

CITY OF INDIO, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2005

Prepared by
FINANCE DEPARTMENT

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CITY OF INDIO
Comprehensive Annual Financial Report
Year ended June 30, 2005

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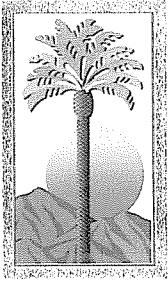
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INTRODUCTORY SECTION

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CITY OF INDIO

INCORPORATED 1930

December 10, 2005

To the Honorable Mayor, Members of the City Council, and
Citizens of the City of Indio

I. INTRODUCTION

It is our pleasure to submit the Comprehensive Annual Financial Report for the City of Indio for the fiscal year ended June 30, 2005. The Finance Department and the City Manager's Department have prepared the report in accordance with GASB Statement 34. The new accounting rule created a new financial reporting format for the City's financial information and also includes a Management Discussion and Analysis section. State statutes require that the City of Indio issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

Management Responsibility for Financial Information

The City is ultimately responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures; and we believe that the data as presented is accurate in all material respects. The report is designed in a manner that fairly sets forth the financial position and results of operations of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Report Format

The Comprehensive Annual Financial Report is presented in three sections: (1) Introductory, (2) Financial, and (3) Statistical. The Introductory section, which is unaudited, includes this letter of transmittal, the City's organizational chart, and a list of the City's principal elected and appointed officials. The Financial section, which is audited, includes the independent auditor's report, management discussion and

CITY OF INDIO • 100 CIVIC CENTER MALL • P.O. DRAWER 1788 • INDIO, CA 92202

DEPARTMENT TELEPHONE NUMBERS, ALL IN 760 AREA CODE

City Clerk 863-5437 • City Manager 342-6580 • Economic Development/Redevelopment 342-7688
Finance 342-6560 • Fire 347-0756 • Human Resources 342-6540 • City Hall Fax 342-6556
Police 347-8522 Fax 347-4317 • Engineering 342-6530 • City Yard 347-1058 • Senior Center 347-5111
Community Development Services/Building & Safety 342-6541 • Special Events 342-6532 • www.Indio.org

analysis, basic financial statements, notes to the financial statements, and the combined and individual fund financial statements and schedules. The Statistical section, which is unaudited, includes selected financial and demographic information generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations." Information related to this single audit, including a schedule of federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, if applicable, are included in a separately issued single audit report.

The Reporting Entity

The City provides a broad range of services including: police protection, fire protection, water services, maintenance of streets and infrastructure, planning and zoning activities, recreational activities, and general administrative services. In addition to these services, the City Council also acts as the board for the Indio Water Authority and the Indio Redevelopment Agency. Therefore, the activities of these component units have been consolidated with City services and presented as one reporting entity. As a result, all funds, account groups, and component units are included in this report.

The County of Riverside provides library services. The City has excluded from this report the County of Riverside, the State of California, and any school districts, because they do not meet the established criteria for inclusion.

II. ECONOMIC CONDITION AND OUTLOOK

The City of Indio is the geographic mid point of both Riverside County and Coachella Valley. Indio is about 75 miles north of the California-Baja California Mexican border and 125 miles east of the center of the Los Angeles metropolitan complex. Indio continues to grow as a vibrant, livable, and successful community for both its residents and businesses.

As of June 30, 2005, the General Fund Balance was \$18,857,131. Compared to the previous fiscal year, the General Fund Balance has increased by \$1,306,879. This is due mostly to an increase in one-time revenues primarily from development related activity and growth of the City's property tax revenues. While the City maintained a healthy General Fund Balance, a General Fund Reserve account had not been previously established. In fiscal year 2005-06, a General Fund Reserve will be established in the amount of \$4 million, with a goal of having General Fund Reserves equal to 25 percent of the General Fund operating expenditures.

In recent years, new development has added to the City's revenue base. During FY 2004-05, approximately 6,000 new homes were built and new residents have moved into our City. Over the next few years, this pace of residential development is expected to continue. Combined with new residential growth, new commercial opportunities will be presented to the City. Development activity will add new revenues and afford us the ability to catch-up on needed infrastructure improvements.

