Public works	1,748	1,748	1,465	283
Total Charges to Appropriations	1,748	1,748	1,465	283
Budgetary Fund Balance, June 30	\$ 3,848	\$ 3,848	\$ 4,039	\$ 191

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING OPERATIONS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,265,618	\$ 10,265,618	\$ 10,265,618	\$ -
Resources (Inflows):				
Investment income	152,500	152,500	114,495	(38,005)
Rental income	1,567,500	1,567,500	1,410,500	(157,000)
Other revenue	17,000	2,000	1,593	(407)
Amounts Available for Appropriation	12,002,618	11,987,618	11,792,206	(195,412)
Charges to Appropriation (Outflow):				
Community development	1,766,537	1,340,250	1,315,028	25,222
Transfers out	8,650,000	8,650,000	8,650,000	-
Total Charges to Appropriations	10,416,537	9,990,250	9,965,028	25,222
Budgetary Fund Balance, June 30	\$ 1,586,081	\$ 1,997,368	\$ 1,827,178	\$ (170,190)

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
COOPORATIVE MARKETING
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 69,009	\$ 69,009	\$ 69,009	\$ -
Resources (Inflows):				
Investment income	1,250	1,250	2,137	887
Other revenue	275,000	275,000	274,312	(688)
Amounts Available for Appropriation	345,259	345,259	345,458	199
Charges to Appropriation (Outflow):				
Community development	274,312	270,312	240,382	29,930
Total Charges to Appropriations	274,312	270,312	240,382	29,930
Budgetary Fund Balance, June 30	\$ 70,947	\$ 74,947	\$ 105,076	\$ 30,129

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
LOW/MODERATE HOUSING
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,230,301	\$ 18,230,301	\$ 18,230,301	\$ -
Resources (Inflows):				
Taxes	7,332,328	7,269,328	-	(7,269,328)
Investment income	115,000	115,000	(11,850)	(126,850)
Amounts Available for Appropriation	25,677,629	25,614,629	18,218,451	(7,396,178)
Charges to Appropriation (Outflow):				
General government	-	-	5,056	(5,056)
Community development	2,264,429	-	-	-
Capital outlay	3,077,987	2,917,378	1,254,108	1,663,270
Debt service:				
Principal retirement	2,075,000	2,075,000	-	2,075,000
Interest and fiscal charges	1,751,649	1,741,649	-	1,741,649
Transfers out	824,345	824,345	-	824,345
Extraordinary loss on dissolution of RDA	-	-	16,959,287	(16,959,287)
Total Charges to Appropriations	9,993,410	7,558,372	18,218,451	(10,660,079)
Budgetary Fund Balance, June 30	\$ 15,684,219	\$ 18,056,257	\$ -	\$ (18,056,257)

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
RDA WHITEWATER DEBT SERVICE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (35,176,575)	\$ (35,176,575)	\$ (35,176,575)	\$ -
Resources (Inflows):				
Taxes	29,317,310	29,077,310	17,891,078	(11,186,232)
Investment income	32,000	32,000	(11,280)	(43,280)
Transfers in	3,843,881	3,843,881	-	(3,843,881)
Other revenue	120,000	-	-	-
Extraordinary gain on dissolution of RDA	-	-	33,250,891	33,250,891
Amounts Available for Appropriation	(1,863,384)	(2,223,384)	15,954,114	18,177,498
Charges to Appropriation (Outflow):				
General government	513,660	458,700	421,152	37,548
Debt service:				
Principal retirement	4,460,000	4,460,000	4,460,000	-
Interest and fiscal charges	5,818,802	4,470,000	3,889,429	580,571
Pass-through agreement payments	19,065,674	19,065,674	7,183,533	11,882,141
Transfers out	130,000	-	-	-
Total Charges to Appropriations	29,988,136	28,454,374	15,954,114	12,500,260
Budgetary Fund Balance, June 30	\$ (31,851,520)	\$ (30,677,758)	\$ -	\$ 30,677,758

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
HWY 111 CIRCULATION IMPROVEMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (31,923)	\$ (31,923)	\$ (31,923)	\$ -
Resources (Inflows):				
Use of money and property	-	-	10	10
Developer participation	5,000	-	-	-
Amounts Available for Appropriation	(26,923)	(31,923)	(31,913)	10
Budgetary Fund Balance, June 30	\$ (26,923)	\$ (31,923)	\$ (31,913)	\$ 10

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
 PARK FACILITIES IN LIEU
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,524,189)	\$ (1,524,189)	\$ (1,524,189)	\$ -
Resources (Inflows):				
Investment income	-	-	16	16
Developer fees	20,000	20,000	21,480	1,480
Amounts Available for Appropriation	(1,504,189)	(1,504,189)	(1,502,693)	1,496
Budgetary Fund Balance, June 30	\$ (1,504,189)	\$ (1,504,189)	\$ (1,502,693)	\$ 1,496

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
CITYWIDE PUBLIC IMPROVEMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Investment income	20	20	145	125
Developer fees	40,000	40,000	42,313	2,313
Amounts Available for Appropriation	40,020	40,020	42,458	2,438
Charges to Appropriation (Outflow):				
Transfers out	15,000	15,000	12,445	2,555
Total Charges to Appropriations	15,000	15,000	12,445	2,555
Budgetary Fund Balance, June 30	\$ 25,020	\$ 25,020	\$ 30,013	\$ 4,993

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,843,674	\$ 1,843,674	\$ 1,843,674	\$ -
Resources (Inflows):				
Intergovernmental	2,605,024	2,605,024	2,775,849	170,825
Investment income	18,500	18,500	35,904	17,404
Other revenue	118,597	118,597	118,597	-
Transfers in	12,056,327	12,056,327	12,056,327	-
Amounts Available for Appropriation	16,642,122	16,642,122	16,830,351	188,229
Charges to Appropriation (Outflow):				
General government	85,000	85,000	63,146	21,854
Capital outlay	11,475,451	11,140,451	7,645,187	3,495,264
Total Charges to Appropriations	11,560,451	11,225,451	7,708,333	3,517,118
Budgetary Fund Balance, June 30	\$ 5,081,671	\$ 5,416,671	\$ 9,122,018	\$ 3,705,347

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
ART IN PUBLIC PLACES
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 290,752	\$ 290,752	\$ 290,752	\$ -
Resources (Inflows):				
Investment income	5,500	5,500	3,859	(1,641)
Developer fees	15,000	15,000	9,717	(5,283)
Amounts Available for Appropriation	311,252	311,252	304,328	(6,924)
Charges to Appropriation (Outflow):				
Capital outlay	32,000	32,000	31,464	536
Total Charges to Appropriations	32,000	32,000	31,464	536
Budgetary Fund Balance, June 30	\$ 279,252	\$ 279,252	\$ 272,864	\$ (6,388)

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
INFRASTRUCTURE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	-	8,598	8,598
Transfers in	6,873,571	6,873,571	6,873,571	-
Amounts Available for Appropriation	6,873,571	6,873,571	6,882,169	8,598
Budgetary Fund Balance, June 30	\$ 6,873,571	\$ 6,873,571	\$ 6,882,169	\$ 8,598

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
FF&E AND ROLLING STOCK
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	-	2,814	2,814
Transfers in	2,250,000	2,250,000	2,250,000	-
Amounts Available for Appropriation	2,250,000	2,250,000	2,252,814	2,814
Budgetary Fund Balance, June 30	\$ 2,250,000	\$ 2,250,000	\$ 2,252,814	\$ 2,814

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
GOLF COURSE CAPITAL REPLACEMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	-	4,878	4,878
Transfers in	3,899,516	3,899,516	3,899,516	-
Amounts Available for Appropriation	3,899,516	3,899,516	3,904,394	4,878
Budgetary Fund Balance, June 30	\$ 3,899,516	\$ 3,899,516	\$ 3,904,394	\$ 4,878

