

CITY OF INDIO, CALIFORNIA
General Purpose Financial Statements
Year ended June 30, 2002

Prepared by
FINANCE DEPARTMENT

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CITY OF INDIO
General Purpose Financial Statements
Year ended June 30, 2002

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The Honorable Mayor and City Council
City of Indio, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the City of Indio, California, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Indio, California. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Indio, California as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Indio, California. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. The scope of our audit did not include the statistical schedules listed in the table of contents and we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2003 on our consideration of the City of Indio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Conrad and Associates, L.L.P.

January 30, 2003

CITY OF INDIO
 Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
Cash and investments (note 2)	\$ 8,206,329	6,598,473	2,650,516	14,538,473
Cash with fiscal agent (note 2)	20,000	333,865	502,910	4,684,182
Accounts receivable	244,291	5,714	-	23,714
Interest receivable	68,915	27,381	10,797	76,078
Notes receivable (note 4)	507,157	483,298	-	2,734,816
Due from component unit (note 3)	824,474	-	-	-
Due from other governments	621,495	188,221	-	-
Inventory of materials	13,510	-	-	-
Prepaid items	16,033	-	-	-
Advances to component unit (note 3)	4,948,731	-	-	-
Advances from other funds (note 3)	-	-	-	-
Land held for resale	-	-	-	1,917,709
Property, plant and equipment, net (note 5)	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for long-term debt	-	-	-	-
Total assets and other debits	\$ 15,470,935	7,636,952	3,164,223	23,974,972
<u>Liabilities, equity and other credits</u>				
Liabilities:				
Accounts payable	\$ 904,566	32,988	-	205,090
Accrued payroll	525,185	-	-	-
Accrued expenses	670,100	-	-	-
Compensated absences (note 6)	-	-	-	-
Due to primary government (note 3)	-	-	-	-
Retentions payable	-	-	-	127,441
Deposits payable	784,978	55,660	-	83,494
Due to bondholders	-	-	-	-
Advances to other funds (notes 3 and 6)	-	-	-	-
Advances from primary government (note 3)	-	-	-	-
Notes payable (note 6)	-	-	-	-
Participation agreements (notes 6, 8 and 12)	-	-	-	-
Claims payable (notes 6 and 9)	-	-	-	-
Capital lease obligations (notes 6 and 7)	-	-	-	-
Revenue bonds payable (notes 6, 10 and 12)	-	-	-	-
Special assessment bonds payable (notes 6, 11 and 12)	-	-	-	-
Total liabilities	2,884,829	88,648	-	416,025
Equity and other credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital (note 13)	-	-	-	-
Retained earnings	-	-	-	-
Fund balances (note 14):				
Reserved	5,469,398	817,163	3,164,223	4,652,525
Unreserved:				
Designated	-	6,734,497	-	4,846,556
Undesignated	7,116,708	(3,356)	-	14,059,866
Total equity and other credits	12,586,106	7,548,304	3,164,223	23,558,947
Total liabilities, equity and other credits	\$ 15,470,935	7,636,952	3,164,223	23,974,972

See accompanying notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit Water Authority	Totals Reporting Entity (Memorandum Only)
Enterprise	Internal Services	Agency	General Fixed Assets	General Long-Term Debt			
959,989	2,341,261	196,497	-	-	35,491,538	6,710,936	42,202,474
-	22,019	1,656,816	-	-	7,219,792	-	7,219,792
-	8,561	-	-	-	282,280	746,821	1,029,101
4,328	11,616	1,898	-	-	201,013	63,315	264,328
-	-	-	-	-	3,725,271	-	3,725,271
-	279,375	-	-	-	1,103,849	-	1,103,849
-	-	-	-	-	809,716	-	809,716
5,995	54,544	-	-	-	74,049	70,164	144,213
-	-	-	-	-	16,033	10,732	26,765
-	-	-	-	-	4,948,731	-	4,948,731
-	750,000	-	-	-	750,000	-	750,000
-	-	-	-	-	1,917,709	-	1,917,709
488,594	596,699	-	14,085,069	-	15,170,362	14,806,431	29,976,793
-	-	-	-	3,164,223	3,164,223	-	3,164,223
-	-	-	-	19,769,248	19,769,248	-	19,769,248
<u>1,458,906</u>	<u>4,064,075</u>	<u>1,855,211</u>	<u>14,085,069</u>	<u>22,933,471</u>	<u>94,643,814</u>	<u>22,408,399</u>	<u>117,052,213</u>
39,296	127,291	-	-	-	1,309,231	390,110	1,699,341
-	-	-	-	-	525,185	-	525,185
-	9,759	-	-	-	679,859	-	679,859
-	-	-	-	913,356	913,356	100,242	1,013,598
-	-	-	-	-	-	1,103,849	1,103,849
-	-	-	-	-	127,441	98,618	226,059
-	-	-	-	-	924,132	69,836	993,968
-	-	1,855,211	-	-	1,855,211	-	1,855,211
-	-	-	-	750,000	750,000	-	750,000
-	-	-	-	-	-	4,948,731	4,948,731
-	-	-	-	507,193	507,193	-	507,193
-	-	-	-	120,000	120,000	-	120,000
-	1,288,696	-	-	268,000	1,556,696	-	1,556,696
-	-	-	-	2,659,922	2,659,922	327,278	2,987,200
-	-	-	-	15,020,000	15,020,000	-	15,020,000
-	-	-	-	2,695,000	2,695,000	-	2,695,000
<u>39,296</u>	<u>1,425,746</u>	<u>1,855,211</u>	<u>-</u>	<u>22,933,471</u>	<u>29,643,226</u>	<u>7,038,664</u>	<u>36,681,890</u>
-	-	-	14,085,069	-	14,085,069	-	14,085,069
416,141	1,449,482	-	-	-	1,865,623	10,642,464	12,508,087
1,003,469	1,188,847	-	-	-	2,192,316	4,727,271	6,919,587
-	-	-	-	-	14,103,309	-	14,103,309
-	-	-	-	-	11,581,053	-	11,581,053
-	-	-	-	-	21,173,218	-	21,173,218
<u>1,419,610</u>	<u>2,638,329</u>	<u>-</u>	<u>14,085,069</u>	<u>-</u>	<u>65,000,588</u>	<u>15,369,735</u>	<u>80,370,323</u>
<u>1,458,906</u>	<u>4,064,075</u>	<u>1,855,211</u>	<u>14,085,069</u>	<u>22,933,471</u>	<u>94,643,814</u>	<u>22,408,399</u>	<u>117,052,213</u>

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CITY OF INDIO
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - All Governmental Fund Types
 Year ended June 30, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$ 11,082,625	1,962,780	2,394,873	2,659,421	18,099,699
Licenses and permits	2,040,372	-	-	-	2,040,372
Intergovernmental	2,887,180	2,462,859	-	239,264	5,589,303
Franchise fees	553,847	-	-	-	553,847
Charges for services	3,584,908	-	-	-	3,584,908
Fines	500,421	-	-	-	500,421
Special assessments	-	298,370	384,769	-	683,139
Investment income	434,105	125,344	57,038	400,862	1,017,349
Contributions from property owners	-	-	-	7,096,227	7,096,227
Miscellaneous	49,645	48,695	-	36,925	135,265
Total revenues	21,133,103	4,898,048	2,836,680	10,432,699	39,300,530
Expenditures:					
Current:					
General government	3,138,511	301,971	10,493	822,632	4,273,607
Public safety	11,524,390	-	-	-	11,524,390
Public works	2,430,201	336,619	-	-	2,766,820
Transportation	2,739,698	-	-	-	2,739,698
Community development	2,495,663	-	-	-	2,495,663
Health	91,219	-	-	-	91,219
Culture and leisure	719,688	-	-	-	719,688
Utilities	1,160,923	-	-	-	1,160,923
Debt service:					
Principal	-	-	4,240,694	-	4,240,694
Interest	-	-	1,060,887	-	1,060,887
Fiscal charges	-	-	9,052	-	9,052
Pass-through payments	-	-	1,008,211	-	1,008,211
Capital outlay	-	22,612	-	5,897,711	5,920,323
Total expenditures	24,300,293	661,202	6,329,337	6,720,343	38,011,175
Excess (deficiency) of revenues over (under) expenditures	(3,167,190)	4,236,846	(3,492,657)	3,712,356	1,289,355
Other financing sources (uses):					
Operating transfers in	2,267,928	95,150	3,468,727	5,899,881	11,731,686
Operating transfers out	(7,753,339)	(2,369,791)	-	(1,809,030)	(11,932,160)
Transfer from component unit	10,977,948	-	-	-	10,977,948
Proceeds of capital leases	1,411,128	-	-	-	1,411,128
Total other financing sources (uses)	6,903,665	(2,274,641)	3,468,727	4,090,851	12,188,602
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,736,475	1,962,205	(23,930)	7,803,207	13,477,957
Fund balances at beginning of year, as restated (note 21)	8,849,631	5,586,099	3,188,153	15,755,740	33,379,623
Fund balances at end of year	\$ 12,586,106	7,548,304	3,164,223	23,558,947	46,857,580

See accompanying notes to financial statements.

CITY OF INDIO
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - All Governmental Fund Types
 Year ended June 30, 2002

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 10,062,090	11,082,625	1,020,535	548,605	598,718	50,113
Licenses and permits	1,182,566	2,040,372	857,806	-	-	-
Intergovernmental	3,811,820	2,887,180	(924,640)	-	-	-
Franchise fees	600,000	553,847	(46,153)	-	-	-
Charges for services	3,464,582	3,584,908	120,326	-	-	-
Fines	82,721	500,421	417,700	-	-	-
Special assessments	-	-	-	341,250	298,370	(42,880)
Investment income	138,162	434,105	295,943	33,280	11,909	(21,371)
Contributions from property owners	-	-	-	-	-	-
Miscellaneous	10,000	49,645	39,645	-	-	-
Total revenues	<u>19,351,941</u>	<u>21,133,103</u>	<u>1,781,162</u>	<u>923,135</u>	<u>908,997</u>	<u>(14,138)</u>
Expenditures:						
Current:						
General government	3,356,640	3,138,511	218,129	685,200	301,971	383,229
Public safety	11,638,497	11,524,390	114,107	-	-	-
Public works	2,354,050	2,430,201	(76,151)	305,870	336,619	(30,749)
Transportation	1,896,090	2,739,698	(843,608)	-	-	-
Community development	2,666,335	2,495,663	170,672	-	-	-
Health	152,360	91,219	61,141	-	-	-
Culture and leisure	830,680	719,688	110,992	-	-	-
Utilities	1,355,200	1,160,923	194,277	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Fiscal charges	-	-	-	-	-	-
Pass-through payments	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>24,249,852</u>	<u>24,300,293</u>	<u>(50,441)</u>	<u>991,070</u>	<u>638,590</u>	<u>352,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,897,911)</u>	<u>(3,167,190)</u>	<u>1,730,721</u>	<u>(67,935)</u>	<u>270,407</u>	<u>338,342</u>
Other financing sources (uses):						
Operating transfers in	4,766,291	2,267,928	(2,498,363)	-	67,367	67,367
Operating transfers out	(10,000)	(7,753,339)	(7,743,339)	(455,585)	(534,245)	(78,660)
Transfer from component unit	1,353,660	10,977,948	9,624,288	-	-	-
Proceeds of capital leases	-	1,411,128	1,411,128	-	-	-
Total other financing sources (uses)	<u>6,109,951</u>	<u>6,903,665</u>	<u>793,714</u>	<u>(455,585)</u>	<u>(466,878)</u>	<u>(11,293)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,212,040	3,736,475	2,524,435	(523,520)	(196,471)	327,049
Fund balances at beginning of year, as restated (note 21)	<u>8,849,631</u>	<u>8,849,631</u>	<u>-</u>	<u>1,250,175</u>	<u>1,250,175</u>	<u>-</u>
Fund balances at end of year	<u>\$ 10,061,671</u>	<u>12,586,106</u>	<u>2,524,435</u>	<u>726,655</u>	<u>1,053,704</u>	<u>327,049</u>

See accompanying notes to financial statements.

Debt Service Funds			Capital Projects Funds		
Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)	Budget	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
2,194,400	2,394,873	200,473	3,000,000	2,659,421	(340,579)
-	-	-	-	-	-
-	-	-	-	239,264	239,264
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	26,759	26,759	-	394,552	394,552
-	-	-	-	-	-
-	-	-	-	36,925	36,925
<u>2,194,400</u>	<u>2,421,632</u>	<u>227,232</u>	<u>3,000,000</u>	<u>3,330,162</u>	<u>330,162</u>
-	-	-	947,000	822,632	124,368
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,220,000	3,220,000	-	-	-	-
685,365	779,014	(93,649)	-	-	-
-	9,052	(9,052)	-	-	-
-	1,008,211	(1,008,211)	-	-	-
-	-	-	17,500,675	2,954,657	14,546,018
<u>3,905,365</u>	<u>5,016,277</u>	<u>(1,110,912)</u>	<u>18,447,675</u>	<u>3,777,289</u>	<u>14,670,386</u>
<u>(1,710,965)</u>	<u>(2,594,645)</u>	<u>(883,680)</u>	<u>(15,447,675)</u>	<u>(447,127)</u>	<u>15,000,548</u>
-	2,260,908	2,260,908	5,000,000	5,899,881	899,881
-	-	-	-	(1,809,030)	(1,809,030)
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>2,260,908</u>	<u>2,260,908</u>	<u>5,000,000</u>	<u>4,090,851</u>	<u>(909,149)</u>
(1,710,965)	(333,737)	1,377,228	(10,477,675)	3,643,724	14,091,399
840,394	840,394	-	15,067,152	15,067,152	-
<u>(870,571)</u>	<u>506,657</u>	<u>1,377,228</u>	<u>4,619,477</u>	<u>18,710,876</u>	<u>14,091,399</u>

CITY OF INDIO
 Combined Statement of Revenues, Expenses and Changes
 in Retained Earnings - All Proprietary Fund Types and Discretely Presented Component Unit
 Year ended June 30, 2002

	Proprietary Fund Types		Totals		Totals
	Enterprise	Internal Service	Primary Government (Memorandum Only)	Component Unit Water Authority	Reporting Entity (Memorandum Only)
Operating revenues:					
Charges for services	\$ 753,300	3,496,096	4,249,396	4,420,330	8,669,726
Miscellaneous	19,899	1,202	21,101	20,000	41,101
Total operating revenues	<u>773,199</u>	<u>3,497,298</u>	<u>4,270,497</u>	<u>4,440,330</u>	<u>8,710,827</u>
Operating expenses:					
Personnel services	-	553,797	553,797	-	553,797
Contractual services	297,267	1,613,956	1,911,223	1,441,028	3,352,251
Claims and judgments	-	79,921	79,921	-	79,921
Materials and supplies	287,799	644,180	931,979	1,184,122	2,116,101
Repairs and maintenance	25,582	191,783	217,365	111,053	328,418
Depreciation	11,107	258,938	270,045	548,896	818,941
Total operating expenses	<u>621,755</u>	<u>3,342,575</u>	<u>3,964,330</u>	<u>3,285,099</u>	<u>7,249,429</u>
Operating income (loss)	<u>151,444</u>	<u>154,723</u>	<u>306,167</u>	<u>1,155,231</u>	<u>1,461,398</u>
Non-operating revenues (expenses)					
Investment income	4,328	73,353	77,681	63,315	140,996
Interest expense	-	-	-	(174,236)	(174,236)
Total non-operating revenues (expenses)	<u>4,328</u>	<u>73,353</u>	<u>77,681</u>	<u>(110,921)</u>	<u>(33,240)</u>
Income (loss) before operating transfers	<u>155,772</u>	<u>228,076</u>	<u>383,848</u>	<u>1,044,310</u>	<u>1,428,158</u>
Operating transfers:					
Operating transfers in	-	1,703,974	1,703,974	-	1,703,974
Operating transfers out	(40,000)	(1,463,500)	(1,503,500)	-	(1,503,500)
Transfer to primary government	-	-	-	(10,977,948)	(10,977,948)
Total operating transfers	<u>(40,000)</u>	<u>240,474</u>	<u>200,474</u>	<u>(10,977,948)</u>	<u>(10,777,474)</u>
Net income (loss)	<u>115,772</u>	<u>468,550</u>	<u>584,322</u>	<u>(9,933,638)</u>	<u>(9,349,316)</u>
Retained earnings at beginning of year	<u>887,697</u>	<u>720,297</u>	<u>1,607,994</u>	<u>14,660,909</u>	<u>16,268,903</u>
Retained earnings at end of year	<u>\$1,003,469</u>	<u>1,188,847</u>	<u>2,192,316</u>	<u>4,727,271</u>	<u>6,919,587</u>

See accompanying notes to financial statements.

CITY OF INDIO

Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Unit

Year ended June 30, 2002

	Proprietary Fund Types		Totals Primary Government (Memorandum Only)	Component Unit Water Authority	Totals Reporting Entity (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>			
Cash flows from operating activities:					
Cash received from customers	\$753,300	-	753,300	4,563,632	5,316,932
Cash received from user departments	-	3,493,096	3,493,096	-	3,493,096
Cash payments to suppliers for goods and services	(596,847)	(2,553,028)	(3,149,875)	(2,523,472)	(5,673,347)
Cash payments to employees for services	-	(896,101)	(896,101)	(114,217)	(1,010,318)
Miscellaneous receipts (disbursements)	19,899	1,202	21,101	(154,236)	(133,135)
Net cash provided by (used for) operating activities	<u>176,352</u>	<u>45,169</u>	<u>221,521</u>	<u>1,771,707</u>	<u>1,993,228</u>
Cash flows from non-capital and related financing activities:					
Cash received from other funds	-	1,703,974	1,703,974	-	1,703,974
Cash received from primary government	-	-	-	5,962,631	5,962,631
Cash paid to other funds	(40,000)	(3,036,466)	(3,076,466)	-	(3,076,466)
Cash paid to primary government	-	-	-	(11,152,184)	(11,152,184)
Cash paid to component unit	-	(279,375)	(279,375)	-	(279,375)
Net cash provided by (used for) non-capital and related financing activities	<u>(40,000)</u>	<u>(1,611,867)</u>	<u>(1,651,867)</u>	<u>(5,189,553)</u>	<u>(6,841,420)</u>
Cash flows from capital and related financing activities:					
Receipt of outstanding note	-	-	-	2,910,000	2,910,000
Interest paid	-	(507,702)	(507,702)	-	(507,702)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(507,702)</u>	<u>(507,702)</u>	<u>2,910,000</u>	<u>2,402,298</u>
Cash flows from investing activities:					
Acquisition of capital assets	(35,074)	(139,379)	(174,453)	(157,677)	(332,130)
Interest received from investments	42,612	618,037	660,649	375,182	1,035,831
Net cash provided by (used for) investing activities	<u>7,538</u>	<u>478,658</u>	<u>486,196</u>	<u>217,505</u>	<u>703,701</u>
Net increase (decrease) in cash and cash equivalents	<u>143,890</u>	<u>(1,595,742)</u>	<u>(1,451,852)</u>	<u>(290,341)</u>	<u>(1,742,193)</u>
Cash and cash equivalents at beginning of year	<u>816,099</u>	<u>3,959,022</u>	<u>4,775,121</u>	<u>7,001,277</u>	<u>11,776,398</u>
Cash and cash equivalents at end of year (note 1h)	<u>\$959,989</u>	<u>2,363,280</u>	<u>3,323,269</u>	<u>6,710,936</u>	<u>10,034,205</u>

CITY OF INDIO

Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Unit

(Continued)

	Proprietary Fund Types		Totals Primary Government (Memorandum Only)	Component Unit Water Authority	Totals Reporting Entity (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>			
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$151,444	154,723	306,167	1,155,231	1,461,398
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	11,107	258,938	270,045	548,896	818,941
Payment to primary government	-	-	-	89,949	89,949
(Increase) decrease in accounts receivable	-	(3,000)	(3,000)	143,302	140,302
(Increase) decrease in inventory of materials	(3,478)	4,177	699	(46,420)	(45,721)
Increase (decrease) in accounts payable	17,279	(27,365)	(10,086)	54,529	44,443
Increase (decrease) in accrued wages payable	-	-	-	(40,784)	(40,784)
Increase (decrease) in compensated absences	-	-	-	(73,433)	(73,433)
Increase (decrease) in retentions payable	-	-	-	(42,281)	(42,281)
Increase (decrease) in deposits payable	-	-	-	(17,282)	(17,282)
Increase (decrease) in claims payable	-	(342,304)	(342,304)	-	(342,304)
Net cash provided by (used for) operating activities	<u>\$176,352</u>	<u>45,169</u>	<u>221,521</u>	<u>1,771,707</u>	<u>1,993,228</u>

There were no noncash capital-related financing and investing activities for 2002.

See accompanying notes to financial statements.

CITY OF INDIO

Notes to Financial Statements

Year ended June 30, 2002

(1) Summary of Significant Accounting Policies

The financial statements of the City of Indio, California (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied 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 City's accounting policies are described below.

(a) Reporting Entity

The City of Indio was incorporated on May 16, 1930 under the general laws of the State of California. The City operates under the Council-Administrator form of government.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the organization is able to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an 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 execution would cause the City's financial statements to be misleading or incomplete. A brief description of the City's component units are as follows:

Blended Component Units:

- Redevelopment Agency of the City of Indio

The Redevelopment Agency ("Agency") was activated in January 1981 by the City of Indio pursuant to the State of California Health and Safety Code Section 33000 entitled "Community Redevelopment Law". The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities within the project areas. Even though the Agency is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Upon completion, separate financial statements of the Agency can be obtained at City Hall.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

- Indio Public Financing Authority

The Indio Public Financing Authority (“Authority”) is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act. The City and the Agency formed the Authority by the execution of a joint exercise of powers agreement dated as of April 1, 1992. Pursuant to the Joint Exercise of Powers Act, the Authority is authorized to issue revenue bonds to provide funds to make loans to public entities, such revenue bonds are to be repaid from the repayments of such loans. The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor of the City is the Chairperson of the Authority. The City Manager acts as the Executive Director, the City Clerk acts as the Secretary and the Finance Director of the City acts as the Treasurer of the Authority. Upon completion, separate financial statements of the Authority can be obtained at City Hall.

- Housing Authority of the City of Indio

The Housing Authority of the City of Indio was activated by the City Council of Indio in 1985. The purpose of the Housing Authority is to respond to the need for affordable housing in Indio by providing a financing mechanism to encourage such development in the City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. Separate financial statements of the Authority are not prepared.

- Industrial Development Authority

The Industrial Development Authority of the City of Indio was activated by the City Council of the City of Indio on December 4, 1985. The purpose of the Industrial Development Authority is to assist the community in industry development by providing a financing mechanism to encourage such development in the City. The City Council serves as the governing board of the Industrial Development Authority. No separate financial statements of the Industrial Development Authority are prepared.

Since the City Council serves as the governing board for these component units, they 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.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Discretely Presented Component Unit:

- Indio Water Authority

The Indio Water Authority was established on November 1, 2001 to provide water service on behalf of the City of Indio. Since the governing board is comprised of City Council members, as well as, other citizens of the City of Indio, it is reported as a discretely presented component unit. No separate financial statements of the Indio Water Authority are prepared.

(b) Fund Accounting

The basic accounting and reporting entity is a "fund". A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The accounting records of the City are organized on the basis of funds and account groups for reporting purposes as follows:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Expenditures of this fund include the general operating expenditures and capital improvement costs which are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.

Debt Service Funds

The Debt Service Funds are used to account for the resources set aside for repayment of general long-term debt.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

PROPRIETARY FUNDS

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed primarily through user charges, or (b) where the governing body has decided that determination of net income is appropriate. The City's only enterprise fund is the Golf Course.

Internal Service Funds

The Internal Service Funds are used to finance and account for activities involved in rendering services to various departments within the City. Costs of services used are accumulated in these funds and charged to the user departments as such services are rendered.

FIDUCIARY FUNDS

The Agency Funds are used to account for money and property held by the City as trustee or custodian for individuals, organizations and other governmental units.

ACCOUNT GROUPS

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to maintain control and cost information on capital assets owned by the City other than those accounted for in Proprietary Funds.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for all long-term debt of the City except debt that is accounted for in the Proprietary Funds.

(c) Measurement Focus and Basis of Accounting

Governmental (general, special revenue, debt service and capital projects) fund types are accounted for on a "spending" measurement focus. Accordingly, only current assets and current liabilities are included on their balance sheets. The reported fund balance provides an indication of available, spendable resources. Operating statements for governmental fund types report increases (revenues) and decreases (expenditures) in available spendable resources.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(c) Measurement Focus and Basis of Accounting, (continued)

The proprietary (enterprise and internal service) fund types are accounted for on an "income determination" or "cost of services" measurement focus. Accordingly, all assets and liabilities are included on the balance sheet, and the reported fund equity provides an indication of the economic net worth of the fund. Operating statements for proprietary fund types report increases (revenues) and decreases (expenses) in total economic net worth.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The modified accrual basis of accounting is followed by the governmental and agency funds. Under the modified accrual basis of accounting, revenues are susceptible to accrual when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when a current liability is incurred. Liabilities are considered current when they are normally expected to be liquidated with expendable available financial resources.

Property tax assessments are recognized as revenue in the fiscal year for which they are levied. Taxes, subventions, taxpayer-assessed taxes and entitlements held at year-end by an intermediary collecting government are recognized as revenue under the modified accrual basis of accounting. Reimbursement grant revenues are recognized when the related expenditures are incurred. Revenues from the use of money and property are recorded when earned.

Material delinquent and total uncollected current year property taxes (net of estimated uncollectibles) are recorded as current year receivables. Property taxes (net of estimated uncollectibles) that are levied and measureable in the current year, but not available to finance current period expenditures, are recorded as a receivable and as deferred revenues. The deferred revenues are recognized as revenue in the fiscal year in which they become available.

Licenses, permits, fines, forfeits, charges for services, and miscellaneous revenues are recorded as governmental fund revenues when received in cash because they are generally not measurable until actually received.

The proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when the related liability is incurred. Unbilled service receivables, if material, have been reflected in the financial statements as an accrued revenue. The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(c) Measurement Focus and Basis of Accounting, (continued)

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.

(d) Budgetary Data

Before the beginning of the fiscal year, the City Manager submits to the City Council a proposed budget for the year commencing the following July 1. Public hearings are then conducted to obtain taxpayer comments and the budget is subsequently adopted through passage of a resolution.

All appropriated amounts are as originally adopted or as amended by the City Council and lapse at year-end. Encumbrances and continuing appropriations are rebudgeted on July 1 by Council action. Original appropriations may be modified by supplementary budget revisions and transfers among budget categories. The City Council approves all budget changes at the department level. The City Manager is authorized to make budget transfers within departments. There were no significant budget amendments during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for the general, certain special revenue, certain debt service and certain capital projects funds. Budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.

The following schedule reconciles the actual fund balance reported in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types with the actual fund balance reported in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – All Governmental Fund Types:

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(d) Budgetary Data, (Continued)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Fund balance at end of year – GAAP basis	\$7,548,304	3,164,223	23,558,947
Adjustments to exclude actual data not legally budgeted:			
Gas Tax	(610,185)	-	-
Public Safety	(313,608)	-	-
Supplemental Law Enforcement	(264,237)	-	-
CDBG	(222,645)	-	-
LLEBG	(150,954)	-	-
US Home Public Safety	(16,028)	-	-
ISTEA	(413,742)	-	-
Measure A	(3,961,317)	-	-
Article 3	(53,801)	-	-
NPDES	(365,945)	-	-
Air Quality	(124,535)	-	-
Business District Improvement	(959)	-	-
Asset Forfeiture	3,356	-	-
Shadow Hills Assessment District	-	(819,816)	-
General Debt Service	-	(1,837,750)	-
State Park Bond Act	-	-	(1,515)
Assessment District 99-1	-	-	(231,880)
Assessment District 01-1	-	-	(1,084,242)
Assessment District 02-1	-	-	(3,368,060)
Shadow Hills Assessment District	-	-	(162,374)
Fund balance at end of year – budgetary basis	<u>\$1,053,704</u>	<u>506,657</u>	<u>18,710,876</u>

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the department level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are each considered to be a single department.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(e) Appropriations Limit

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2002, proceeds of taxes did not exceed appropriations.

(f) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the fund balance, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(g) Cash and Investments

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

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *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.

(h) Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as short-term liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Indio. Cash equivalents have an original maturity date of three months or less from the date of purchase. The following items on the combined balance sheet were considered cash and cash equivalents for purposes of the statement of cash flows:

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(h) Cash Equivalents, (Continued)

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Water Authority</u>
Cash and investments	\$ 959,989	2,322,641	6,710,936
Cash and investments with fiscal agents	<u>-</u>	<u>40,639</u>	<u>-</u>
	<u>\$ 959,989</u>	<u>2,363,280</u>	<u>6,710,936</u>

(i) Advances to Other Funds

Long-term interfund advances are recorded as a receivable and as reserved fund balance by the advancing governmental fund.

(j) Inventories

Inventories are stated at average cost. Physical counts of inventory are taken on a cyclical basis during each fiscal year with perpetual records adjusted to actual at that time. The City uses the consumption method of accounting for inventories.

(k) Due from Other Governments

The amounts recorded as a receivable due from other governments include sales taxes, property taxes, and grant revenues, collected or provided by Federal, State, County and City Governments and unremitted to the City as of June 30, 2002. The County of Riverside assesses, bills, and collects property taxes for the City.

(l) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of Indio accrues only those taxes, which are received within 60 days after year-end.

The property tax calendar is as follows:

Lien Date:	March 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 11 Second Installment - April 11

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(l) Property Taxes, (Continued)

Taxes are collected by Riverside County and are remitted to the City periodically. Dates and percentages are as follows:

December 10	30% Advance
January 16	Collection No. 1
April 10	10% Advance
May 15	Collection No. 2
July 31	Collection No. 3

(m) Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

(n) Employee Leave Benefits

If material, a proprietary fund liability is accrued for all earned but unused leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year end. All other amounts are recorded in the general long-term debt account group. These noncurrent amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16 a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(o) Property, Plant and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operation. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 years
Improvements	10-50 years
Equipment	3-25 years

(p) Due to Other Governments

The amounts recorded as a liability due to other governments includes tax increment owed to various districts and other entities within the City of Indio. The City is under agreement with such entities to pass a portion of the gross property tax increment through to them.