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
HOUSING VILLAS CAPITAL REPLACEMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	-	10,820	10,820
Transfers in	8,650,000	8,650,000	8,650,000	-
Amounts Available for Appropriation	8,650,000	8,650,000	8,660,820	10,820
Budgetary Fund Balance, June 30	\$ 8,650,000	\$ 8,650,000	\$ 8,660,820	\$ 10,820

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
 FACILITIES CAPITAL REPLACEMENT
 YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	-	2,814	2,814
Transfers in	2,250,000	2,250,000	2,250,000	-
Amounts Available for Appropriation	2,250,000	2,250,000	2,252,814	2,814
Budgetary Fund Balance, June 30	\$ 2,250,000	\$ 2,250,000	\$ 2,252,814	\$ 2,814

CITY OF INDIAN WELLS

**BUDGETARY COMPARISON SCHEDULE
RDA WHITEWATER CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 888,136	\$ 888,136	\$ 888,136	\$ -
Resources (Inflows):				
Investment income	5,000	5,000	4,436	(564)
Transfers in	12,445	12,445	12,445	-
Proceeds from sale of capital asset	1,348,802	-	-	-
Amounts Available for Appropriation	2,254,383	905,581	905,017	(564)
Charges to Appropriation (Outflow):				
Community development	587,477	203,583	28,890	174,693
Transfers out	255,737	255,737	48,962	206,775
Extraordinary loss on dissolution of RDA	-	-	827,165	(827,165)
Total Charges to Appropriations	843,214	459,320	905,017	(445,697)
Budgetary Fund Balance, June 30	\$ 1,411,169	\$ 446,261	\$ -	\$ (446,261)

CITY OF INDIAN WELLS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	Governmental Activities - Internal Service Funds			
	Employee Benefits	Compensated Absences	Self Insurance	Total
Assets:				
Current:				
Cash and investments	\$ 1,056,486	\$ 531,957	\$ 749,684	\$ 2,338,127
Receivables:				
Accrued interest	1,767	890	1,254	3,911
Total Current Assets	1,058,253	532,847	750,938	2,342,038
Noncurrent:				
Workers' compensation cumulative deposit	-	-	40,465	40,465
Net OPEB asset	1,070,289	-	-	1,070,289
Total Noncurrent Assets	1,070,289	-	40,465	1,110,754
Total Assets	\$ 2,128,542	\$ 532,847	\$ 791,403	\$ 3,452,792
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accrued liabilities	\$ 24,868	\$ -	\$ -	\$ 24,868
Total Current Liabilities	24,868	-	-	24,868
Noncurrent:				
General liability cumulative deposit	-	-	530,110	530,110
Total Noncurrent Liabilities	-	-	530,110	530,110
Total Liabilities	24,868	-	530,110	554,978
Net Assets:				
Unrestricted	2,103,674	532,847	261,293	2,897,814
Total Net Assets	2,103,674	532,847	261,293	2,897,814
Total Liabilities Net Assets	\$ 2,128,542	\$ 532,847	\$ 791,403	\$ 3,452,792

CITY OF INDIAN WELLS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Funds			
	Employee Benefits	Compensated Absences	Self Insurance	Total
Operating Expenses:				
Administration and general	\$ 687,437	\$ -	\$ -	\$ 687,437
Claims expense	-	-	489,645	489,645
Total Operating Expenses	687,437	-	489,645	1,177,082
Operating Income (Loss)	(687,437)	-	(489,645)	(1,177,082)
Nonoperating Revenues (Expenses):				
Interest revenue	23,684	666	938	25,288
Total Nonoperating Revenues (Expenses)	23,684	666	938	25,288
Income (Loss) Before Transfers	(663,753)	666	(488,707)	(1,151,794)
Transfers in	500,000	532,181	750,000	1,782,181
Changes in Net Assets	(163,753)	532,847	261,293	630,387
Net Assets:				
Beginning of Fiscal Year, as originally reported	3,163,296	-	-	3,163,296
Restatements	(895,869)	-	-	(895,869)
Beginning of Fiscal Year, as restated	2,267,427	-	-	2,267,427
End of Fiscal Year	\$ 2,103,674	\$ 532,847	\$ 261,293	\$ 2,897,814

CITY OF INDIAN WELLS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Funds			Totals
	Employee Benefits	Compensated Absences	Self Insurance	
Cash Flows from Operating Activities:				
Cash paid to suppliers for goods and services	\$ (1,452,318)	\$ -	\$ -	\$ (1,452,318)
Net Cash Provided (Used) by Operating Activities	(1,452,318)	-	-	(1,452,318)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	500,000	532,181	750,000	1,782,181
Net Cash Provided (Used) by Non-Capital Financing Activities	500,000	532,181	750,000	1,782,181
Cash Flows from Investing Activities:				
Interest received	27,809	(224)	(316)	27,269
Net Cash Provided (Used) by Investing Activities	27,809	(224)	(316)	27,269
Net Increase (Decrease) in Cash and Cash Equivalents	(924,509)	531,957	749,684	357,132
Cash and Cash Equivalents at Beginning of Year	1,980,995	-	-	1,980,995
Cash and Cash Equivalents at End of Year	\$ 1,056,486	\$ 531,957	\$ 749,684	\$ 2,338,127
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (687,437)	\$ -	\$ (489,645)	\$ (1,177,082)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
(Increase) decrease in OPEB asset	(789,749)	-	-	(789,749)
(Increase) decrease in workers' compensation cumulative deposit receivable	-	-	(40,465)	(40,465)
Increase (decrease) in accrued liabilities	24,868	-	-	24,868
Increase (decrease) in general liability cumulative deposit payable	-	-	530,110	530,110
Total Adjustments	(764,881)	-	489,645	(275,236)
Net Cash Provided (Used) by Operating Activities	\$ (1,452,318)	\$ -	\$ -	\$ (1,452,318)

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STATISTICAL SECTION (UNAUDITED)

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

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Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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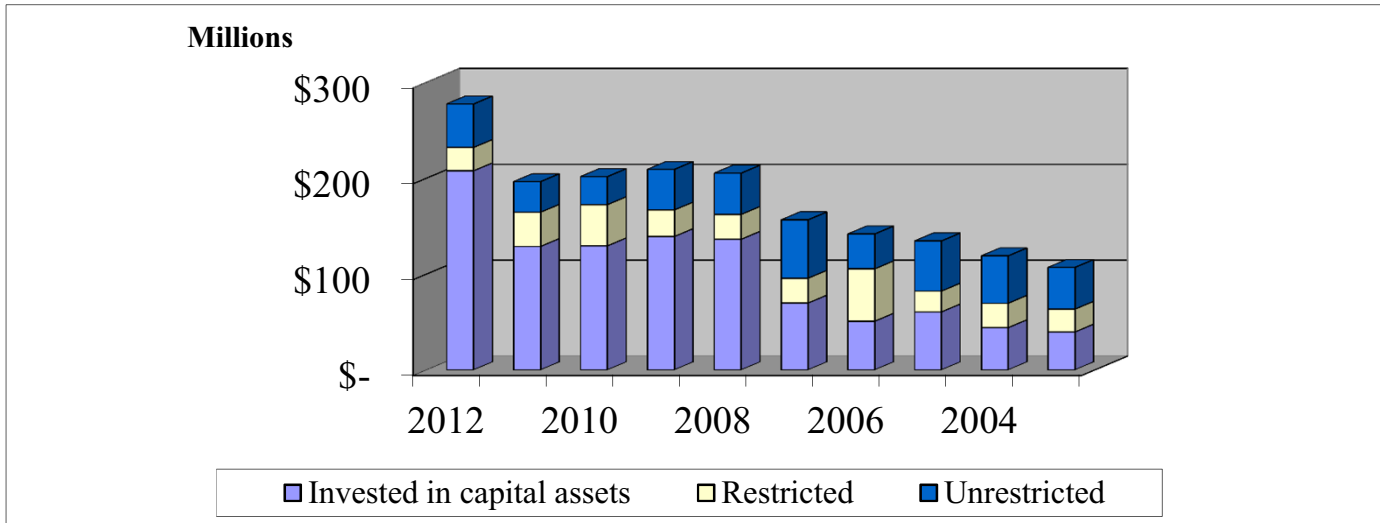
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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