(q) Interfund Transfers

Operating transfers are reported as other sources and uses of funds in the statement of revenues, expenditures and changes in fund balance.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(r) Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Investments

Cash and investments held by the City at June 30, 2002 consisted of the following:

Petty cash	\$ 2,675
Demand deposits	5,903,433
State of California Treasurer's investment pool (LAIF)	<u>36,296,366</u>
Total cash and investments held by the City and the Water Authority	<u>\$42,202,474</u>

Cash and investments held by fiscal agents at June 30, 2002 consisted of the following:

Demand deposits	\$ 42,019
Mutual funds (money market)	<u>7,177,773</u>
Total cash and investments held by fiscal agents	<u>\$7,219,792</u>

The City and its component units are generally authorized under provisions of the City's investment policy and Section 53601 of the Government Code to invest in investment instruments so long as the investment is appropriate when investment objectives and policies are taken into consideration. Investment instruments may include:

- U.S. Treasury obligations (bills, notes and bonds)
- U.S. Government agency securities
- Local Agency Investment Fund (California State Pool)
- Certificates of deposit
- Commercial paper (limited to 15% of portfolio)
- Repurchase agreements
- Money market funds (bond reserves held by trustee only)
- Bankers' acceptances (limited to 40% of portfolio)

CITY OF INDIO

Notes to Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

- Interest bearing checking accounts
- General demand checking accounts

Under the California Government Code, a financial institution is required to secure deposits made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. 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.

Deposits of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 2 also includes deposits collateralized by an interest in an undivided collateral pool held by an authorized Agent of Depository and subject to certain regulatory requirements under State law. Category 3 includes deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. Category 3 also includes any uncollateralized deposits:

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Deposits held by City and Water Authority:					
Demand deposits	\$200,000	5,995,218	-	6,195,218	5,903,433
Deposits held by fiscal agent:					
Demand deposits	<u>42,019</u>	<u>-</u>	<u>-</u>	<u>42,019</u>	<u>42,019</u>
	<u>\$242,019</u>	<u>5,995,218</u>	<u>-</u>	<u>6,237,237</u>	<u>5,945,452</u>

Investments of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or the City's custodial agent (which must be a different institution other than the party through which the City purchased the securities) in the City's name. Investments held "in the City's name" include securities held in a separate custodial or fiduciary account and identified as owned by the City in the custodian's internal accounting records. Category 2 includes uninsured and unregistered investments for which the securities are held in the City's name by the dealer's agent (or by the trust department of the dealer if the dealer was a financial institution and another department of the institution purchased the securities for the City). Category 3 includes uninsured and

CITY OF INDIO

Notes to Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

unregistered investments for which the securities are held by the dealer's agent but not in the City's name. Category 3 also includes all securities held by the broker-dealer agent of the City (the party that purchased the securities for the City) regardless of whether or not the securities are being held in the City's name. None of the investments held by the City or its fiscal agents are subject to categorization.

	<u>Carrying Amount</u>
Investments held by City not subject to categorization:	
Investment in State Treasurer's Investment Pool	\$36,296,366
Investments held by fiscal agent not subject to categorization:	
Investment in mutual funds (Money Market)	<u>7,177,773</u>
	<u>\$43,474,139</u>

The carrying amount of all investments reflected in the above table is at fair value.

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. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities issued by federal agencies, government-sponsored enterprises, and corporations.

(3) Interfund Receivables and Payables

Current interfund receivable and payable balances at June 30, 2002 are as follows:

Due to/from primary government and component unit:

<u>Entity</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary government - General Fund	\$ 824,474	-
Primary government - Internal Service Fund	279,375	-
Component unit - Water Authority	<u>-</u>	<u>1,103,849</u>
Totals	<u>\$1,103,849</u>	<u>1,103,849</u>

Long-term interfund receivable and payable balances at June 30, 2002 are as follows:

CITY OF INDIO
Notes to Financial Statements
(Continued)

(3) Interfund Receivables and Payables, (Continued)

Advances to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Internal Service Funds		
Equipment and Facilities Fund	\$ 750,000	-
General Long-Term Debt Account Group	-	750,000
Totals	<u>\$ 750,000</u>	<u>750,000</u>

In June 1998, the Equipment and Facilities Fund advanced to the General Fund \$750,000. There is no stipulated interest rate or date of repayment.

Advances to/from primary government and component unit:

<u>Entity</u>		
Primary government – General Fund	\$4,948,731	-
Component unit – Water Authority	-	4,948,731
Totals	<u>\$4,948,731</u>	<u>4,948,731</u>

On July 1, 2001, the Indio Water Authority and the City of Indio entered into a lease agreement that allows the Indio Water Authority to use the assets of the City of Indio's Water Enterprise for a specified period for \$10,000,000. In accordance with generally accepted accounting principles, the underlying inter-entity lease was eliminated and the \$10,000,000 lease payment was recorded as a transfer from the Indio Water Authority to the City's General Fund in the current year. \$5,000,000 was paid in cash and the other \$5,000,000 was covered through an advance from the City's General Fund. Interest on the advance is payable monthly at a rate of 6%. Principal installments are payable monthly in increasing amounts from \$7,215 to \$32,055.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(4) Notes Receivable

The following represents notes receivable to the City at June 30, 2002:

	<u>Outstanding at June 30, 2002</u>
A promissory note secured by deed of trust for \$2,233,897 was issued to the City by Lawrence M. Chank on March 1, 2002 for the construction of the Metro 8 theaters. Interest is at 1% above prime. Monthly interest only payments are due beginning two years after the note proceeds are deposited with the borrower until such time that permanent financing is obtained, not to exceed 20 years.	\$ 2,221,695
Various first time home buyer notes were issued to homeowners in the amount of \$483,298.	483,298
A note of \$60,000 was issued by Hills Cabinet. The note is forgiven at \$6,000 a year for 10 years as long as the business remains in Indio.	6,000
Notes amounting to \$140,281 were issued as interest-free commercial rehabilitation loans. The principal is due in installments of varying amounts in 1995 through 2001.	21,611
A note for \$466,908 was issued to P.A.L. Investments, Inc. for the purpose of a "Development Assistance Agreement" dated December 29, 1999 by the City of Indio's General Fund.	507,193
A note for \$466,908 was issued to the General Fund. The note accrues interest at 5.752% and is due December 29, 2000.	507,157
Less: Allowance for doubtful accounts	<u>(21,683)</u>
Total	<u>\$ 3,725,271</u>

(5) Property, Plant and Equipment

Activities relating to General Fixed Assets are presented as follows:

	<u>Balance at July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2002</u>
Land	\$ 607,024	-	-	607,024
Building	3,692,738	-	-	3,692,738
Improvements other than buildings	2,258,095	-	-	2,258,095
Improvements to land	311,548	-	-	311,548
Machinery and equipment	<u>5,138,105</u>	<u>2,077,559</u>	-	<u>7,215,664</u>
Total	<u>\$12,007,510</u>	<u>2,077,559</u>	<u>-</u>	<u>14,085,069</u>

CITY OF INDIO

Notes to Financial Statements

(Continued)

(5) Property, Plant and Equipment, (Continued)

A summary of proprietary fund type property, plant and equipment for the government at June 30, 2002 is as follows:

	<u>Enterprise Golf Course Fund</u>	<u>Internal Service Equipment and Facilities Fund</u>
Land	\$ 386,142	-
Building	20,000	-
Improvements other than buildings	72,130	-
Machinery and equipment	<u>74,169</u>	<u>3,344,744</u>
Totals	<u>552,441</u>	<u>3,344,744</u>
Less accumulated depreciation	<u>(63,847)</u>	<u>(2,748,075)</u>
Net property, plant and equipment	<u>\$ 488,594</u>	<u>596,699</u>

A summary of proprietary fund type property, plant and equipment for the Water Authority at June 30, 2002 is as follows:

Land	\$ 155,777
Building	153,632
Improvements other than buildings	20,452,456
Machinery and equipment	<u>1,385,530</u>
Totals	<u>22,147,395</u>
Less accumulated depreciation	<u>(7,340,964)</u>
Net property, plant and equipment	<u>\$ 14,806,431</u>

CITY OF INDIO

Notes to Financial Statements

(Continued)

(6) Changes in General Long-Term Debt

The following is a summary of changes in general long-term debt:

	Balance at <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2002</u>
Advances from the Equipment and Facilities Fund	\$ 750,000	-	-	<u>750,000</u>
Notes payable	<u>3,417,193</u>	-	<u>2,910,000</u>	<u>507,193</u>
Capital lease obligations:				
Street Equipment	-	257,559	68,796	188,763
HTE System	614,960	-	142,251	472,709
Police computer	929,670	-	154,945	774,725
Sweepers	-	326,510	72,150	254,360
Ford Vehicles	540,870	568,083	321,256	787,697
Ford Pickups	105,800	158,242	98,254	165,788
Chevrolet Tahoes	<u>30,762</u>	-	<u>14,882</u>	<u>15,880</u>
	<u>2,222,062</u>	<u>1,310,394</u>	<u>872,534</u>	<u>2,659,922</u>
Compensated absences payable	<u>1,414,088</u>	-	<u>500,732</u>	<u>913,356</u>
Claims payable	<u>268,000</u>	-	-	<u>268,000</u>
Tax Increment Revenue				
Bonds:				
1997 Series A	1,035,000	-	25,000	1,010,000
1997 Series B	7,565,000	-	135,000	7,430,000
1997 Series C	2,495,000	-	35,000	2,460,000
1999 Series	<u>4,235,000</u>	-	<u>115,000</u>	<u>4,120,000</u>
	<u>15,330,000</u>	-	<u>310,000</u>	<u>15,020,000</u>
Special assessment debt with government commitment:				
Shadow Hills Assessment District	<u>2,840,000</u>	-	<u>145,000</u>	<u>2,695,000</u>
Participation agreements	<u>160,000</u>	-	<u>40,000</u>	<u>120,000</u>
Total general long-term debt	<u>\$ 26,401,343</u>	<u>1,310,394</u>	<u>4,778,266</u>	<u>22,933,471</u>

CITY OF INDIO

Notes to Financial Statements

(Continued)

(7) Obligations under Capital Leases

Proprietary Leases:

SCADA System – A five-year contract was entered into May 9, 2002 for the purchase of a SCADA System. Annual payments consisting of principal and interest are \$89,949. The balance at June 30, 2002 on this contract was \$327,278.

Governmental Leases:

Street Equipment – A four-year contract was entered into November 1, 2001 for the purchase of street equipment. Annual payments consisting of principal and interest are \$68,796. Upon completion of all lease payments the City has the option to purchase the street equipment for \$1. The balance at June 30, 2002 on this contract was \$188,763.

HTE System – A five-year contract was entered into April 10, 2001 for the purchase of an Accounting System. Annual payments consisting of principal and interest are \$174,239. The balance at June 30, 2002 on this contract was \$472,709.

Police Department Computer System Lease – A seven-year contract was entered into April 25, 2000 for the purchase of the police department computer system. Annual payments consisting of principal and interest are \$187,399. The balance at June 30, 2002 on this contract was \$774,725.

Street Sweepers – A five-year contract was entered into September 10, 2001 for the purchase of four street sweepers. Annual payments consisting of principal and interest are \$72,150. Upon completion of all lease payments the City has the option to purchase the street sweepers for \$1. The balance at June 30, 2002 on this contract was \$254,360.

Ford Vehicles – A four-year contract was entered into December 15, 2000 for the purchase of twenty-three Ford vehicles. Annual payments consisting of principal and interest are \$202,719. Upon completion of all lease payments the City has the option to purchase the vehicles for \$1.

An additional four-year contract was entered into September 28, 2001 for the purchase of eleven Ford vehicles. Annual payments consisting of principal and interest are \$151,531. Upon completion of all lease payments the City has the option to purchase the vehicles for \$1.

The balance at June 30, 2002 for the above Ford vehicle contracts was \$787,697.

Ford Pickups – A four-year contract was entered into May 15, 2000 for the purchase of six Ford pickups. Payments of principal and interest are payable in quarterly installments of \$9,873. Upon completion of all lease payments the City has the option to purchase the pickups for \$1.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(7) Obligations under Capital Leases, (Continued)

A three-year contract was entered into September 15, 2000 for the purchase of three Ford pickups. Payments of principal and interest are payable in quarterly installments of \$5,499. Upon completion of all lease payments the City has the option to purchase the pickups for \$1.

An additional four-year contract was entered into January 18, 2002 for the purchase of seven Ford pickups. Annual payments of principal and interest are \$42,268. Upon completion of all lease payments the City has the option to purchase the pickups for \$1.

The balance at June 30, 2002 for the above Ford pickup contracts was \$165,788.

Chevrolet Tahoes – A four-year contract was entered into July 15, 1999 for the purchase of two Chevrolet Tahoes. Annual payments of principal and interest are \$16,943. Upon completion of all lease payments the City has the option to purchase the vehicles for \$1. The balance at June 30, 2002 on this contract was \$15,880.

The calculation of the present value of the future lease payments is as follows:

Amount of future lease payments for the year ending	Governmental								Component Unit Scada System
	Street Equipment	HTE System	Police Computer	Sweepers	Ford Vehicles	Ford Pickups	Chevrolet Tahoes	Totals	
June 30,									
2003	\$68,796	174,239	187,399	72,150	354,250	93,886	16,943	967,663	\$89,949
2004	68,796	174,239	187,400	72,150	354,250	42,268	-	899,103	89,949
2005	68,797	174,239	187,400	72,150	151,531	42,268	-	696,385	89,949
2006	-	-	187,400	72,150	-	-	-	259,550	89,949
2007	-	-	187,400	-	-	-	-	187,400	-
Less amount representing interest	<u>(17,626)</u>	<u>(50,008)</u>	<u>(162,274)</u>	<u>(34,240)</u>	<u>(72,334)</u>	<u>(12,634)</u>	<u>(1,063)</u>	<u>(350,179)</u>	<u>(32,518)</u>
Present value of future lease payments	<u>\$188,763</u>	<u>472,709</u>	<u>774,725</u>	<u>254,360</u>	<u>787,697</u>	<u>165,788</u>	<u>15,880</u>	<u>2,659,922</u>	<u>\$327,278</u>

CITY OF INDIO

Notes to Financial Statements

(Continued)

(8) Participation Agreements

On May 5, 2000, the Agency entered into an agreement with Desert Suzuki, an automotive dealership, in which Desert Suzuki is required to operate the dealership at the site for a minimum of five years. This agreement obligates the Agency to provide payments to Desert Suzuki equal to 50% of the sales tax revenue generated by and received from the operations of the automobile dealership, but cannot exceed \$40,000 in any fiscal year. The term of the agreement is five years beginning fiscal year 1999/2000. The remaining maximum payment amount was \$120,000 at June 30, 2002.

(9) Claims Payable/Self Insurance

Independent Cities Risk Management Authority

The Independent Cities Risk Management Authority (ICRMA) was formed under a joint exercise of powers agreement between local governments for the purpose of jointly funding insurance programs. The City currently is insured through ICRMA for workers' compensation and general liability. The ICRMA is composed of approximately thirty cities. The activity is managed by expert outside specialists and a governing board is composed of representatives of the various cities participating in the ICRMA. Member cities may be assessed individually or as a group in the event of unexpected losses and premiums paid in excess of estimated risk have been refunded. 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.

Claims payable in the internal service fund type represent estimates of claims against the City of Indio for workers' compensation. General liability claims payable are recorded in the General Long-Term Debt Account Group. The estimated claims payable represents the claims administrator's best estimate of the amount to be paid on workers' compensation and general liability claims and incurred but not yet reported claims. The City is self-insured for the first \$250,000 of each workers' compensation claim. The Independent Cities Risk Management Authority (ICRMA) provides insurance coverage for individual workers' compensation claims in excess of \$250,000 up to a maximum regulated by California Statute. An amount of \$1,288,696 was recorded as claims payable in the internal service fund for workers' compensation. ICRMA provides for general liability insurance coverage in excess of \$100,000 with a maximum of \$20,000,000. An amount of \$268,000 was recorded in the General Long-Term Debt Group of the City for estimated liability claims payable at June 30, 2002.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(9) Claims Payable/Self Insurance, (continued)

Changes in the claim payable amounts in fiscal years 2001 and 2002 were as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Prior Year Changes <u>in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2000-01	\$1,565,172	1,082,579	(748,751)	1,899,000
2001-02	1,899,000	158,428	(500,732)	1,556,696

(10) Tax Increment Revenue Bonds

Tax Increment Revenue Refunding Bonds, 1997 Series A, B and C

On August 1, 1997, the Authority issued \$1,105,000 of Taxable Tax Increment Revenue Refunding Bonds, 1997 Series A, \$7,935,000 of Tax Increment Revenue Refunding Bonds, 1997 Series B and \$2,585,000 of Tax Increment Revenue Refunding Bonds, 1997 Series C. The proceeds were used to advance refund a portion of the 1992 Revenue (Tax Allocation) Bonds and to retire the outstanding balance of the 1987 Tax Allocation Bonds. The bonds are payable solely from tax increment revenues of the Redevelopment Agency.

The Series A bonds consist of \$1,105,000 of term bonds. These bonds accrue interest at a rate of 7.48% with the principal amount maturing on August 15, 2019. The Series A term bonds are subject to mandatory redemption from sinking account payments prior to their maturity in principal amounts ranging from \$20,000 to \$95,000, as outlined in the bond indenture. The outstanding balance at June 30, 2002 was \$1,010,000.

The Series B bonds consist of \$2,490,000 of serial bonds and \$5,445,000 of term bonds. The serial bonds accrue interest at rates ranging from 3.90% to 5.20%. Principal payments are due each August 15 in amounts ranging from \$115,000 to \$225,000, with the final principal payment on August 15, 2012. The term bonds accrue interest at a rate of 5.35% with \$1,330,000 of the term bonds maturing on August 15, 2017 and the remaining \$4,115,000 of the term bonds maturing on August 15, 2027. The Series B term bonds are subject to mandatory redemption from sinking account payments prior to their maturity in principal amounts ranging from \$235,000 to \$460,000, as outlined in the bond indenture. The outstanding balance at June 30, 2002 was \$7,430,000.

The Series C bonds consist of \$2,585,000 of term bonds. These bonds accrue interest at a rate of 6.50% with the principal amount maturing on August 15, 2027. The Series C term bonds are subject to mandatory redemption from sinking account payments prior to their maturity in principal amounts ranging from \$25,000 to \$185,000, as outlined in the bond indentures. The outstanding balance at June 30, 2002 was \$2,460,000.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(10) Tax Increment Revenue Bonds, (Continued)

Tax Increment Revenue Refunding Bonds, 1997 Series A, B and C (continued)

As required in the official statement, each bond issue is required to maintain a reserve fund. The required amount of the reserve fund for the Series B Bonds was \$284,429. The required amount of the reserve fund for the Series C Bonds was \$200,800. At June 30, 2002, the actual reserves for Series B and C were \$294,743 and \$208,081, respectively. In the case of the Series A reserve fund and the portion of the Series B reserve fund relating to the Indio Centre Parity Loan, the Authority substituted a reserve facility in place of making a cash deposit to such reserve funds. The indentures provide that in lieu of a cash deposit, the Authority may satisfy the reserve requirements by means of a qualified reserve fund credit instrument, which consists of a quality surety bond, insurance policy or similar financial undertaking. The Authority deposited a Financial Guaranty Insurance Policy issued by MBIA Insurance Corporation in the reserve fund for the Series A Bonds and in the reserve fund for the Series B Bonds relating to that portion of the Series B reserve fund to be funded by the Indio Centre Parity Loan.

1999 Housing Set-Aside Revenue Refunding Bonds

On May 5, 1999, the Redevelopment Agency issued \$4,445,000 of Housing Set-Aside Revenue Refunding Bonds, Series 1999. The proceeds were used to enable the Agency to pay its 1992 Housing Loan to the Indio Public Financing Authority. The bonds are payable solely from housing set-aside tax increment revenues of the Redevelopment Agency.

These bonds consist of \$1,420,000 of serial bonds and \$3,025,000 of term bonds. The serial bonds accrue interest at rates ranging from 3.35% to 5.00%. Principal payments are due each August 15 in amounts ranging from \$100,000 to \$160,000, with the final principal payment on August 15, 2009. The term bonds accrue interest at a rate of 5.375% maturing on August 15, 2022. The term bonds are subject to mandatory redemption from sinking account payments prior to their maturity in principal amounts ranging from \$165,000 to \$315,000, as outlined in the bond indenture. The outstanding balance at June 30, 2002 was \$4,120,000.

As required in the official statement, a reserve fund is required to be maintained. The amount to be maintained in the reserve fund is an amount equal to or greater than the maximum annual debt service on the bonds. The required amount of the reserve fund was \$332,779. At June 30, 2002 the actual reserve amount was \$333,861.

Prior Year Defeasance of Debt

In prior years, the City defeased the \$14,000,000 1992 Revenue (Tax Allocation) Bonds placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2002, \$12,695,000 of bonds outstanding are considered defeased.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(11) Special Assessment Debt with Government Commitment

Shadow Hills Assessment District

The City of Indio issued \$3,688,364 of Limited Obligation Improvement Bonds on March 15, 1993 for the construction of improvements to the City's Assessment District No. 90-1 (Shadow Hills). The bonds consist of \$2,303,364 of serial bonds and \$1,385,000 of term bonds. The serial bonds mature between September 2, 1994 and September 2, 2008 in amounts ranging from \$108,364 to \$225,000. The interest rates range between 3.50% and 6.90%. The term bonds are due on September 2, 2013 and accrue interest at 7%. The bonds are secured by unpaid assessments levied against the property owners. A reserve fund of \$340,427 is required and is fully funded at June 30, 2002. The outstanding principal balance at June 30, 2002 was \$2,695,000.

(12) Debt Service Requirements to Maturity

The annual requirements to amortize outstanding debt excluding advances from the Equipment and Facilities Fund, notes payable, claims payable and capital lease obligations of the City as of June 30, 2000, including interest payments of \$13,374,952, are as follows:

Year Ending June 30,	1997 Series A Revenue Refunding Bonds	1997 Series B Revenue Refunding Bonds	1997 Series C Revenue Refunding Bonds	1999 Series Revenue Refunding Bonds	Shadow Hills A.D.	Participation Agreements	Totals
2003	\$ 104,426	523,543	198,600	330,319	339,307	40,000	1,536,195
2004	102,182	527,233	196,000	325,279	338,995	40,000	1,529,689
2005	104,751	525,484	198,238	324,949	337,620	40,000	1,531,042
2006	102,133	523,395	195,313	329,161	335,225	-	1,485,227
2007	104,328	525,803	197,225	327,904	336,965	-	1,492,225
2008-2012	507,833	2,628,324	986,038	1,624,283	1,689,225	-	7,435,703
2013-2017	501,243	2,615,521	975,500	1,619,100	337,050	-	6,048,414
2018-2022	301,042	2,798,720	973,038	1,611,975	-	-	5,684,775
2023-2027	-	2,512,320	967,563	323,466	-	-	3,803,349
2028	-	472,314	191,019	-	-	-	663,333
Totals	<u>1,827,938</u>	<u>13,652,657</u>	<u>5,078,534</u>	<u>6,816,436</u>	<u>3,714,387</u>	<u>120,000</u>	<u>31,209,952</u>
Less:							
Interest payments	<u>(817,938)</u>	<u>(6,222,657)</u>	<u>(2,618,534)</u>	<u>(2,696,436)</u>	<u>(1,019,387)</u>	<u>-</u>	<u>(13,374,952)</u>
Outstanding principal	<u>\$1,010,000</u>	<u>7,430,000</u>	<u>2,460,000</u>	<u>4,120,000</u>	<u>2,695,000</u>	<u>120,000</u>	<u>17,835,000</u>

CITY OF INDIO

Notes to Financial Statements

(Continued)

(13) Changes in Contributed Capital

Activities relating to contributed capital are presented as follows:

	<u>Enterprise Golf Fund</u>	<u>Internal Service Equipment and Facilities Fund</u>	<u>Component Unit Water Authority</u>
Balance at July 1, 2001	\$416,141	1,449,482	10,642,464
Current year contribution	-	-	-
Balance at June 30, 2002	<u>\$416,141</u>	<u>1,449,482</u>	<u>10,642,464</u>

(14) Fund Balances

Fund balances at June 30, 2002 consisted of the following reserves and designations:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Reserved for:				
Notes receivable	\$ 507,157	483,298	-	2,734,816
Inventory of materials	13,510	-	-	-
Advances to component unit	4,948,731	-	-	-
Debt service	-	333,865	3,164,223	-
Land held for resale	-	-	-	1,917,709
Subtotal	<u>5,469,398</u>	<u>817,163</u>	<u>3,164,223</u>	<u>4,652,525</u>
Unreserved:				
Designated for:				
Special projects and programs	-	6,734,497	-	4,846,556
Undesignated	<u>7,116,708</u>	<u>(3,356)</u>	-	<u>14,059,866</u>
Subtotal	<u>7,116,708</u>	<u>6,731,141</u>	-	<u>18,906,422</u>
Total fund balances	<u>\$ 12,586,106</u>	<u>7,548,304</u>	<u>3,164,223</u>	<u>23,558,947</u>

(15) Accumulated Deficits and Expenditures in Excess of Appropriations

The following fund reported an accumulated deficit in fund balance as of June 30, 2002:

	<u>Accumulated Deficit</u>
Special Revenue Funds:	
Asset Forfeiture	\$(3,356)

CITY OF INDIO

Notes to Financial Statements

(Continued)

(15) Accumulated Deficits and Expenditures in Excess of Appropriations, (Continued)

Expenditures for the year ended June 30, 2002 exceeded appropriations of the following General Fund departments and funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance - (Unfavorable)</u>
General Fund:			
Public works	\$2,354,050	2,430,201	(76,151)
Transportation	1,896,090	2,739,698	(843,608)
Special Revenue Fund:			
Lighting and Landscaping	305,870	336,619	(30,749)
Debt Service Fund:			
Redevelopment Agency	3,905,365	5,016,277	(1,110,912)

(16) Debt Issued Without Government Commitment

\$2,000,000 (\$1,500,000 1996 Series A and \$500,000 Series B) City of Indio Multifamily Housing Revenue Bonds, Olive Court Apartments Project

On October 16, 1996, the City of Indio authorized the issuance of \$1,500,000 of Series A Multifamily Housing Revenue Bonds and \$500,000 of Series B Variable Rate Demand Multifamily Housing Subordinate Revenue Bonds. The project is known as the Olive Court Apartments Project. The first maturity date is December 1, 2001 and the final maturity date is December 1, 2026. The bonds are not a general obligation of the City of Indio but are limited to certain revenues and receipts and certain other security pledged for the payment thereof pursuant to the Indenture of Trust pursuant to which the bonds were issued. The combined principal outstanding at June 30, 2002 was \$1,895,000.

\$11,000,000 Housing Authority of City of Indio Variable Rate Demand Multifamily Housing Revenue Bonds, 1985 Series A, Smoketree Apartments Project

On December 5, 1985 the Housing Authority of the City of Indio issued \$11,000,000 of 1985 Series A Variable Rate Multifamily Housing Revenue Bonds. The Bonds mature on December 1, 2007 subject to certain redemption provisions. The project is known as the Smoketree Apartments Project. The Bonds are not a general obligation of the City of Indio or Housing Authority of the City of Indio but are limited obligations payable by the Housing Authority of the City of Indio solely from certain revenues and receipts and certain other security pledged for the payment thereof pursuant to the Indenture of Trust pursuant to which the Bonds were issued. The principal amount of the Bonds outstanding at June 30, 2002 was \$8,425,000.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(16) Debt Issued Without Government Commitment, (Continued)

\$8,500,000 City of Indio Multifamily Mortgage Revenue Refunding Bonds (Montevideo Apartments Project), 1988 Series

On October 1, 1988 the City of Indio issued \$8,500,000 of 1988 Series Multifamily Mortgage Revenue Refunding Bonds. The Bonds bear interest at 8.625% and mature on October 1, 1998. The project is known as the Montevideo Apartments Project. The Bonds were issued to refund the City of Indio's Multifamily Mortgage Revenue Bonds, Issue of 1983. The proceeds of the prior Bonds were loaned to Monroe Associates, a California general partnership to finance the construction of a multifamily rental housing project within the City of Indio. The Bonds are payable solely from the trust estate as defined and do not constitute an indebtedness of the City of Indio. The principal amount of the Bonds outstanding at June 30, 2002 was \$8,500,000.

\$11,200,000 City of Indio Variable Rate Demand Multifamily Housing Revenue Bonds (Western Federal Savings and Loan Association Project - Sunrise Pointe Apartments), 1985 Series A

On June 8, 1985 the City of Indio issued \$11,200,000 of 1985 Series A Variable Rate Demand Multifamily Housing Revenue Bonds. The bonds mature on June 1, 2005. The project is known as the Western Federal Savings and Loan Association Project. The Developer of the project was Quality Investments, Inc., a California corporation. The bonds are not a general obligation of the City of Indio and are payable only from certain revenues and receipts and certain other security pledged for the payment of the bonds pursuant to the Indenture of Trust. The principal amount of the bonds outstanding at June 30, 2002 was \$4,355,000.

\$5,650,000 City of Indio Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (Carreon Villa Project), 1996 Series A

On August 1, 1996 the City of Indio issued \$5,650,000 of 1996 Series A Variable Rate Demand Multifamily Housing Revenue Refunding Bonds. The bonds mature on July 15, 2031. The principal amount of the bonds outstanding at June 30, 2002 was \$5,650,000.

Assessment District No. 99-1 Limited Obligation Bonds, Series 1999

The City of Indio issued \$3,160,000 of Limited Obligation Improvement Bonds on September 2, 1999 for the construction of improvements to the City's Assessment District No. 99-1. The bonds consist of \$3,160,000 of term bonds that accrue interest at a rate of 7.125% with the principal amount maturing on September 2, 2020. The bonds are secured by unpaid assessments levied against the property owners and the City is in no way liable for repayment, but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate. The outstanding principle balance at June 30, 2002 was \$3,110,000.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(16) Debt Issued Without Government Commitment, (Continued)

Assessment District No. 2001-1 Limited Obligation Bonds, Series 2001

The City of Indio issued \$4,840,143 of Limited Obligation Improvement Bonds, Series 2001, on June 28, 2001 to finance the costs of acquisition of certain public improvements serving property within Assessment District No. 2001-1. The bonds consist of \$4,840,143 of term bonds. The term bonds are due on September 2, 2026 and accrue interest at 6.50%. The bonds are secured by unpaid assessments levied against the property owners. The outstanding principal balance at June 30, 2002 was \$4,840,143.

Assessment District No. 2002-1 Limited Obligation Bonds, Series 2002

The city of Indio issued \$4,403,000 of Limited Obligation Improvement Bonds, Series 2002, on May 1, 2002 to finance the costs of acquisition of certain public improvements serving property within Assessment District No. 2002-1. The bonds consist of \$4,403,000 of term bonds. The term bonds are due on September 2, 2027 and accrue interest at rates ranging from 5.25% to 6.50%. The bonds are secured by unpaid assessments levied against the property owners. The outstanding principal balance at June 30, 2002 is \$4,403,000.