	Fiscal Year			
	2012	2011	2010	2009
Governmental activities:				
Invested in capital assets, net of related debt	\$ 207,621,977	\$ 128,719,531	\$ 129,332,619	\$ 139,057,460
Restricted for:				
Community development	1,932,254	28,556,939	38,057,825	23,412,380
Housing	15,831,412			
Public safety	4,870,005	4,651,489	4,570,215	4,014,475
Public works	1,709,637	1,641,967	308,322	252,873
Debt service	-	817,671	-	-
Unrestricted	<u>45,268,607</u>	<u>31,851,521</u>	<u>29,209,281</u>	<u>42,258,237</u>
Total governmental activities net assets	<u>\$ 277,233,892</u>	<u>\$ 196,239,118</u>	<u>\$ 201,478,262</u>	<u>\$ 208,995,425</u>



Fiscal Year

2008	2007	2006	2005	2004	2003
\$ 136,211,882	\$ 69,674,222	\$ 50,749,510	\$ 60,447,659	\$ 44,033,129	\$ 39,495,887
22,401,222	21,060,513	49,567,249	10,483,905	12,430,215	10,996,014
3,199,900	2,926,727	2,932,610	1,895,904	2,165,299	2,107,802
325,432	1,863,275	2,094,899	3,765,506	3,991,647	3,183,822
-	-	-	5,553,793	6,837,944	7,509,228
<u>42,983,730</u>	<u>60,839,232</u>	<u>36,303,201</u>	<u>52,240,076</u>	<u>49,387,174</u>	<u>43,500,468</u>
<u>\$ 205,122,166</u>	<u>\$ 156,363,969</u>	<u>\$ 141,647,469</u>	<u>\$ 134,386,843</u>	<u>\$ 118,845,408</u>	<u>\$ 106,793,221</u>

CITY OF INDIAN WELLS

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2012	2011	2010	2009
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 134,600	\$ 31,619	\$ 30,284	\$ 30,400
Community development	663,445	6,718,212	2,136,604	2,114,861
Public safety	5,507	8,272	873,229	742,738
Public works	35,877	48,230	6,266	54,570
Golf resort	12,480,492	12,243,547	11,126,337	6,850,634
Operating grants and contributions:				
General government	382,613	405,976	33,501	98,175
Community development	-	17,400	1,568,330	2,145,952
Public safety	4,208,821	1,921,931	2,557,187	2,654,704
Public works	2,127,618	2,051,669	1,472,156	1,629,164
Capital grants and contributions:				
Community development	-	-	444,801	9,399,500
Public works	2,839,642	573,206	4,750,952	291,250
Total program revenue	<u>22,878,615</u>	<u>24,020,062</u>	<u>24,999,647</u>	<u>26,011,948</u>
Expenses:				
Governmental activities:				
General government	7,589,850	4,804,881	8,194,604	10,664,720
Community development	9,513,504	20,227,573	19,519,593	9,784,467
Public safety	7,415,881	7,379,309	8,157,222	7,594,508
Public works	6,950,388	6,710,034	5,423,271	5,954,213
Golf resort	12,714,308	13,694,185	12,885,373	10,179,734
Interest on long-term debt	2,024,310	8,185,570	5,934,148	6,120,317
Total expenses	<u>46,208,241</u>	<u>61,001,552</u>	<u>60,114,211</u>	<u>50,297,959</u>
Net revenue (expense)	<u>(23,329,626)</u>	<u>(36,981,490)</u>	<u>(35,114,564)</u>	<u>(24,286,011)</u>
General revenues:				
Taxes:				
Property taxes	13,102,964	17,200,487	18,121,718	18,756,437
Transient occupancy taxes	5,689,952	4,805,116	4,294,079	4,804,501
Sales taxes	992,271	902,256	762,241	963,446
Franchise taxes	848,259	835,725	817,863	870,700
Other taxes	1,611,164	3,672,587	1,331,372	1,360,608
Investment income	3,740,422	3,939,375	1,513,114	1,147,924
Gain on sale of asset	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	78,671,502	-	-	-
Other	563,735	399,736	362,922	255,654
Total general revenues	<u>105,220,269</u>	<u>31,755,282</u>	<u>27,203,309</u>	<u>28,159,270</u>
Change in net assets	<u>\$81,890,643</u>	<u>\$ (5,226,208)</u>	<u>\$ (7,911,255)</u>	<u>\$ 3,873,259</u>

Fiscal Year

	2008	2007	2006	2005	2004	2003
\$	627,106	\$ 2,235	\$ 5,069	\$ 1,037	\$ 1,577	\$ -
	2,528,006	1,934,844	1,772,860	1,570,382	1,142,076	1,539,238
	873,761	2,470,623	2,527,477	2,056,493	2,017,645	2,082,454
	68,639	1,463,364	1,359,833	1,381,225	1,589,854	721,574
	5,138,846	4,817,513	5,234,850	7,138,609	7,103,298	6,324,063
	519,133	77,946	41,205	14,691	44,721	-
	2,038,691	314,980	338,311	364,975	733,311	535,000
	2,493,117	2,259,723	2,212,899	1,832,677	1,852,363	1,660,138
	1,543,290	926,673	354,123	309,305	313,453	268,264
	1,445,778	1,434,242	-	-	-	-
	46,463,133	582,880	3,508,743	11,002,296	7,775,714	132,727
	<u>63,739,500</u>	<u>16,285,023</u>	<u>17,355,370</u>	<u>25,671,690</u>	<u>22,574,012</u>	<u>13,263,458</u>
	9,998,984	7,763,532	7,082,129	6,476,847	6,550,342	8,246,755
	6,356,163	24,966,021	28,957,231	20,563,959	18,643,445	16,027,330
	7,211,930	6,146,364	5,903,241	6,279,925	6,260,002	5,650,403
	6,895,396	3,862,991	3,367,663	3,288,793	2,699,525	3,470,564
	9,518,594	5,406,302	7,491,500	8,008,708	7,041,090	6,835,918
	7,166,630	6,009,532	4,706,168	4,951,228	4,899,758	2,362,254
	<u>47,147,697</u>	<u>54,154,742</u>	<u>57,507,932</u>	<u>49,569,460</u>	<u>46,094,162</u>	<u>42,593,224</u>
	<u>16,591,803</u>	<u>(37,869,719)</u>	<u>(40,152,562)</u>	<u>(23,897,770)</u>	<u>(23,520,150)</u>	<u>(29,329,766)</u>
	18,582,342	37,093,682	35,791,172	29,371,922	27,998,756	25,511,291
	5,874,128	5,940,739	5,352,889	4,656,403	4,141,094	3,640,130
	1,054,972	1,202,051	1,057,899	897,119	820,736	659,452
	902,634	894,378	726,333	641,951	617,422	587,964
	1,875,547	1,112,636	1,024,505	820,887	608,303	805,388
	3,467,226	5,554,158	3,217,562	2,894,907	1,206,620	1,781,327
	-	350,454	-	-	-	357,347
	-	-	-	-	-	-
	169,525	438,121	242,828	156,016	179,406	591,121
	<u>31,926,374</u>	<u>52,586,219</u>	<u>47,413,188</u>	<u>39,439,205</u>	<u>35,572,337</u>	<u>33,934,020</u>
\$	<u>48,518,177</u>	<u>\$ 14,716,500</u>	<u>\$ 7,260,626</u>	<u>\$ 15,541,435</u>	<u>\$ 12,052,187</u>	<u>\$ 4,604,254</u>