(17) Segments of Enterprise Activities

The City maintains one enterprise fund which provides golf services. Key financial data for the year ended June 30, 2002 for this service was as follows:

	<u>Golf Course Fund</u>
Operating revenues	\$ <u>773,199</u>
Operating expenses:	
Depreciation	11,107
Other	<u>610,648</u>
Total operating expenses	<u>621,755</u>
Net operating income	151,444
Non-operating revenues (expenses)	4,328
Transfers from (to) other funds	<u>(40,000)</u>
Net income (loss)	<u>115,772</u>
Change in contributed capital	<u>-</u>
Property, plant and equipment:	
Additions	<u>35,074</u>

CITY OF INDIO

Notes to Financial Statements

(Continued)

(17) Segments of Enterprise Activities, (Continued)

Net working capital	<u>931,016</u>
Total assets	<u>1,458,906</u>
Total equity	<u>\$1,419,610</u>

(18) Defined Benefit Plan

Plan Description

The City of Indio contributes to the California Public Employees Retirement System (PERS), an agent 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, California 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 0% (0% for safety employees) for employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Costs

For 2001-02, the City's annual pension cost (employer contribution) of \$0 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the entry-age normal actuarial cost method. Paragraph 9 of GASB Statement No. 27 requires that the annual required contribution reported for the current year should be based on the results of an actuarial valuation performed as of a date not more than 24 months before the beginning of the employer's fiscal year. Paragraph 22 of GASB Statement No. 27 requires that agent employers also disclose actuarial information for the most recent actuarial valuation. An actuarial valuation as of June 30, 1999 was completed and made available by PERS to the City. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of age, service and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized through an indefinite period as a level percentage of projected payroll on a closed basis.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(18) Defined Benefit Plan, (Continued)

Three-Year Trend Information for PERS

Miscellaneous

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/00	\$0	100%	0
6/30/01	0	100%	0
6/30/02	0	100%	0

Safety

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/00	\$0	100%	0
6/30/01	0	100%	0
6/30/02	0	100%	0

Schedule of Funding Progress for PERS

Miscellaneous

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/97	\$12,349,102	15,049,479	(2,700,377)	121.9%	3,036,898	(88.919%)
6/30/98	12,961,280	17,962,245	(5,000,965)	138.6%	2,648,051	(188.855%)
6/30/99	13,798,218	20,102,253	(6,304,035)	145.7%	2,804,140	(224.812%)

Safety

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/97	\$29,918,800	32,684,050	(2,765,250)	109.2%	2,281,332	(121.212%)
6/30/98	32,084,012	38,167,672	(6,083,660)	119.0%	2,236,366	(272.033%)
6/30/99	33,352,807	42,272,939	(8,920,132)	126.7%	2,109,837	(422.788%)

CITY OF INDIO

Notes to Financial Statements

(Continued)

(19) Post Retirement Health Care Benefits

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. Some employees may become eligible for those benefits if they reach normal retirement age while working for the City for five years. The cost of retiree health care benefits is recognized as an expense as claims are paid. For fiscal year 2001-02, those costs totaled \$458,206 for 98 such employees.

(20) Contingent Liabilities

Normal Course of Operations

The City is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from actions will not have a material adverse effect on the City's financial position.

Revenue Tax Sharing Agreement Commitment

In March 1997, the City entered into an agreement with the County of Riverside in order to obtain the County's cooperation to annex property in the unincorporated County area with the intention of developing a relocation site for the new and used auto dealers of the City of Indio. The development of the Desert Cities Auto Center and its annexation into the City of Indio is expected to generate significant sales and use taxes as well as property taxes from the improved site. In return, the City agrees to provide maintenance of certain County facilities. In return for the County's cooperation in approving the Desert Cities Auto Center site plan and its annexation into the City of Indio, this agreement provides that the City of Indio will dedicate the equivalent of 50% of sales and use taxes derived from the annexed property to the County until a maximum of \$2,640,000 is paid to the County, and thereafter the City shall dedicate 25% of said sales and use taxes for the remainder of a thirty-year period. Upon expiration of the term of the agreement and upon payment by the City to the County of the sum of \$1, the County shall convey fee title to the County Improvements. During fiscal year 2001-2002, payment in the amount of \$1,379,903 was made to the County.

(21) Prior Period Adjustments

The accompanying financial statements reflect reclassifications and adjustments which resulted in a restatement of beginning fund balances of the General, Special Revenue and Capital Projects Funds.

- (a) Adjustment was made to the beginning fund balance for the General Fund to properly account for sales and use tax revenues and motor vehicle in-lieu tax revenues in accordance with the GASB Statement No. 22 and CCMA White Papers.

CITY OF INDIO

Notes to Financial Statements

(Continued)

(21) Prior Period Adjustments, (Continued)

- (b) Adjustments were made to the beginning fund balances for the General Fund and Supplemental Law Enforcement Special Revenue Fund to reimburse the General Fund for prior year expenditures incurred upon behalf of the Supplemental Law Enforcement Fund.
- (c) Adjustments were made to the beginning fund balances of the Measure A Special Revenue Fund and Capital Improvements Fund to properly reflect reimbursement of prior year Measure A expenditures incurred by the Capital Improvements Fund, original amount transferred to Capital Improvements Fund was based upon budgeted numbers.
- (d) Adjustment was made to the beginning fund balance for the Assessment District #99-I Capital Projects Fund to reestablish fund incorrectly eliminated in the prior year financial statements.
- (e) Adjustment was made to the beginning fund balance for the Redevelopment Agency Capital Projects Fund to account for the collection of notes receivable balances for Taymar Industries and JPH Enterprises prior to June 30, 2001.

The following schedule summarizes the effects of the prior period adjustments:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Fund balances at beginning of year, as previously reported	\$7,826,134	5,217,130	16,183,958
(a) Adjustment to record a receivable and revenue in accordance with GASB Statement No. 22.	645,127	-	-
(b) Adjustment to reimburse General Fund for Supplemental Law Enforcement Fund expenditures.	378,370	(378,370)	-
(c) Adjustment to properly reimburse Capital Improvements Fund for expenditures incurred on behalf of the Measure A Fund.	-	747,339	(747,339)
(d) Adjustment to reestablish A.D. #99- 1 Capital Projects Fund.	-	-	528,065
(e) Adjustments to reduce notes receivable balances for amounts collected in prior years	-	-	<u>(208,944)</u>
Fund balances at beginning of year, as restated	<u>\$8,849,631</u>	<u>5,586,099</u>	<u>15,755,740</u>

CITY OF INDIO

Notes to Financial Statements

(Continued)

(22) Subsequent Events

Assessment District No. 2002-2

On August 1, 2002, the City of Indio issued Limited Obligation Improvement Bond, Series 2002, in the amount of \$2,761,000. The proceeds from the issue will be used to finance the costs of acquisition of certain public improvements serving property within Assessment District No. 2002-2 of the City. The bonds are not a general obligation of the City of Indio and are secured by the unpaid assessment levied in proceedings against the property owners. The bonds are due September 2, 2027, with interest rates ranging from 4% to 6.125%.

Certificates of Participation (Parks Improvement Project) 2002 Series A

On October 1, 2002, the City of Indio issued Certificates of Participation 2002 Series A, in the amount of \$3,750,000. The proceeds from the issue will be used to finance certain public improvements to the City's park system. The certificates are in denominations of \$5,000 each and bear interest ranging from 3% to 5.25%. Principal is payable on November 1. Interest is payable semiannually on May 1 and November 1.

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues and the related expenditures which are legally required to be accounted for in a separate fund. Funds included are:

Gas Tax Fund - To account for the revenues and expenditures of the City's proportionate share of gas tax monies collected by the State of California which are used for street construction and maintenance.

Public Safety Fund - To account for the revenues and expenditures of the City's Proposition 172 sales tax restricted for public safety.

Supplemental Law Enforcement Fund - To account for the revenues and expenditures of the supplemental law enforcement grant.

Community Development Block Grant (CDBG) Fund - To account for the revenues and expenditures of approved Federal Housing and Community Development Act projects.

Local Law Enforcement Block Grant (LLEBG) Fund - To account for the revenues and expenditures of the Local Law Enforcement Block grant.

US Home Public Safety Impact Fund - To account for monies received and expenditures related to the U.S. Home Development.

ISTEA Fund - To account for revenue and expenditures approved for Intermodal Surface Transportation Efficiency Act (ISTEA) projects.

Measure A Fund - To account for financial transactions in accordance with Proposition A Local Transit Assistance Act regulations.

Article 3 (SB 821) Fund - To account for the revenues and expenditures of licenses and grant money received for the promotion of bicycle safety and the development and maintenance of bicycle lanes and paths within the City.

NPDES Fund - To account for revenue and expenditures related to the National Pollution Discharge Evaluation System (NPDES) State mandate.

Air Quality (AB2766/CMAQ) Fund - To account for the revenues and expenditures related to air pollution mitigation efforts.

Business Improvement District Fund - To account for the revenues and expenditures related to the Old Town Indio Business Acquisition.

Lighting and Landscaping Fund - To account for the revenues and expenditures restricted for the lighting and landscape maintenance program for 29 districts. Property owners are assessed their share of the cost for lighting and maintaining parkways and medians.

Asset Forfeiture Fund - To account for assets and cash confiscated in police narcotic raids that are restricted for public safety expenditures.

Low and Moderate Housing Fund - To account for monies received and expended to assist low and moderate income households.

CITY OF INDIO
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	<u>Gas Tax</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcement</u>	<u>CDBG</u>	<u>LLEBG</u>
<u>Assets</u>					
Cash and investments	\$ 449,810	312,030	261,550	189,375	150,506
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	3,978	1,578	2,687	1,446	448
Notes receivable	-	-	-	-	-
Due from other governments	<u>156,397</u>	<u>-</u>	<u>-</u>	<u>31,824</u>	<u>-</u>
Total assets	<u>\$ 610,185</u>	<u>313,608</u>	<u>264,237</u>	<u>222,645</u>	<u>150,954</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Deposits payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for:					
Notes receivable	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved:					
Designated for special projects and programs	610,185	313,608	264,237	222,645	150,954
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>610,185</u>	<u>313,608</u>	<u>264,237</u>	<u>222,645</u>	<u>150,954</u>
Total liabilities and fund balances	<u>\$ 610,185</u>	<u>313,608</u>	<u>264,237</u>	<u>222,645</u>	<u>150,954</u>

US Home
Public Safety
Impact

<u>Impact</u>	<u>ISTEA</u>	<u>Measure A</u>	<u>Article 3</u>	<u>NPDES</u>	<u>Air Quality</u>
16,022	412,142	3,951,156	53,545	364,206	129,421
-	-	-	-	-	-
-	-	-	-	-	-
6	1,600	10,161	256	1,739	529
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,028</u>	<u>413,742</u>	<u>3,961,317</u>	<u>53,801</u>	<u>365,945</u>	<u>129,950</u>
-	-	-	-	-	5,415
-	-	-	-	-	-
-	-	-	-	-	<u>5,415</u>
-	-	-	-	-	-
-	-	-	-	-	-
16,028	413,742	3,961,317	53,801	365,945	124,535
-	-	-	-	-	-
<u>16,028</u>	<u>413,742</u>	<u>3,961,317</u>	<u>53,801</u>	<u>365,945</u>	<u>124,535</u>
<u>16,028</u>	<u>413,742</u>	<u>3,961,317</u>	<u>53,801</u>	<u>365,945</u>	<u>129,950</u>

(Continued)

CITY OF INDIO
Special Revenue Funds
Combining Balance Sheet
(Continued)

	Business Improvement District	Lighting and Landscaping	Asset Forfeiture	Low and Moderate Housing	Total
<u>Assets</u>					
Cash and investments	\$ 712	260,889	47,109	-	6,598,473
Cash with fiscal agent	-	-	-	333,865	333,865
Accounts receivable	243	774	-	4,697	5,714
Interest receivable	4	1,526	195	1,228	27,381
Notes receivable	-	-	-	483,298	483,298
Due from other governments	-	-	-	-	188,221
Total assets	<u>\$ 959</u>	<u>263,189</u>	<u>47,304</u>	<u>823,088</u>	<u>7,636,952</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	27,573	-	-	32,988
Deposits payable	-	5,000	50,660	-	55,660
Total liabilities	<u>-</u>	<u>32,573</u>	<u>50,660</u>	<u>-</u>	<u>88,648</u>
 Fund balances:					
Reserved:					
Notes receivable	-	-	-	483,298	483,298
Debt service	-	-	-	333,865	333,865
Unreserved:					
Designated for special projects and programs	959	230,616	-	5,925	6,734,497
Undesignated	-	-	(3,356)	-	(3,356)
Total fund balances (deficits)	<u>959</u>	<u>230,616</u>	<u>(3,356)</u>	<u>823,088</u>	<u>7,548,304</u>
Total liabilities and fund balances	<u>\$ 959</u>	<u>263,189</u>	<u>47,304</u>	<u>823,088</u>	<u>7,636,952</u>

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CITY OF INDIO

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

	<u>Gas Tax</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcement</u>	<u>CDBG</u>	<u>LLEBG</u>
Revenues:					
Taxes	\$ -	201,022	-	-	-
Intergovernmental	1,023,952	203,062	107,554	899,881	95,468
Special assessments	-	-	-	-	-
Investment income	23,185	6,820	11,617	6,252	2,925
Miscellaneous	-	14,805	-	-	-
Total Revenues	<u>1,047,137</u>	<u>425,709</u>	<u>119,171</u>	<u>906,133</u>	<u>98,393</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,047,137</u>	<u>425,709</u>	<u>119,171</u>	<u>906,133</u>	<u>98,393</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	-	27,783
Operating transfers out	<u>(440,500)</u>	<u>(392,685)</u>	<u>(29,896)</u>	<u>(901,628)</u>	<u>(59,624)</u>
Total other financing sources (uses)	<u>(440,500)</u>	<u>(392,685)</u>	<u>(29,896)</u>	<u>(901,628)</u>	<u>(31,841)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	606,637	33,024	89,275	4,505	66,552
Fund balances (deficits) at beginning of year, as restated	<u>3,548</u>	<u>280,584</u>	<u>174,962</u>	<u>218,140</u>	<u>84,402</u>
Fund balances (deficits) at end of year	<u>\$ 610,185</u>	<u>313,608</u>	<u>264,237</u>	<u>222,645</u>	<u>150,954</u>

US Home Public Safety	<u>ISTEA</u>	<u>Measure A</u>	<u>Article 3</u>	<u>NPDES</u>	<u>Air Quality</u>
-	-	1,163,040	-	-	-
-	76,914	-	-	-	56,028
-	-	-	-	-	-
27	6,916	43,926	1,105	7,515	2,287
<u>16,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>16,028</u>	<u>83,830</u>	<u>1,206,966</u>	<u>1,105</u>	<u>7,515</u>	<u>58,315</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	22,612
-	-	-	-	-	22,612
<u>16,028</u>	<u>83,830</u>	<u>1,206,966</u>	<u>1,105</u>	<u>7,515</u>	<u>35,703</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,028	83,830	1,206,966	1,105	7,515	35,703
-	329,912	2,754,351	52,696	358,430	88,832
<u>16,028</u>	<u>413,742</u>	<u>3,961,317</u>	<u>53,801</u>	<u>365,945</u>	<u>124,535</u>

(Continued)

CITY OF INDIO

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	Business Improvement District	Lighting and Landscaping	Asset Forfeiture	Low and Moderate Housing	Total
Revenues:					
Taxes	\$ -	-	-	598,718	1,962,780
Intergovernmental	-	-	-	-	2,462,859
Special assessments	-	298,370	-	-	298,370
Investment income	15	6,599	845	5,310	125,344
Miscellaneous	-	-	17,889	-	48,695
Total Revenues	<u>15</u>	<u>304,969</u>	<u>18,734</u>	<u>604,028</u>	<u>4,898,048</u>
Expenditures:					
Current:					
General government	-	-	-	301,971	301,971
Public works	-	336,619	-	-	336,619
Capital outlay	-	-	-	-	22,612
Total expenditures	<u>-</u>	<u>336,619</u>	<u>-</u>	<u>301,971</u>	<u>661,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15</u>	<u>(31,650)</u>	<u>18,734</u>	<u>302,057</u>	<u>4,236,846</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	67,367	95,150
Operating transfers out	-	(15,000)	(11,213)	(519,245)	(2,369,791)
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>(11,213)</u>	<u>(451,878)</u>	<u>(2,274,641)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>15</u>	<u>(46,650)</u>	<u>7,521</u>	<u>(149,821)</u>	<u>1,962,205</u>
Fund balances (deficits) at beginning of year, as restated	<u>944</u>	<u>277,266</u>	<u>(10,877)</u>	<u>972,909</u>	<u>5,586,099</u>
Fund balances (deficits) at end of year	<u>\$ 959</u>	<u>230,616</u>	<u>(3,356)</u>	<u>823,088</u>	<u>7,548,304</u>

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources and the payment of principal, interest and other related costs associated with general long-term debt of the City. Funds included are:

Shadow Hills Assessment District Fund - To accumulate funds for the payment of principal, interest and related costs associated with the Shadow Hills Special Assessment Bonds.