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

	Fiscal Year			
	2012	2011	2010	2009
General fund:				
Nonspendable:				
Prepaid items	\$ 724,847	\$ 21,282	\$ 47,743	\$ 50,787
Advances to other funds	-	22,010,750	22,409,361	26,150,000
Committed to:				
Emergency reserve	2,250,000	18,500,000	-	-
Unassigned	4,743,094	22,766,933	19,491,287	17,356,780
Total general fund	<u>7,717,941</u>	<u>63,298,965</u>	<u>41,948,391</u>	<u>43,557,567</u>
All other governmental funds				
Nonspendable				
Inventory	696,882	556,726	501,090	473,863
Prepaid items	79,410	39,962	58,820	29,455
Notes	15,831,412	4,316,639	4,316,639	4,316,639
Advances to other funds	-	11,514,773	11,514,773	-
Restricted for:				
Community development	1,932,254	12,725,527	8,618,341	18,965,920
Public safety	4,870,005	4,651,489	4,379,949	3,849,136
Parks and recreation	-	-	-	-
Public works	1,709,637	1,641,967	1,807,173	1,813,427
Debt Service	-	817,671	789,777	9,087
Committed to:				
Emergency Reserve	-	-	-	-
Capital projects	35,781,876	3,022,559	-	-
Unassigned	(1,539,173)	(43,424,063)	(10,039,594)	(11,754,777)
Total all other governmental funds	<u>\$ 59,362,303</u>	<u>\$ (4,136,750)</u>	<u>\$ 21,946,968</u>	<u>\$ 17,702,750</u>

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

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 700	\$ -	\$ -	\$ 6,000	\$ 417,725	\$ 178,647
30,797,726	20,000,000	20,000,000	-	-	-
-	-	-	-	-	-
<u>11,846,566</u>	<u>7,715,559</u>	<u>10,727,164</u>	<u>10,217,412</u>	<u>6,482,083</u>	<u>5,577,793</u>
<u>42,644,992</u>	<u>27,715,559</u>	<u>30,727,164</u>	<u>10,223,412</u>	<u>6,899,808</u>	<u>5,756,440</u>
724,063	97,252	189,573	183,252	346,399	425,311
63,394	76,516	53,269	91,690	87,989	127,535
-	-	-	-	-	-
-	-	-	-	-	-
12,986,015	26,850,170	33,734,335	30,761,975	34,485,602	50,178,629
3,058,410	2,767,388	2,932,610	1,895,904	2,165,299	2,191,586
-	-	10,568	98,768	401,341	291,914
1,905,049	2,077,143	2,260,914	1,847,504	1,966,203	1,528,286
2,584	35,275	13,676	4,885	1,646	40,049
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,431,080</u>	<u>60,982,183</u>	<u>32,121,248</u>	<u>70,320,518</u>	<u>81,351,184</u>	<u>76,898,863</u>
<u>\$ 22,170,595</u>	<u>\$ 92,885,927</u>	<u>\$ 71,316,193</u>	<u>\$ 105,204,496</u>	<u>\$ 120,805,663</u>	<u>\$ 131,682,173</u>

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

	Fiscal Year			
	2012	2011	2010	2009
Revenues:				
Taxes	\$ 31,715,482	\$ 47,215,341	\$ 48,995,314	\$ 51,245,652
Assessments	3,584,325	3,530,928	3,481,755	3,385,707
Licenses and permits	226,322	119,583	234,824	226,007
Intergovernmental	3,613,520	1,390,949	5,157,957	937,750
Fines and forfeitures	175,450	87,320	84,582	52,762
Charges for services	12,918,149	12,657,977	11,476,745	7,478,699
Investment income	2,157,134	3,256,904	2,732,580	4,162,047
Development fees	73,510	61,007	1,327,402	59,252
Other	563,735	399,736	3,374,688	7,823,725
Total revenues	<u>55,027,627</u>	<u>68,719,745</u>	<u>76,865,847</u>	<u>75,371,601</u>
Expenditures				
Current:				
General government	6,214,712	4,219,555	7,941,889	10,506,842
Community development	2,556,343	5,846,632	13,493,473	3,784,085
Public safety	7,212,762	7,214,270	8,000,297	7,471,826
Public works	3,913,539	3,763,936	2,959,775	3,278,386
Golf resort	12,714,308	13,694,185	12,885,373	10,179,734
Pass-through	7,183,533	21,778,115	21,138,998	22,107,922
Capital outlay	9,197,818	4,464,499	5,954,982	12,361,227
Debt service:				
Principal retirement	4,460,000	4,020,106	3,860,000	3,720,000
Interest and fiscal charges	3,894,759	7,951,591	8,517,174	8,858,488
Total expenditures	<u>57,347,774</u>	<u>72,952,889</u>	<u>84,751,961</u>	<u>82,268,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,320,147)</u>	<u>(4,233,144)</u>	<u>(7,886,114)</u>	<u>(6,896,909)</u>
Other financing sources (uses):				
Transfers in	44,643,627	13,373,447	11,845,781	15,377,613
Transfers out	(46,425,808)	(13,873,447)	(12,595,781)	(16,377,613)
Issuance of bonds	-	-	10,890,000	-
Premium (discount) on bonds	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	12,020,357	-	-	-
Sale of property	-	-	-	4,341,639
Total other financing sources (uses)	<u>10,238,176</u>	<u>(500,000)</u>	<u>10,140,000</u>	<u>3,341,639</u>
Net change in fund balances	<u>\$ 7,918,029</u>	<u>\$ (4,733,144)</u>	<u>\$ 2,253,886</u>	<u>\$ (3,555,270)</u>
Debt service as a percentage of noncapital expenditures	21.0%	21.2%	18.7%	21.7%
Capital outlay (Recon of Rev & Exp)	\$ 9,190,259	\$ 4,524,674	\$ 6,076,294	\$ 11,857,262
Total governmental expenditures	57,347,774	72,952,889	84,751,961	82,268,510
Less: Principal	(4,460,000)	(4,020,106)	(3,860,000)	(3,720,000)
Less: Interest	(3,894,759)	(7,951,591)	(8,517,174)	(8,858,488)
	<u>48,993,015</u>	<u>60,981,192</u>	<u>72,374,787</u>	<u>69,690,022</u>
Less: Capital Asset Additions	(9,190,259)	(4,524,674)	(6,076,294)	(11,857,262)
Non Capital Expenditures	39,802,756	56,456,518	66,298,493	57,832,760
Total Debt Service Payments	8,354,759	11,971,697	12,377,174	12,578,488
Debt Service as % of Non Capital Exp.	21.0%	21.2%	18.7%	21.7%