Redevelopment Agency Fund - To account for tax increment revenues accumulated for the payment of principal and interest associated with general long-term debt, the proceeds of which were used to further the goals and objectives of the Indio Centre and Date Capital project areas.

General Debt Service Fund – To accumulate funds for the payment of principal, interest and other related costs associated with general long-term debt of the City.

CITY OF INDIO
Debt Service Funds

Combining Balance Sheet

June 30, 2002

	Shadow Hills Assessment <u>District</u>	Redevelopment <u>Agency</u>	General <u>Debt Service</u>	<u>Totals</u>
<u>Assets</u>				
Cash and investments	\$ 816,103	-	1,834,413	2,650,516
Cash with fiscal agent	-	502,910	-	502,910
Interest receivable	3,713	3,747	3,337	10,797
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 819,816	506,657	1,837,750	3,164,223
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Fund Balances</u>				
Liabilities	\$ -	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Reserved:				
Debt service	819,816	506,657	1,837,750	3,164,223
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 819,816	506,657	1,837,750	3,164,223
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CITY OF INDIO
Debt Service Funds

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

Year ended June 30, 2002

	Shadow Hills Assessment <u>District</u>	Redevelopment <u>Agency</u>	General <u>Debt Service</u>	<u>Totals</u>
Revenues:				
Taxes	\$ -	2,394,873	-	2,394,873
Special assessments	384,769	-	-	384,769
Investment income	16,053	26,759	14,226	57,038
Total revenues	<u>400,822</u>	<u>2,421,632</u>	<u>14,226</u>	<u>2,836,680</u>
Expenditures:				
Current:				
General government	10,493	-	-	10,493
Debt service:				
Principal	145,000	3,220,000	875,694	4,240,694
Interest	187,776	779,014	94,097	1,060,887
Fiscal charges	-	9,052	-	9,052
Pass-through payments	-	1,008,211	-	1,008,211
Total expenditures	<u>343,269</u>	<u>5,016,277</u>	<u>969,791</u>	<u>6,329,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,553</u>	<u>(2,594,645)</u>	<u>(955,565)</u>	<u>(3,492,657)</u>
Other financing sources (uses):				
Operating transfers in	-	2,260,908	1,207,819	3,468,727
Total other financing sources (uses)	<u>-</u>	<u>2,260,908</u>	<u>1,207,819</u>	<u>3,468,727</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	57,553	(333,737)	252,254	(23,930)
Fund balances at beginning of year	<u>762,263</u>	<u>840,394</u>	<u>1,585,496</u>	<u>3,188,153</u>
Fund balances at end of year	<u>\$ 819,816</u>	<u>506,657</u>	<u>1,837,750</u>	<u>3,164,223</u>

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CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition or construction of major capital items not financed by proprietary funds. Funds included are:

State Park Bond Act Fund - To account for park fees received from developers for the acquisition, improvement and expansion of public parks, playgrounds and recreational facilities.

Assessment District 99-1 Fund – To account for the revenues and expenditures associated with construction in Assessment District 99-1.

Assessment District 01-1 Fund – To account for the revenues and expenditures associated with construction in Assessment District 01-1.

Assessment District 02-1 Fund – To account for the revenues and expenditures associated with construction in Assessment District 02-1.

Shadow Hills Assessment District Fund - To account for the revenues and expenditures associated with construction in the Shadow Hills Assessment District.

Capital Projects Fund - To account for the revenues and expenditures associated with the general construction projects of the City.

Redevelopment Agency Fund - To account for the revenues and expenditures associated with the administration and acquisition or construction of capital items for the Indio Centre and Date Capital redevelopment project areas.

CITY OF INDIO
Capital Projects Funds

Combining Balance Sheet

June 30, 2002

	<u>State Park Bond Act</u>	<u>Assessment District 99-1</u>	<u>Assessment District 01-1</u>
<u>Assets</u>			
Cash and investments	\$ 1,508	-	-
Cash with fiscal agent	-	231,880	1,084,242
Accounts receivable	-	-	-
Interest receivable	7	-	-
Notes receivable	-	-	-
Land held for resale	-	-	-
	\$ 1,515	231,880	1,084,242
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ -	-	-
Retentions payable	-	-	-
Deposits payable	-	-	-
	-	-	-
Total liabilities	-	-	-
Fund balances:			
Reserved:			
Notes receivable	-	-	-
Land held for resale	-	-	-
Unreserved:			
Designated	-	231,880	1,084,242
Undesignated	1,515	-	-
	1,515	231,880	1,084,242
Total fund balances	1,515	231,880	1,084,242
Total liabilities and fund balances	\$ 1,515	231,880	1,084,242

<u>Assessment District 02-1</u>	<u>Shadow Hills Assessment District</u>	<u>Capital Projects</u>	<u>Redevelopment Agency</u>	<u>Totals</u>
-	161,603	10,049,580	4,325,782	14,538,473
3,368,060	-	-	-	4,684,182
-	-	4,925	18,789	23,714
-	771	39,635	35,665	76,078
-	-	-	2,734,816	2,734,816
-	-	-	1,917,709	1,917,709
<u>3,368,060</u>	<u>162,374</u>	<u>10,094,140</u>	<u>9,032,761</u>	<u>23,974,972</u>
-	-	202,054	3,036	205,090
-	-	127,441	-	127,441
-	-	21,872	61,622	83,494
-	-	<u>351,367</u>	<u>64,658</u>	<u>416,025</u>
-	-	-	2,734,816	2,734,816
-	-	-	1,917,709	1,917,709
3,368,060	162,374	-	-	4,846,556
-	-	9,742,773	4,315,578	14,059,866
<u>3,368,060</u>	<u>162,374</u>	<u>9,742,773</u>	<u>8,968,103</u>	<u>23,558,947</u>
<u>3,368,060</u>	<u>162,374</u>	<u>10,094,140</u>	<u>9,032,761</u>	<u>23,974,972</u>

CITY OF INDIO
Capital Project Funds

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

Year ended June 30, 2002

	State Park Bond Act	Assessment District 99-1	Assessment District 01-1
Revenues:			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Investment income	32	-	-
Miscellaneous	-	-	-
Contributions from property owners	-	-	3,731,111
Total revenues	32	-	3,731,111
Expenditures:			
Current:			
General government	-	-	-
Capital outlay	-	296,185	2,646,869
Total expenditures	-	296,185	2,646,869
Excess (deficiency) of revenues over (under) expenditures	32	(296,185)	1,084,242
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	32	(296,185)	1,084,242
Fund balances at beginning of year, as restated	1,483	528,065	-
Fund balances at end of year	\$ 1,515	231,880	1,084,242

Assessment District 02-1	Shadow Hills Assessment District	Capital Projects	Redevelopment Agency	Totals
-	-	2,659,421	-	2,659,421
-	-	239,264	-	239,264
2,944	3,334	209,001	185,551	400,862
-	-	1,207	35,718	36,925
<u>3,365,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,096,227</u>
<u>3,368,060</u>	<u>3,334</u>	<u>3,108,893</u>	<u>221,269</u>	<u>10,432,699</u>
-	-	-	822,632	822,632
-	-	2,893,542	61,115	5,897,711
-	-	2,893,542	883,747	6,720,343
<u>3,368,060</u>	<u>3,334</u>	<u>215,351</u>	<u>(662,478)</u>	<u>3,712,356</u>
-	-	5,899,881	-	5,899,881
-	-	-	(1,809,030)	(1,809,030)
-	-	5,899,881	(1,809,030)	4,090,851
3,368,060	3,334	6,115,232	(2,471,508)	7,803,207
-	159,040	3,627,541	11,439,611	15,755,740
<u>3,368,060</u>	<u>162,374</u>	<u>9,742,773</u>	<u>8,968,103</u>	<u>23,558,947</u>

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INTERNAL SERVICE FUNDS

The internal service funds are used to account for goods and services provided by one City department to other City departments on a cost reimbursement basis. Funds included are:

Equipment and Facilities Fund - To account for the repair and maintenance of City owned Mobile Equipment and for the accumulation and allocation of costs associated with the maintenance of certain public facilities..

Self Insurance Fund - To account for the accumulation and allocation of costs associated with the City's Workers' Compensation Self Insurance Program.

CITY OF INDIO
Internal Service Funds

Combining Balance Sheet

June 30, 2002

	<u>Equipment and Facilities</u>	<u>Self Insurance</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and investments	\$ 1,080,596	1,260,665	2,341,261
Cash with fiscal agent	-	22,019	22,019
Accounts receivable	8,561	-	8,561
Interest receivable	5,604	6,012	11,616
Due from component unit	279,375	-	279,375
Inventory of materials	54,544	-	54,544
Noncurrent assets:			
Advances from other funds	750,000	-	750,000
Property, plant, and equipment, net of accumulated depreciation	<u>596,699</u>	<u>-</u>	<u>596,699</u>
Total assets	<u>\$ 2,775,379</u>	<u>1,288,696</u>	<u>4,064,075</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 127,291	-	127,291
Accrued expenses	9,759	-	9,759
Noncurrent liabilities:			
Claims payable	<u>-</u>	<u>1,288,696</u>	<u>1,288,696</u>
Total liabilities	<u>137,050</u>	<u>1,288,696</u>	<u>1,425,746</u>
Fund equity:			
Contributed capital	1,449,482	-	1,449,482
Retained earnings:			
Unreserved	<u>1,188,847</u>	<u>-</u>	<u>1,188,847</u>
Total fund equity	<u>2,638,329</u>	<u>-</u>	<u>2,638,329</u>
Total liabilities and fund equity	<u>\$ 2,775,379</u>	<u>1,288,696</u>	<u>4,064,075</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended June 30, 2002

	Equipment and <u>Facilities</u>	Self <u>Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 3,496,096	-	3,496,096
Miscellaneous	<u>1,202</u>	<u>-</u>	<u>1,202</u>
Total operating revenues	<u>3,497,298</u>	<u>-</u>	<u>3,497,298</u>
Operating expenses:			
Personnel services	78,404	475,393	553,797
Contractual services	808,663	805,293	1,613,956
Claims and judgements	-	79,921	79,921
Materials and supplies	644,180	-	644,180
Repairs and maintenance	191,783	-	191,783
Depreciation	<u>258,938</u>	<u>-</u>	<u>258,938</u>
Total operating expenses	<u>1,981,968</u>	<u>1,360,607</u>	<u>3,342,575</u>
Operating income (loss)	<u>1,515,330</u>	<u>(1,360,607)</u>	<u>154,723</u>
Non-operating revenues:			
Investment income	<u>5,604</u>	<u>67,749</u>	<u>73,353</u>
Total non-operating revenues	<u>5,604</u>	<u>67,749</u>	<u>73,353</u>
Income (loss) before operating transfers	<u>1,520,934</u>	<u>(1,292,858)</u>	<u>228,076</u>
Operating transfers:			
Operating transfers in	-	1,703,974	1,703,974
Operating transfers out	<u>(1,463,500)</u>	<u>-</u>	<u>(1,463,500)</u>
Total operating transfers	<u>(1,463,500)</u>	<u>1,703,974</u>	<u>240,474</u>
Net income (loss)	57,434	411,116	468,550
Retained earnings at beginning of year	<u>1,131,413</u>	<u>(411,116)</u>	<u>720,297</u>
Retained earnings at end of year	<u>\$ 1,188,847</u>	<u>-</u>	<u>1,188,847</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2002

	<u>Equipment and Facilities</u>	<u>Self Insurance</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from user departments	\$ 3,493,096	-	3,493,096
Cash payments to suppliers for goods and services	(1,667,364)	(885,664)	(2,553,028)
Cash payments to employees for services	(78,404)	(817,697)	(896,101)
Miscellaneous receipts	<u>1,202</u>	<u>-</u>	<u>1,202</u>
Net cash provided by (used for) operating activities	<u>1,748,530</u>	<u>(1,703,361)</u>	<u>45,169</u>
Cash flows from non-capital financing activities:			
Cash received from other funds	-	1,703,974	1,703,974
Cash paid to other funds	(1,463,500)	(1,572,966)	(3,036,466)
Cash paid to component unit	<u>(279,375)</u>	<u>-</u>	<u>(279,375)</u>
Net cash provided by (used for) non-capital and related activities	<u>(1,742,875)</u>	<u>131,008</u>	<u>(1,611,867)</u>
Cash flows from capital and related financing activities:			
Interest paid	<u>-</u>	<u>(507,702)</u>	<u>(507,702)</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(507,702)</u>	<u>(507,702)</u>
Cash flows from investing activities:			
Acquisition of capital assets	(139,379)	-	(139,379)
Interest received from investments	<u>89,908</u>	<u>528,129</u>	<u>618,037</u>
Net cash provided by (used for) investing activities	<u>(49,471)</u>	<u>528,129</u>	<u>478,658</u>
Net increase (decrease) in cash and cash equivalents	(43,816)	(1,551,926)	(1,595,742)
Cash and cash equivalents at beginning of year	<u>1,124,412</u>	<u>2,834,610</u>	<u>3,959,022</u>
Cash and cash equivalents at end of year	<u>\$ 1,080,596</u>	<u>1,282,684</u>	<u>2,363,280</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

(Continued)

	<u>Equipment and Facilities</u>	<u>Self Insurance</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,515,330	(1,360,607)	154,723
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	258,938	-	258,938
(Increase) decrease in accounts receivable	(3,000)	-	(3,000)
(Increase) decrease in inventory of materials	4,177	-	4,177
Increase (decrease) in accounts payable	(26,915)	(450)	(27,365)
Increase (decrease) in claims payable	-	(342,304)	(342,304)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) operating activities	<u>\$ 1,748,530</u>	<u>(1,703,361)</u>	<u>45,169</u>

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AGENCY FUNDS

The Agency funds are used to account for assets held by the City as an agent for other governmental units.

Shadow Hills Assessment District - To account for the City's fiduciary capacity as custodian of the monies held on behalf of the Shadow Hills Assessment District for debt service.

Assessment District 99-1 Fund – To account for the City's fiduciary capacity as custodian of the monies held on behalf of the Assessment District 99-1 Bonds for debt service.

Assessment District 01-1 Fund – To account for the City's fiduciary capacity as custodian of the monies held on behalf of the Assessment District 01-1 Bonds for debt service.

Assessment District 02-1 Fund – To account for the City's fiduciary capacity as custodian of the monies held on behalf of the Assessment District 02-1 Bonds for debt service.

Assessment District 02-2 Fund – To account for the City's fiduciary capacity as custodian of the monies held on behalf of the Assessment District 02-2 Bonds for debt service.

Assessment District 02-3 Fund – To account for the City's fiduciary capacity as custodian of the monies held on behalf of the Assessment District 02-3 Bonds for debt service.

CITY OF INDIO
Agency Funds

Combining Balance Sheet

June 30, 2002

	Shadow Hills Assessment District <u>District</u>	Assessment District <u>#99-1</u>	Assessment District <u>#01-1</u>
Assets:			
Cash and investments	\$ 3,377	79,562	53,923
Cash with fiscal agent	-	323,542	553,249
Interest receivable	<u>1,016</u>	<u>836</u>	<u>22</u>
Total assets	<u>\$ 4,393</u>	<u>403,940</u>	<u>607,194</u>
Liabilities:			
Due to bondholders	<u>\$ 4,393</u>	<u>403,940</u>	<u>607,194</u>
Total liabilities	<u>\$ 4,393</u>	<u>403,940</u>	<u>607,194</u>

Assessment District <u>#02-1</u>	Assessment District <u>#02-2</u>	Assessment District <u>#02-3</u>	<u>Totals</u>
5,676	48,952	5,007	196,497
780,025	-	-	1,656,816
<u>2</u>	<u>20</u>	<u>2</u>	<u>1,898</u>
<u>785,703</u>	<u>48,972</u>	<u>5,009</u>	<u>1,855,211</u>
<u>785,703</u>	<u>48,972</u>	<u>5,009</u>	<u>1,855,211</u>
<u>785,703</u>	<u>48,972</u>	<u>5,009</u>	<u>1,855,211</u>

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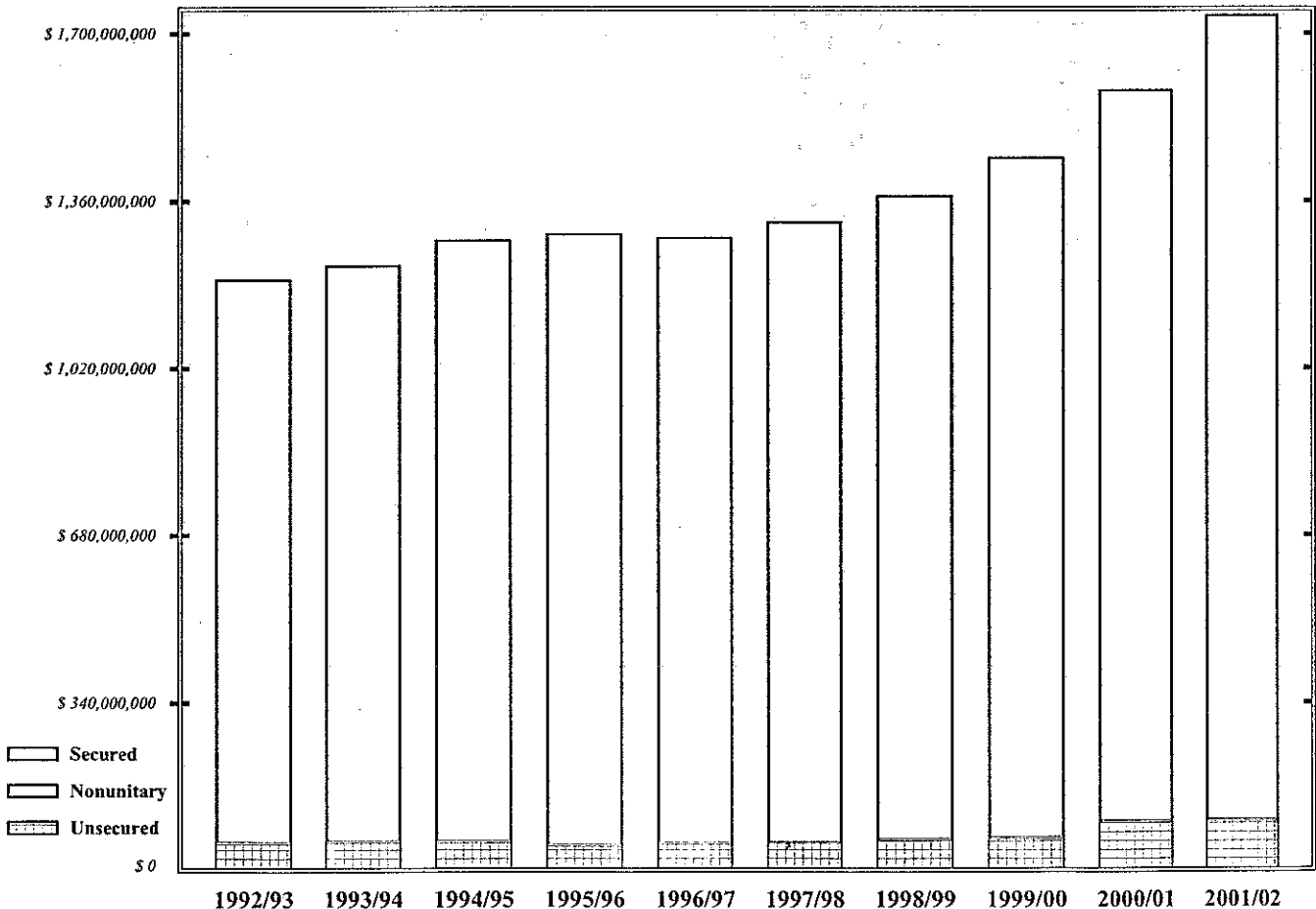
STATISTICAL SECTION

THE CITY OF INDIO

NET TAXABLE ASSESSED VALUES - TEN YEAR HISTORY

Lien Year:	1992/93	1993/94	1994/95	1995/96	1996/97
Secured	\$ 1,146,575,842	\$ 1,173,148,165	\$ 1,224,059,872	\$ 1,244,252,538	\$ 1,233,178,245
Nonunitary	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unsecured	\$ 52,624,292	\$ 54,991,774	\$ 55,514,990	\$ 48,034,087	\$ 51,813,657
Net Total AV	\$ 1,199,200,134	\$ 1,228,139,939	\$ 1,279,574,862	\$ 1,292,286,625	\$ 1,284,991,902

Lien Year:	1997/98	1998/99	1999/00	2000/01	2001/02
Secured	\$ 1,259,953,063	\$ 1,305,899,449	\$ 1,381,150,126	\$ 1,484,255,646	\$ 1,634,016,137
Nonunitary	\$ 3,149,815	\$ 3,333,540	\$ 3,058,109	\$ 3,073,205	\$ 3,136,529
Unsecured	\$ 53,340,630	\$ 60,032,169	\$ 63,177,204	\$ 96,149,109	\$ 98,761,309
Net Total AV	\$ 1,316,443,508	\$ 1,369,265,158	\$ 1,447,385,439	\$ 1,583,477,960	\$ 1,735,913,975



THE CITY OF INDIO

2001/02 CITY ROLL SUMMARY

Taxable Property Values

	Secured Taxable	Nonunitary Utilities	Unsecured Roll
Parcels	14,258	43	1,302
TRAs	115	13	59
Values			
Land	\$ 592,037,188	\$ 2,740,661	\$ 160,793
Improvements	\$ 1,049,504,307	\$ 251,749	\$ 5,837,597
Personal Property	\$ 16,744,127	\$ 144,119	\$ 59,334,982
Fixtures	\$ 6,289,277	\$ 0	\$ 33,038,116
Aircraft*		\$ 0	\$ 712,700
Total Value*	\$ 1,664,574,899	\$ 3,136,529	\$ 98,371,488
Exemptions			
Real Estate	\$ 30,475,640	\$ 0	\$ 322,879
Personal Property	\$ 0	\$ 0	
Fixtures	\$ 0	\$ 0	
Aircraft*		\$ 0	\$ 0
Homeowners*	\$ 32,013,159	\$ 0	\$ 0
Total Exemptions*	\$ 30,475,640	\$ 0	\$ 322,879
Total Net Value*	\$ 1,634,099,259	\$ 3,136,529	\$ 98,048,609

Combined Values*	Total
Total Values	\$ 1,766,082,916
Total Exemptions	\$ 30,798,519
Net Total Values	\$ 1,735,284,397
Net Aircraft Values	\$ 712,700

Notes:
 Totals Do Not Include Aircraft Values Or Exemptions
 Homeowners Exemption Not Included In Total Exemptions

Source: HdL Coren & Cone, Riverside County Assessor 2001/02 Combined Tax Rolls

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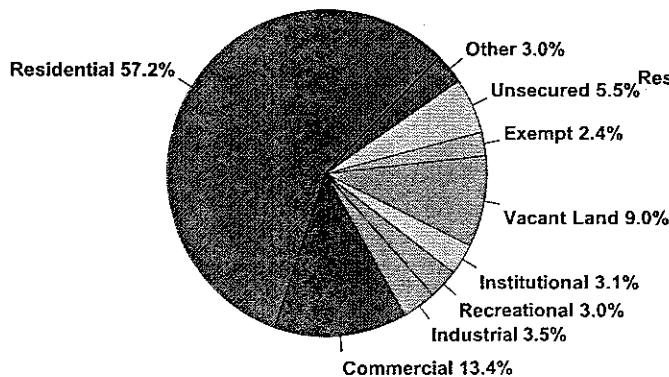
This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone.

THE CITY OF INDIO

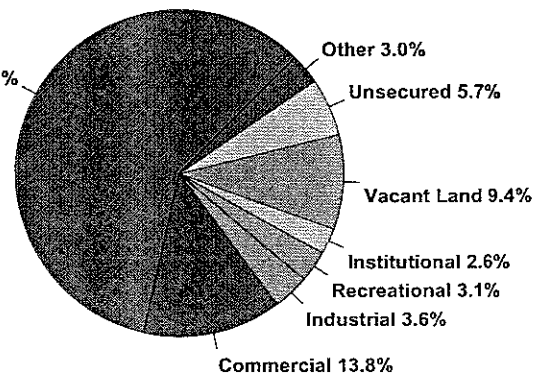
USE CATEGORY SUMMARY, 2001/02

<i>BASIC PROPERTY VALUE TABLE</i>			
CATEGORY	PARCELS	ASSESSED VALUE	NET TAXABLE VALUE
Residential	11,240	\$ 1,035,660,487 (56.5%)	\$ 1,023,610,604 (58.2%)
Commercial	580	\$ 242,974,686 (13.3%)	\$ 239,207,780 (13.6%)
Industrial	109	\$ 62,433,933 (3.4%)	\$ 62,036,233 (3.5%)
Irrigated	26	\$ 5,138,535 (0.3%)	\$ 5,138,535 (0.3%)
Dry Farm	53	\$ 21,359,656 (1.2%)	\$ 21,359,656 (1.2%)
Recreational	39	\$ 53,975,193 (2.9%)	\$ 53,975,193 (3.1%)
Institutional	77	\$ 55,929,295 (3.1%)	\$ 44,347,291 (2.5%)
Government	3	\$ 2,017,765 (0.1%)	\$ 1,761,978 (0.1%)
Miscellaneous	1	\$ 277,500 (0.0%)	\$ 277,500 (0.0%)
Vacant Land	2,123	\$ 162,954,644 (8.9%)	\$ 162,549,699 (9.2%)
Exempt	705	\$ 42,634,719 (2.3%)	\$ 0 (0.0%)
SBE Nonunitary	[43]	\$ 3,136,529 (0.2%)	\$ 3,136,529 (0.2%)
Possessory Int.	[1,036]	\$ 21,066,792 (1.1%)	\$ 19,048,377 (1.1%)
Unsecured	[1,302]	\$ 99,084,188 (5.4%)	\$ 98,761,309 (5.6%)
Unknown	7	\$ 786,413 (0.0%)	\$ 786,413 (0.0%)
TOTALS	14,963	\$ 1,809,430,335	\$ 1,735,997,097

ASSESSED VALUE



NET TAXABLE VALUE



Source: HdL Coren & Cone, Riverside County Assessor 2001/02 Combined Tax Rolls
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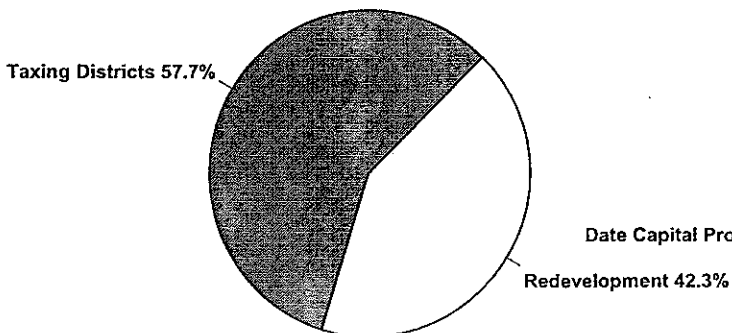
THE CITY OF INDIO

2001/02 GROWTH SUMMARY BY AGENCY

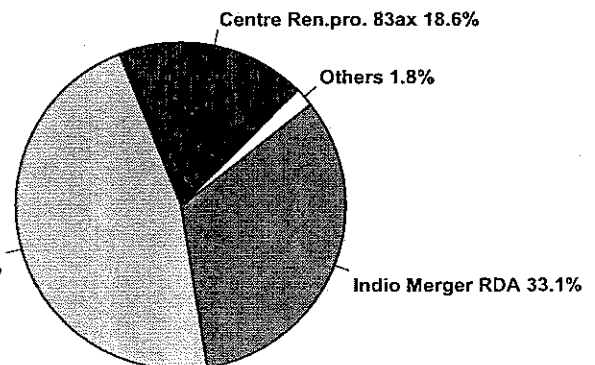
Percentage Growth Of Assessed Values By Agency Between 2000/01 And 2001/02

	County	City	General Taxing Agency	Centre Renew. Proj.	Centre Ren.pro. 83ax	Date Capital Project	Indio Annex
Secured							
Land	+8.0%	+8.4%	+11.3%	+346.5%	+1.6%	+4.8%	0.0%
Improvements	+11.8%	+9.7%	+11.1%	+432.3%	+2.3%	+9.0%	0.0%
Personal Prop.	+19.4%	+22.9%	+28.9%	+50.8%	+5.9%	+6.4%	0.0%
Exemptions	-2.6%	-13.4%	-7.7%	+2.0%	+14.8%	-21.0%	0.0%
Net Total	+10.8%	+9.9%	+11.6%	+419.5%	+1.8%	+9.9%	0.0%
SBE Nonunitary							
Land	+0.0%	+1.1%	+2.3%	0.0%	+1.5%	0.0%	0.0%
Improvements	+0.0%	+9.5%	+9.5%	0.0%	+9.5%	0.0%	0.0%
Personal Prop.	+0.0%	+9.5%	+9.5%	0.0%	+9.5%	0.0%	0.0%
Exemptions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Total	+0.0%	+2.1%	+3.9%	0.0%	+2.7%	0.0%	0.0%
Unsecured							
Land	-4.0%	-17.9%	-79.1%	0.0%	-58.7%	+11.0%	0.0%
Improvements	+6.7%	-4.1%	-35.0%	+69.5%	-28.5%	+41.2%	0.0%
Personal Prop.	+9.7%	+7.4%	-5.9%	+247.7%	-25.3%	+14.1%	0.0%
Exemptions	+3.1%	-31.5%	-31.2%	0.0%	-58.5%	+184.3%	0.0%
Net Total	+8.6%	+2.7%	-18.8%	+127.6%	-26.8%	+22.9%	0.0%
Combined							
Land	+8.2%	+8.3%	+11.3%	+199.3%	+1.4%	+4.8%	0.0%
Improvements	+11.6%	+9.2%	+9.6%	+389.2%	-1.4%	+10.4%	0.0%
Personal Prop.	+12.1%	+10.5%	+4.4%	+185.0%	-20.6%	+13.7%	0.0%
Exemptions	-2.2%	-13.6%	-8.2%	+2.0%	+10.1%	-20.7%	0.0%
Net Total AV	+10.8%	+9.4%	+10.2%	+326.3%	-2.7%	+11.1%	0.0%
Net Taxable AV	+10.9%	+9.6%	+10.5%	+325.8%	-2.7%	+11.3%	0.0%