Fiscal Year

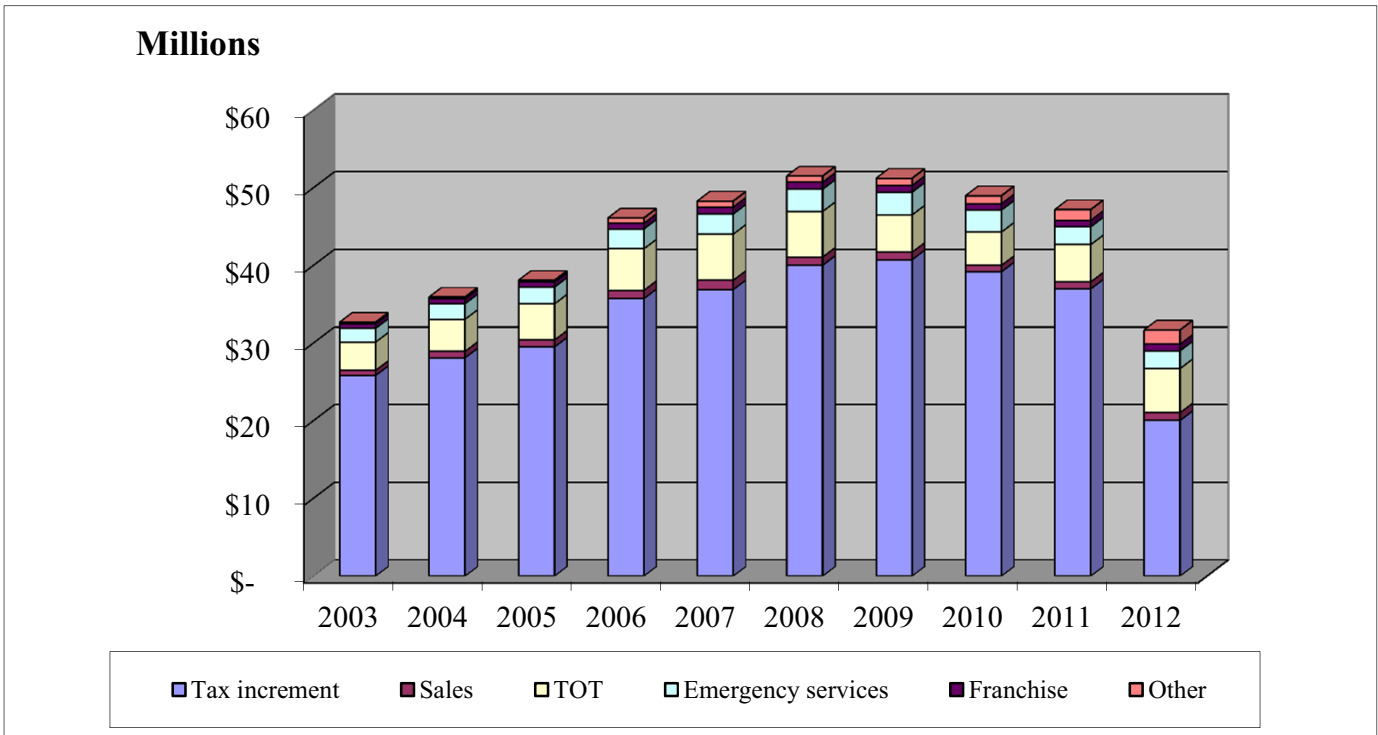
	2008	2007	2006	2005	2004	2003
\$	51,537,447	\$48,314,537	\$ 46,131,556	\$ 38,106,070	\$35,953,987	\$32,711,763
	3,483,606	3,036,321	3,084,600	2,552,226	2,476,024	2,462,295
	399,003	728,761	617,834	949,622	1,115,792	297,789
	1,460,266	2,682,465	4,958,972	9,562,484	7,362,480	508,366
	52,083	109,671	96,056	114,078	190,446	153,597
	6,257,950	5,518,266	5,869,314	7,943,064	8,070,440	7,189,375
	8,035,693	8,696,113	5,496,516	4,001,528	1,095,279	1,735,207
	214,938	582,880	600,668	647,957	889,384	131,338
	1,156,637	1,213,908	959,066	883,644	1,485,931	1,603,467
	<u>72,597,623</u>	<u>70,882,922</u>	<u>67,814,582</u>	<u>64,760,673</u>	<u>58,639,763</u>	<u>46,793,197</u>
	9,604,914	8,076,374	7,308,390	6,649,994	6,346,124	8,072,119
	4,091,199	4,045,155	7,855,308	2,161,045	2,062,582	1,834,577
	7,133,876	6,156,103	5,911,765	6,376,941	6,347,279	5,596,779
	3,306,362	2,843,400	2,578,102	2,377,858	2,011,325	2,697,392
	9,333,933	6,042,600	6,263,126	8,125,952	7,070,963	6,459,480
	21,471,829	19,874,202	20,862,080	17,384,055	15,872,682	13,916,479
	59,787,295	35,637,285	20,802,188	24,745,401	26,928,496	26,868,088
	3,965,000	3,330,000	3,260,000	3,665,000	1,705,000	765,000
	8,939,114	8,753,951	6,855,103	5,051,990	4,201,194	3,664,778
	<u>127,633,522</u>	<u>94,759,070</u>	<u>81,696,062</u>	<u>76,538,236</u>	<u>72,545,645</u>	<u>69,874,692</u>
	<u>(55,035,899)</u>	<u>(23,876,148)</u>	<u>(13,881,480)</u>	<u>(11,777,563)</u>	<u>(13,905,882)</u>	<u>(23,081,495)</u>
	60,589,937	52,624,250	56,208,798	8,034,396	11,925,669	25,638,690
	(61,339,937)	(53,374,250)	(56,208,798)	(8,534,396)	(11,925,669)	(25,638,690)
	-	67,805,000	14,125,000	-	-	87,245,000
	-	57,498	54,253	-	-	1,979,695
	-	(25,054,069)	(13,682,324)	-	-	(12,839,946)
	-	-	-	-	-	-
	-	375,848	-	-	4,172,740	8,559,049
	<u>(750,000)</u>	<u>42,434,277</u>	<u>496,929</u>	<u>(500,000)</u>	<u>4,172,740</u>	<u>84,943,798</u>
\$	<u>(55,785,899)</u>	<u>\$18,558,129</u>	<u>\$ (13,384,551)</u>	<u>\$ (12,277,563)</u>	<u>\$ (9,733,142)</u>	<u>\$61,862,303</u>
	157.4%	26.2%	20.5%	20.2%	14.9%	11.5%
\$	106,530,052	\$36,538,626	\$ 22,122,117	\$ 24,745,401	\$26,928,496	\$26,868,088
	127,633,522	94,759,070	81,696,062	76,538,236	72,545,645	69,874,692
	(3,965,000)	(3,330,000)	(3,260,000)	(3,665,000)	(1,705,000)	(765,000)
	(8,939,114)	(8,753,951)	(6,855,103)	(5,051,990)	(4,201,194)	(3,664,778)
	<u>114,729,408</u>	<u>82,675,119</u>	<u>71,580,959</u>	<u>67,821,246</u>	<u>66,639,451</u>	<u>65,444,914</u>
	(106,530,052)	(36,538,626)	(22,122,117)	(24,745,401)	(26,928,496)	(26,868,088)
	8,199,356	46,136,493	49,458,842	43,075,845	39,710,955	38,576,826
	12,904,114	12,083,951	10,115,103	8,716,990	5,906,194	4,429,778
	157.4%	26.2%	20.5%	20.2%	14.9%	11.5%

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
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	827,195	4,294,079	2,828,412	817,863	1,019,451	48,995,314
2011	37,012,359	902,256	4,805,116	2,288,758	835,725	1,371,127	47,215,341
2012	20,072,039	992,271	5,689,952	2,287,339	848,259	1,825,622	31,715,482

Percentage change:

2003-2012 -22.4% 50.5% 56.3% 29.0% 44.3% 855.9% -3.0%



CITY OF INDIAN WELLS
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City (Excl. RDA)			Redevelopment Agency			
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	City's Direct Tax Rate
2003	\$ 381,213,595	\$ 8,863,688	\$ 390,077,283	\$ 2,708,154,009	\$ 24,804,386	\$ 2,732,958,395	0.50617
2004	427,150,933	8,090,787	435,241,720	2,888,390,842	29,985,511	2,918,376,353	0.50249
2005	444,469,346	8,517,701	452,987,047	3,028,027,769	34,709,051	3,062,736,820	0.50051
2006	555,697,154	5,463,790	561,160,944	3,333,128,375	34,010,781	3,367,139,156	0.49471
2007	641,953,540	5,656,440	647,609,980	3,568,878,418	38,357,547	3,607,235,965	0.56460
2008	835,797,894	4,502,911	840,300,805	3,878,756,903	33,552,882	3,912,309,785	0.56679
2009	903,292,424	5,793,464	909,085,888	4,115,512,584	49,085,006	4,164,597,590	0.56688
2010	858,305,085	4,653,028	862,958,113	3,976,541,728	43,225,207	4,019,766,935	0.53604
2011	798,116,578	5,300,075	803,416,653	3,775,005,209	38,992,999	3,813,998,208	0.53686
2012	779,881,689	4,485,980	784,367,669	3,663,062,874	29,170,611	3,692,233,485	0.00650

* Combined City/RDA.

Source: Riverside County Assessor Data, MuniServices, LLC
Source: 2010-11 and prior, previously published CAFR Report
Net Taxable Value is net of all exemptions, including homeowners.
(1.) Total Direct Tax Rate is represented by TRA 016-000

CITY OF INDIAN WELLS

Assessed Value of Property by Use Code, Citywide
Last Fiscal Year

Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Residential	\$ 2,542,313,847	\$ 2,707,051,088	\$ 2,897,520,209	\$ 3,201,699,445	\$ 3,463,544,677	\$ 3,994,931,238	\$ 4,257,840,652	\$ 4,186,874,097	\$ 4,009,594,578	\$ 3,913,350,203
Commercial	164,313,969	218,061,708	228,536,157	252,142,333	254,305,690	239,515,661	252,841,579	240,348,626	204,892,539	64,230,314
Institutional	34,342,684	35,029,639	4,702,333	4,796,379	4,892,306	306,267	312,392	318,639	317,885	-
Recreational & Unknown	117,490,893	125,545,824	135,062,265	207,465,790	224,500,108	235,572,803	267,717,856	176,890,276	167,423,018	315,812,049
Vacant	230,906,211	229,853,516	206,676,151	222,721,582	263,589,177	244,228,828	240,092,529	230,415,175	190,893,767	149,551,997
Net Secured Value	3,089,367,604	3,315,541,775	3,472,497,115	3,888,825,529	4,210,831,958	4,714,554,797	5,018,805,008	4,834,846,813	4,573,121,787	4,442,944,563
Unsecured	33,668,074	38,076,298	43,226,752	39,474,571	44,013,987	38,055,793	54,878,470	47,878,235	44,293,074	33,656,591
Net Taxable Value	\$ 3,123,035,678	\$ 3,353,618,073	\$ 3,515,723,867	\$ 3,928,300,100	\$ 4,254,845,945	\$ 4,752,610,590	\$ 5,073,683,478	\$ 4,882,725,048	\$ 4,617,414,861	\$ 4,476,601,154

Source: MuniServices, LLC
Use code categories are based on Riverside County Assessor's data

CITY OF INDIAN WELLS
Direct and Overlapping Property Tax Rates

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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	0.00650
Agency basic rate	0.23617	0.23249	0.23051	0.22471	0.29460	0.29679	0.29688	0.26604	0.26686	-
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>	-
Total City Direct Rate	0.50617	0.50249	0.50051	0.49471	0.56460	0.56679	0.56688	0.53604	0.53686	0.00650
Overlapping Rates:										
Riverside County General & Fire	0.29080	0.29080	0.29087	0.28868	0.28791	0.28371	0.28376	0.28336	0.28336	0.22273
Coachella Valley Water District	0.05866	0.05881	0.05855	0.05891	0.05885	0.05877	0.05870	0.05932	0.05886	0.03055
Desert Sands Unified School District	0.08955	0.09159	0.09279	0.09694	0.09745	0.09857	0.09851	0.11489	0.11498	0.40439
Riverside County School Superintendent of Schools	0.01012	0.01035	0.01049	0.01096	0.01102	0.01114	0.01114	0.01299	0.01300	0.04572
College of the Desert	0.01861	0.01903	0.01928	0.02014	0.02025	0.02048	0.02047	0.02387	0.02389	0.08403
Coachella Valley Parks & Recreation District	0.01571	0.01621	0.01650	0.01750	0.01763	0.01792	0.01792	0.02190	0.02192	0.01321
Coachella Valley Mosquito & Vector Control District	0.01038	0.01072	0.01091	0.01157	0.01166	0.01185	0.01185	0.01448	0.01449	0.01091
Riverside County Regional Park & Open Space	-	-	0.00003	0.00019	0.00021	0.00026	0.00026	0.00088	0.00088	0.00388
Coachella Valley Public Cemetery	-	-	0.00003	0.00015	0.00017	0.00021	0.00022	0.00072	0.00072	0.00257
Desert Regional Medical Center	-	-	0.00004	0.00024	0.00025	0.00029	0.00029	0.00098	0.00097	-
Coachella Valley Resource Conservation	-	-	-	0.00001	0.00001	0.00002	0.00002	0.00006	0.00006	0.00039
Education Revenue Augmentation Fund	-	-	-	-	-	-	-	-	-	0.17512
Coachella Valley Water District	0.02100	0.02100	0.02100	0.02100	0.02080	0.04000	0.04000	0.06000	0.06000	0.08000
Desert Community College	-	-	0.02000	0.02000	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995
Desert Sands Unified School District	<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>	<u>0.10036</u>	<u>0.11467</u>
Total Direct Rate	<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>1.23056</u>	<u>1.25031</u>	<u>1.21462</u>

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

Source: Riverside County Auditor data, MuniServices, LLC

(-) Indicates data unavailable.

The State of California eliminated redevelopment during fiscal year 2011/12

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

Taxpayer	2012		2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Garden of Champions	\$ 57,523,731	1.28%	\$ 64,651,358	2.06%
Grand Champions LLC	52,175,082	1.17%	38,580,149	1.23%
Toscana Inc.	49,308,800	1.10%	-	0.00%
Southwest Community Church	-	0.00%	34,342,784	1.10%
Felcor Esmeralda	33,675,000	0.75%	60,985,367	1.95%
Vintage Club	26,974,727	0.60%	56,434,939	1.80%
Ladn Heritage	-	0.00%	26,630,158	0.85%
Eldorado Country Club	24,382,287	0.54%	-	0.00%
Deep Canyon Associates	-	0.00%	20,830,092	0.67%
Ministrelli Development	-	0.00%	20,643,245	0.66%
LH Indian Wells Holding	16,716,939	0.37%	24,820,645	0.79%
Sanderson J Ray Indian Wells	16,072,497	0.36%	-	0.00%
Village Shopping Center	14,480,464	0.32%	-	0.00%
Ryan Oil Co	13,570,783	0.30%	-	0.00%
Reserve Club	12,766,946	0.29%	-	0.00%
Schmid Inv	12,673,321	0.28%	-	0.00%
Cook Leo W	12,390,766	0.28%	-	0.00%
Windfohr Anne Burnett	12,243,512	0.27%	-	0.00%
Standard Pacific Corp	12,157,290	0.27%	-	0.00%
Gilleland Richard A	11,797,091	0.26%	-	0.00%
IWCC Acquisition Corp	11,760,707	0.26%	16,931,252	0.54%
Indian Wells Village II	11,572,502	0.26%	-	0.00%
Washington Roy Dennis	9,858,292	0.22%	-	0.00%
Neptune	9,809,908	0.22%	-	0.00%
Dillard Kay	9,807,725	0.22%	-	0.00%
Brinson Gary P	9,500,000	0.21%	-	0.00%
Argyros George L	9,382,270	0.21%	-	0.00%
Gilleland Gloria J	9,052,610	0.20%	-	0.00%
Walters Wiliam T	8,738,734	0.20%	-	0.00%
Total Top 25 Taxpayers	\$ 468,391,984	10.46%	\$ 364,849,989	11.65%
Total Taxable Value	\$ 4,476,601,154	100.00%	\$ 3,131,759,562	100.00%