2001/02 Total Net AV



2001/02 Redevelopment Net AV

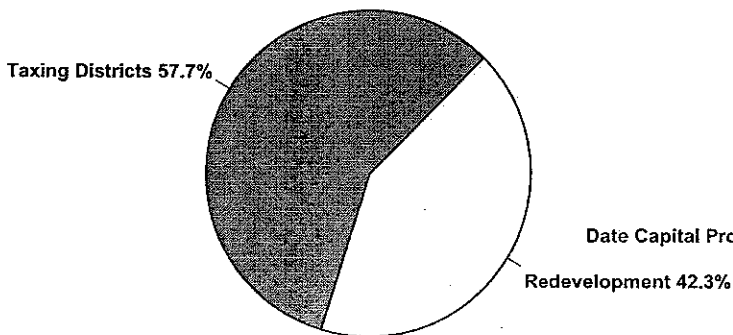


THE CITY OF INDIO 2001/02 GROWTH SUMMARY BY AGENCY

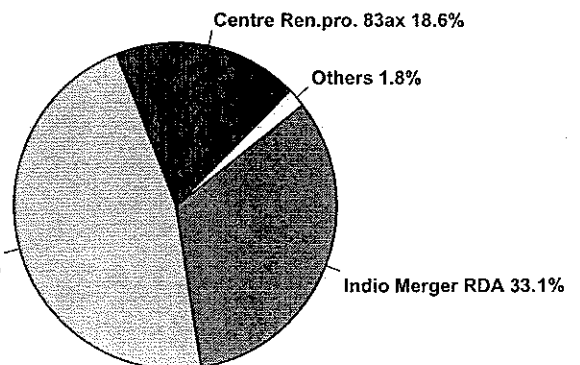
Percentage Growth Of Assessed Values By Agency Between 2000/01 And 2001/02

	County	City	Indio Merger RDA
Secured			
Land	+8.0%	+8.4%	+1.6%
Improvements	+11.8%	+9.7%	+4.1%
Personal Prop.	+19.4%	+22.9%	-6.8%
Exemptions	-2.6%	-13.4%	+4.0%
Net Total	+10.8%	+9.9%	+3.1%
SBE Nonunitary			
Land	+0.0%	+1.1%	+0.0%
Improvements	+0.0%	+9.5%	+9.4%
Personal Prop.	+0.0%	+9.5%	+9.5%
Exemptions	0.0%	0.0%	0.0%
Net Total	+0.0%	+2.1%	+0.1%
Unsecured			
Land	-4.0%	-17.9%	+0.0%
Improvements	+6.7%	-4.1%	+0.0%
Personal Prop.	+9.7%	+7.4%	+246,797.8%
Exemptions	+3.1%	-31.5%	0.0%
Net Total	+8.6%	+2.7%	+434,681.5%
Combined			
Land	+8.2%	+8.3%	+1.6%
Improvements	+11.6%	+9.2%	+6.9%
Personal Prop.	+12.1%	+10.5%	+1,261.0%
Exemptions	-2.2%	-13.6%	+4.0%
Net Total AV	+10.8%	+9.4%	+7.1%
Net Taxable AV	+10.9%	+9.6%	+7.2%

2001/02 Total Net AV

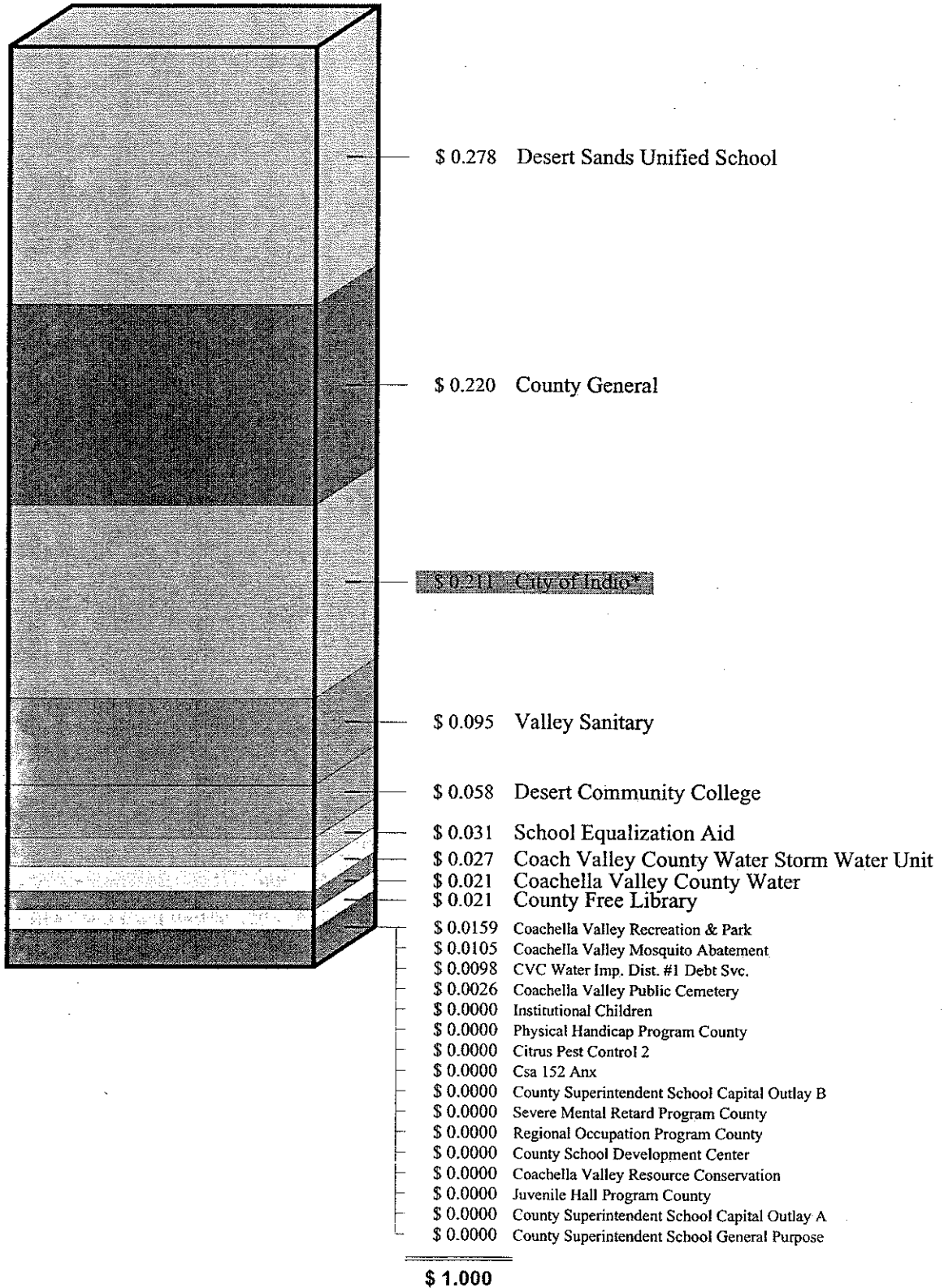


2001/02 Redevelopment Net AV



THE CITY OF INDIO

PROPERTY TAX DOLLAR BREAKDOWN



ATI (Annual Tax Increment) Ratios For Tax Rate Area 007-002, Excluding Redevelopment Factors & Additional Debt Service

*ERAF (Educational Revenue Augmentation Fund) general fund tax shifts are not included in tax ratio figures.

Source: HdL Coren & Cone, Riverside County Assessor 2001/02 Annual Tax Increment Tables

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THE CITY OF INDIO

2001 TOP PROPERTY TAXPAYERS

Owner (Number of Parcels)	Assessed Value
1 Paseo Group Limited Partnership (20)	\$ 15,521,537
2 Calvin W. Worth Trust (3)	\$ 12,384,083
3 American Stores Properties Inc. (2)	\$ 10,097,188
4 Marthas Village Limited Partnership (1)	\$ 8,933,465
5 Rich Development Indio II (2)	\$ 8,268,672
6 Richard K. Rifembark Trust (1)	\$ 7,405,000
7 JPH Associates (9)	\$ 5,560,276
8 Richard J. Mazurek Trust (1)	\$ 6,416,500
9 Indio Desert Palms Limited Partnership (1)	\$ 6,379,422
10 JDG Properties (13)	\$ 5,693,059
11 Richard M. Marsh (10)	\$ 8,161,751
12 Requa Associates (1)	\$ 5,622,000
13 Steadfast Shadow Palms (5)	\$ 5,202,241
14 Indio Community Homes (7)	\$ 4,937,439
15 Lawrence M. Chank (3)	\$ 4,741,188
16 Arabia Homes (2)	\$ 4,375,800
17 K Mart Corporation (2)	\$ 4,284,269
18 Ralphs Grocery Company (4)	\$ 5,313,372
19 Motel 6 Operating Limited Partnership (1)	\$ 4,004,257
20 Sniper Fabrication (1)	\$ 3,300,000
21 Indio Associates (6)	\$ 4,973,149
22 Triangle Distributing Company (3)	\$ 3,835,577
23 Summit Cable Services of Georgia (2)	\$ 3,733,200
24 Katherine E. Dagermangy Trust (4)	\$ 3,708,702
25 Admim (2)	\$ 3,242,806

THE CITY OF INDIO

2001/02 TOP TEN PROPERTY OWNERS

Top Property Owners Based On Gross Assessed Values

Owner	Secured		Unsecured		Combined		Primary Use & Primary Agency
	Parcels	Value	Portion Of City	Parcels	Value	Portion Of City	
1) Hills Golf Club	15	\$ 24,892,034	1.46%	2	\$ 1,501,995	1.52%	Recreational GENERAL TAXING AGENC
2) National Medical Hospital Monterey P	2	\$ 19,753,377	1.15%	1	\$ 124,577	0.13%	Institutional GENERAL TAXING AGENC
3) Paseo Group Limited Partnership	20	\$ 15,521,537	0.91%				Commercial DATE CAPITAL PROJECT
4) Calvin W. Worth Trust	3	\$ 12,384,083	0.72%				Resid., Commer., Vac. Land DATE CAPITAL PROJECT
5) Plantation Golf Club Inc.	6	\$ 10,882,235	0.64%				Recreational GENERAL TAXING AGENC
6) TMI Summit Cable Inc.				2	\$ 10,484,303	10.58%	Unsecured GENERAL TAXING AGENC
7) Eqr Smoketree	1	\$ 10,212,000	0.60%				Residential GENERAL TAXING AGENC
8) American Stores Properties Inc.	2	\$ 10,097,188	0.59%				Commercial DATE CAPITAL PROJECT
9) First American Trust Company Trust	7	\$ 10,032,099	0.59%				Recreational GENERAL TAXING AGENC
10) Marthas Village Limited Partnership	1	\$ 8,933,465	0.52%				Commercial DATE CAPITAL PROJECT
Top Ten Totals	57	\$ 122,708,018	7.17%	5	\$ 12,110,875	12.22%	
City Totals	\$ 1,710,346,147			\$ 99,084,188			\$ 1,809,430,335

THE CITY OF INDIO

TOP 25 SALES TAX PRODUCERS

FOR THE FISCAL YEAR 2001/2002

<u>BUSINESS NAME</u>	<u>BUSINESS CATEGORY</u>
A C Houston Lumber	Lumber/Building Materials
A M P M Mini Mart	Service Stations
Circle K	Grocery Stores Beer/Wine
Clarks Union 76 Truck Stop	Service Stations
Club Car	Heavy Industrial
Coachella Valley Pontiac Buick Gm	New Motor Vehicle Dealers
Dependable Roofing	Lumber/Building Materials
Desert Suzuki	New Motor Vehicle Dealers
Fiesta Ford Lincoln Mercury	New Motor Vehicle Dealers
Food 4 Less	Grocery Stores Liquor
Giant Inland Empire Rv Center	Trailers And Supplies
Gottschalks	Department Stores
Hertz Equipment Rental	Heavy Industrial
High Tech Irrigation	Lumber/Building Materials
I 10 Toyota	New Motor Vehicle Dealers
K Mart	Discount Dept Stores
Mathis Brothers Furniture	Home Furnishings
Mc Donalds	Fast Food
Paradise Volkswagen	New Motor Vehicle Dealers
Sears	Department Stores
Stater Bros	Grocery Stores Liquor
Toyota Motor Credit	Auto Lease
U S Filter Distribution	Heavy Industrial
Ultramar	Service Stations
Unicars Honda	New Motor Vehicle Dealers

Percent Of City Fiscal Year Total Paid By
 Top 25 Accounts = 59.44%

** Firms Listed Alphabetically*

Period: April 01 thru March 02

Source: Hinderliter, del Llamas & Associates, State Board of Equalization

THE CITY OF INDIO

2001 TOP PROPERTY OWNER SUMMARY

Owner (Number of Parcels)	Assessed Value
1 Hills Golf Club (17)	\$ 26,394,029
2 National Medical Hospital Monterey P (3)	\$ 19,877,954
3 Paseo Group Limited Partnership (20)	\$ 15,521,537
4 Calvin W. Worth Trust (3)	\$ 12,384,083
5 Plantation Golf Club Inc. (6)	\$ 10,882,235
6 TWI Summit Cable Inc. (2)	\$ 10,484,303
7 Eqr Smoketree (1)	\$ 10,212,000
8 American Stores Properties Inc. (2)	\$ 10,097,188
9 First American Trust Company Trust (7)	\$ 10,032,099
10 Marthas Village Limited Partnership (1)	\$ 8,933,465
11 JH Indio LLC (3)	\$ 8,764,247
12 Rich Development Indio II (2)	\$ 8,268,672
13 Richard M. Marsh (10)	\$ 8,161,751
14 Wells Associates (3)	\$ 7,911,729
15 CP Limited Partnership (5)	\$ 7,898,237
16 Richard K. Rifembark Trust (1)	\$ 7,405,000
17 Coachella Valley Housing Coalition (3)	\$ 6,928,345
18 Dimare Enterprises Inc. (24)	\$ 6,624,132
19 S & D Indian Palms California Limited (71)	\$ 6,605,865
20 Fallbrook QF LLC (2)	\$ 6,553,500
21 Richard J. Mazurek Trust (1)	\$ 6,416,500
22 Indio Desert Palms Limited Partnership (1)	\$ 6,379,422
23 Alexander Haagen III (12)	\$ 5,777,829
24 Desert Aire RV Park Owners Association (21)	\$ 5,769,773
25 JDG Properties (13)	\$ 5,693,059

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