Source: County Assessor data, MuniServices, LLC

CITY OF INDIAN WELLS

Principal Sales Tax Producers

Current Year and Nine Years Ago

2012		2003	
Taxpayer	Business Type	Taxpayer	Business Type
American Audio Visual Center	Business Services	Compliments Ltd	Miscellaneous Retail
Café Italia	Restaurants	Desert Horizons County Club	Restaurants
Compliments	Apparel Stores	Don Diegos	Restaurants
Creative Pipe, Inc	Misc. Vehicle Sales	Donna Schuler Design Studio	Furniture/Appliance
CVS/Pharmacy #9779	Drug Stores	Eldorado County Club	Restaurants
Desert Horizons County Club	Restaurants	Garden of Champions	Florist/Nursery
Don Diegos	Restaurants	Hopson's Health Equipment	Recreation Products
Donna Diamond Designer	Miscellaneous Retail	Hotel Indian Wells	Restaurants
Eldorado County Club	Restaurants	Hyatt Grand Champions Resort	Restaurants
Hotel Indian Wells	Restaurants	Indian Wells Golf Resort	Restaurants
Hyatt Grand Champions Resort	Restaurants	Indian Wells Tennis Garden	Recreation Products
Indian Wells County Club	Miscellaneous Retail	Kitchen & Baths By Lynn	Blg.Matls-Whsle
Indian Wells Tennis Garden	Recreation Products	Kitchen Kitchen	Miscellaneous Retail
Indian Wells Golf Resort	Restaurants	Le Saint Germain Restaurant	Restaurants
Miramonte Resort and Spa Food	Restaurants	Miramonte Resort and Spa Food	Restaurants
Ralph's Grocery Company	Food Markets	Ralph's Grocery Company	Food Markets
Renaissance Esmeralda Resort A	Restaurants	Renaissance Esmeralda Resort A	Restaurants
Reserve Club	Restaurants	Reserve Club	Restaurants
Swank Audio Visuals	Light Industry	Sav-On Drug Stores	Drug Stores
Terry Beardsley Golf Shop	Recreation Products	Savvier	Recreation Products
The Nest	Restaurants	Terry Beardsley Golf Shop	Recreation Products
Toscana County Club	Restaurants	The Nest	Restaurants
Vicky's of Santé Fe	Restaurants	Vicky's of Santé Fe	Restaurants
Village Inscriber	Miscellaneous Retail	Village Inscriber	Miscellaneous Retail
Vintage Club	Restaurants	Vintage Club	Restaurants

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
2003	\$ 24,978,009	\$ 25,860,500	103.53%	\$ -	\$ 25,860,500	103.53%
2004	26,913,427	28,142,675	104.57%	-	28,142,675	104.57%
2005	28,448,075	29,525,111	103.79%	-	29,525,111	103.79%
2006	31,641,148	33,644,264	106.33%	2,219,271	35,863,535	113.34%
2007	34,302,868	36,288,268	105.79%	633,286	36,921,554	107.63%
2008	37,565,868	39,500,186	105.15%	558,647	40,058,833	106.64%
2009	40,211,739	40,504,387	100.73%	266,064	40,770,451	101.39%
2010	38,711,203	38,791,118	100.21%	417,197	39,208,315	101.28%
2011	36,889,913	36,918,555	100.08%	93,804	37,012,359	100.33%
2012	34,811,422	26,913,209	77.31%	74,738	26,987,947	77.53%

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. Taxes collected by the City are often more than the original tax roll due to new home property sales, resale's during the fiscal year, and payment of delinquent property taxes.

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		
2003	\$ 102,200,000	\$ -	\$102,200,000	28.72%	\$ 23,355
2004	100,495,000	-	100,495,000	27.25%	22,772
2005	96,830,000	-	96,830,000	24.09%	20,686
2006	93,670,000	-	93,670,000	22.59%	19,737
2007	133,580,000	-	133,579,997	29.54%	27,951
2008	129,615,000	-	129,615,000	29.06%	26,858
2009	125,895,000	-	125,895,000	25.10%	25,641
2010	132,925,000	-	132,925,000	26.66%	26,870
2011	128,910,000	-	128,910,000	24.62%	25,731
2012	- ¹	-	-	0.00%	-

(1) Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Please see note 18 to the financial statements. During fiscal year 2011/12, the State of California took action to eliminate redevelopment. The remaining outstanding Redevelopment Agency Tax Allocation Bonds were transferred to a newly formed Successor Agency private-purpose trust.

CITY OF INDIAN WELLS

Ratio of General Bonded Debt Outstanding and Legal Debt Margin

Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year End	Outstanding Tax Allocation Bonds	% of Assessed Value ¹	Per Capita	Less: Amounts Set Aside To Repay Debt	Total Net Debt Applicable To Debt Limit	Legal Debt Limit	Legal Debt Margin	Legal Debt Margin as a % of Limit
2003	\$ 102,200	3.7%	\$ 23,355	\$ 24,054	\$ 78,146	\$ 469,807	\$ 391,661	83.4%
2004	100,495	3.4%	22,772	26,258	74,237	504,541	430,304	85.3%
2005	96,830	3.2%	20,686	27,594	69,236	529,957	460,721	86.9%
2006	93,670	2.8%	19,737	33,544	60,126	591,143	531,017	89.8%
2007	133,580	3.7%	27,951	34,634	98,946	643,399	544,453	84.6%
2008	129,615	3.3%	26,858	37,459	92,156	714,418	622,262	87.1%
2009	125,895	3.0%	25,641	38,487	87,408	732,409	645,001	88.1%
2010	132,925	3.3%	26,870	36,993	95,932	761,053	665,121	87.4%
2011	128,910	3.4%	25,731	34,789	94,121	692,612	598,491	86.4%
2012	-	0.0%	-	17,891	(17,891)	671,490	689,381	102.7%

Legal Debt Margin Calculation for Fiscal Year 2012:

Assessed Value (From Assessor's net 02-2441)	<u>FY 2011/12</u> \$4,476,601,154
Legal Debt limit (15% of total assessed value)	671,490,173

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, 2012

2011-12 Assessed Valuation:	\$ 4,458,444,698
Redevelopment Incremental Valuation:	<u>3,287,049,748</u>
Adjusted Assessed Valuation:	<u>\$ 1,171,394,950</u>

	Total Debt 6/30/2012	% Applicable	City Share of Debt 6/30/12
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Desert Community College District	\$ 320,591,264	3.740%	\$ 11,990,113
Desert Sands Unified School District	243,740,852	8.232%	20,064,747
City of Indian Wells	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$ 564,332,116</u></u>		<u><u>\$ 32,054,860</u></u>

Ratios to 2011-12 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.72%

OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Riverside County General Fund Obligations	\$ 655,042,180	0.808%	\$ 5,292,741
Riverside County Pension Obligations	357,540,000	0.808%	2,888,923
Riverside County Board of Education Certificates of Participation	5,055,000	0.808%	40,844
Desert Sands Unified School District Certificates of Participation	57,905,000	8.232%	4,766,740
Coachella Valley County Water District I.D. No. 71 Certificates of Participation	1,410,000	5.121%	72,206
Coachella Valley Recreation and Park District Certificates of Participation	2,280,000	6.224%	<u>141,907</u>

TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT			13,203,362
Less: Riverside County Administrative Center Authority (100% self-supporting)			<u>(100,159)</u>
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u><u>\$ 13,103,203</u></u>

TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			45,258,221
TOTAL NET OVERLAPPING DEBT			45,158,062
GROSS COMBINED TOTAL DEBT			45,258,221 ⁽¹⁾
NET COMBINED TOTAL DEBT			45,158,062

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

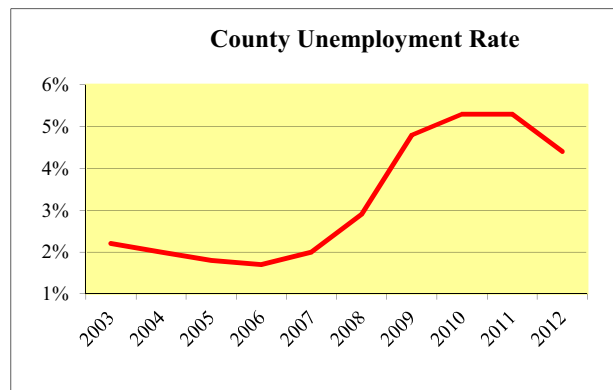
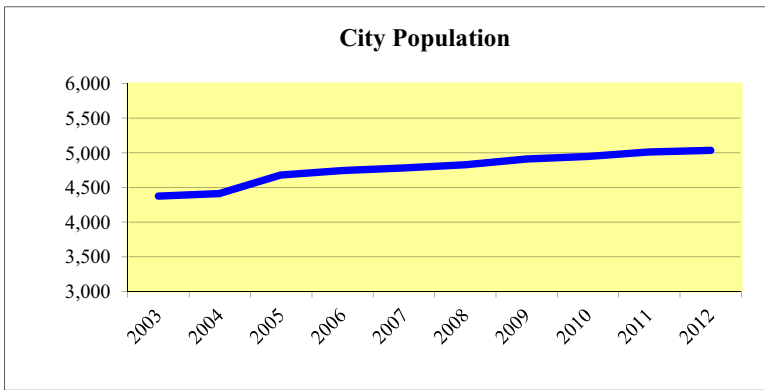
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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
2011	34,788,614	4,015,000	5,999,053	3.47
2012	17,891,078	4,460,000	5,852,651	1.73

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 Age (2)	Unemployment Rate (3)
2003	4,376	\$ 355,865	\$ 81,322	63.4	2.2%
2004	4,413	368,803	83,572	63.4	2.0%
2005	4,681	401,925	85,863	63.4	1.8%
2006	4,746	414,734	87,386	63.4	1.7%
2007	4,779	452,208	94,624	63.4	2.0%
2008	4,826	445,995	92,415	63.4	2.9%
2009	4,910	501,527	102,144	63.4	4.8%
2010	4,947	498,544	100,777	66.5	5.3%
2011	5,010	523,660	104,523	66.5	5.3%
2012	5,035	585,988	116,383	68.0	4.4%



Source: MuniServices, LLC

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

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark. Therefore, the estimates for 2011-12 published in this report might be noticeably different from the previous year estimates.

(-) Indicates data unavailable.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
- 3.) Student Enrollment reflects the total number of students enrolled in the Desert Sands Unified School District. Any other school districts within the City are not accounted for in this statistic.
- 4.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

CITY OF INDIAN WELLS

Principal Employers

Current Year and Nine Years Ago

Employer	Primary Description	2012		2003	
		Number of Employees	Percent of Total City Employment	Number of Employees	Percent of Total City Employment
Renaissance Esmeralda Resort	Resort Hotel	489	28.76%	512	23.70%
Hyatt Grand Champions	Resort Hotel	446	26.24%	489	22.64%
Indian Wells Golf Resort (1)	Public Golf Course	236	13.88%	141	6.55%
Miramonte Resort and Spa	Resort Hotel	219	12.88%	177	8.19%
El Dorado Country Club (2)	Country Club	205	12.06%	174	8.04%
Indian Wells Country Club	Country Club	116	6.82%	119	5.51%
Toscana Country Club (3)	Country Club	90	5.29%	154	7.13%
Desert Horizons Country Club	Country Club	78	4.59%	90	4.17%
Indian Wells Resort Hotel	Resort Hotel	76	4.47%	88	4.07%
Merrill Lynch Wealth Mgmt	Financial Management	55	3.24%	60	2.78%
	Total Top Employers	2,010	118.24%	2,004	92.77%
Total City Employment (4)		1,700		2,160	

Source: MuniServices, LLC

Results based on direct correspondence with city's local businesses.

- 1.) Includes Seasonal Employees
- 2.) Includes Seasonal Employees
- 3.) Company only has seasonal employees
- 4.) Total City Labor Force provided by EDD Labor Force Data.

CITY OF INDIAN WELLS

Full-time Equivalent City Government Employees
by Function

Last Ten Fiscal Years

<u>Function</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>	<u>2011</u>	<u>2012</u>
City Manager/Clerk	4.00	4.00	4.75	8.75	9.75	9.75	6.75	6.75	4.75	4.75
Advertising/Marketing	-	-	-	-	-	-	3.00	3.00	2.00	2.00
Risk Management	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.125	0.125	0.125
Personnel	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.125	0.125	0.125
Management Services	4.25	4.25	4.00	-	-	-	-	-	-	-
City Attorney	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Planning & Building										
Development	8.00	9.00	9.00	10.00	10.00	10.00	9.00	8.25	6.25	5.25
Finance Department	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
Central Services	-	-	-	-	-	-	-	-	-	-
Public Safety	1.50	1.50	1.50	1.50	1.50	1.50	0.50	1.50	1.50	1.50
Public Relations	-	-	-	-	-	-	-	-	-	-
Public Works	7.00	8.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
Golf Resort	-	-	1.00	1.00	1.00	1.00	-	-	-	-
Total	<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>	<u>29.00</u>	<u>28.00</u>

Source: City of Indian Wells Budget

CITY OF INDIAN WELLS

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	2003	2004	2005	2006	2007
Police					
Violent Crime	-	-	-	-	7
Thefts	94	73	75	70	97
Burglaries	118	148	108	101	129
Traffic Collisions	166	177	152	148	152
Traffic Citations	1,314	2,374	1,318	1,311	1,229
Fire					
Medical Aid Calls	452	465	530	514	529
Public Service Assists	31	31	21	28	44
Structure Fires	3	33	40	17	4
Vegetation Fires	-	-	-	1	-
Building Activity					
Permits Issued	732	1,092	1,148	1,122	800
Inspections Performed	4,554	6,267	9,245	7,431	4,702
New Dwelling Units	34	170	159	107	52
Public Works					
Lot Line Adjustments	12	13	12	6	4
Parcel Mergers	4	2	4	1	2
Encroachment Permits	101	113	88	154	116
Tract Maps	2	2	3	4	2
Golf Resort					
Golf rounds played	81,353	87,515	88,878	58,154	53,223
Administration					
City Council Meetings	22	24	24	22	21
Public Hearings	41	30	37	50	34
Adopted Resolutions	80	59	57	60	44

Fiscal Year

2008	2009	2010	2011	2012
5	3	1	3	-
150	104	89	112	102
109	55	72	58	47
167	107	93	72	88
976	1,014	2,371	1,333	870
574	690	538	594	696
97	70	76	78	108
19	8	17	5	4
-	-	-	-	-
859	577	416	548	582
5,590	4,421	1,390	2,286	2,811
49	9	5	17	13
18	2	1	-	1
4	-	-	3	2
73	67	59	66	48
1	1	-	-	2
48,082	69,308	81,102	83,052	83,104
19	23	22	20	21
17	18	22	23	16
60	46	53	35	43

CITY OF INDIAN WELLS

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Units of Measure		
		2003	2004
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	22.30	22.30
Sidewalks	Miles	12.00	12.00
Bridges	Each	2.50	2.50
Traffic Signals	Each	3.75	3.75
Traffic Signals equipped with Red Light Runner Camera	Each	3.00	3.00
Streetlights (not included with traffic signals)	Each	19.00	19.00
Sanitary Sewer Lift Stations (CVWD)	Each	1.00	2.00
Parks and recreation			
Parks	Each	1.00	1.00
18-Hole Public Golf Courses	Each	2.00	2.00
Golf Course Clubhouse	Each	1.00	1.00
City Vehicles			
City-Owned Fleet Motor Vehicles	Each	11.00	11.00
City-Owned Ambulances	Each	2.00	2.00
Affordable Housing			
Senior Affordable Housing Complexes	Each	1.00	1.00
Senior Affordable Housing Units	Each	90.00	90.00

Fiscal Year

2005	2006	2007	2008	2009	2010	2011	2012
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	25.80	25.80	25.80	25.80	25.80	25.80
12.00	12.70	12.70	12.70	12.70	12.70	12.70	12.70
3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
3.75	4.75	12.75	12.75	15.25	15.25	15.25	15.25
3.00	3.00	3.00	-	-	-	-	-
19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
12.00	14.00	14.00	14.00	14.00	11.00	11.00	11.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
218.00	218.00	218.00	218.00	218.00	218.00	218.00	218.00

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