III. MAJOR INITIATIVES FOR THE FUTURE

The City's commitment for fiscal year 2005-06 and into the future is to continue looking at new ways and means to effectively meet the needs of the community. Included in this year's goals are:

- **Downtown Revitalization** - The acquisition of properties within the downtown is one of the priorities of the Redevelopment Agency. The revitalization of the downtown is an enormous undertaking requiring a lot of time, patience, vision, and good business decisions. In time, we will bring the downtown back to its prominence.
- **Parks and Park Facilities** - The acquisition of property for park facilities and improvements to existing park facilities is a top priority. A total of \$11 million is proposed for allocation in the Capital Improvement Program (CIP) for this purpose.
- **Public Safety** - In order to serve the northern part of the City, two new fire facilities must be built. \$4 million in the Fire Capital Impact Fees is budget for the construction of the first new Fire Station.
- **Street Rehabilitation** - The street inventory represents the City's largest asset, exceeding \$266 million. In order to bring the City's streets to acceptable standards, a \$20 million street rehabilitation program will be implemented in fiscal year 2005-06. 52 individual segments totaling 200,780 linear feet will receive complete rehabilitation, rubberized overlay, or slurry seal. This program, when combined with the \$17 million street capital improvement program, will bring our streets and roads to acceptable levels which will last at least 10 years.
- **Indio Fashion Mall** - The renovation of the Indio Fashion Mall is an important statement in our efforts to bring new development along Highway 111. The City and Agency are interested in developing of the mall to its full potential. \$3.2 million received through the Miller settlement, is allocation through the Capital Improvement Program for property acquisition around the mall.
- **Water Infrastructure** - The second phase of the water systems improvement will be completed in fiscal year 2005-06. \$11 million dollars is allocated through

the Capital Improvement Program to bring our water system to a level to meet current and anticipated demands for residents north of the freeway.

- **Youth Programs** - \$100,000 from the General Fund has been added to the Youth Budget to develop new programs. These funds, combined with grant monies, will be used for youth in the community.
- **Senior Center** - The current Senior Center facility is small, out of place in the downtown and inadequate to meet the needs of a growing senior population. \$900,000 in Community Development Block Grant (CDBG) Funds and \$600,000 in City Funds are allocated to acquire a new Senior Center facility. The relocation of the Senior Center presents the City with opportunity to move staff from an overcrowded City Hall to a facility within the Civic Center complex. Additionally, a new Senior Center facility will have space to accommodate City sponsored events and meetings.
- **Transportation** - To address our local and regional transportation needs, staff will work on the development of a multi-modal transportation center near downtown. As envisioned, the center would include services provided by Sunline Transit, Greyhound, taxi and car rental services. Ultimately, the goal is to add commuter rail provided by Metrolink.

IV. FINANCIAL INFORMATION

Internal Control Structure

A basic responsibility of the City is to establish and maintain an internal control structure that ensures that the assets of the City are protected from loss, theft, or misuse and ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Indio's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the City is responsible for establishing an internal control structure adequate to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the City's single audit, tests were made of the City's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. The audit for the fiscal year ended

June 30, 2005, disclosed several reportable conditions. Reportable conditions involve matters coming to the attention of the auditors relating to significant deficiencies in the design or operation of internal controls over financial reporting that could adversely affect the City's ability to process, record and report financial data. Many of the reportable conditions have been noted in previous audits, but never fully resolved. Those conditions include: improving controls over credit card transactions, verifying payments made on the behalf of certain assessment districts, developing a replacement schedule for rolling stock, enhancing internal controls in the Water Authority cash collection area, complying with the RDA Five-Year Implementation Plan, reflecting grant activity in the general ledger, completing files regarding RDA Pass Through Agreements, adequately maintaining capital assets, and submitting grant reimbursement requests in a timely manner. Staff has started to address these conditions and will continue to modify operating procedures, update existing policies and restructure staffing responsibilities to address these conditions. It is our desire to have these issues resolved prior to the next audit.

Cash Management Polices and Practices

An Investment Committee consisting of one citizen, the elected City Treasurer and two council members was established to review the City's investment portfolio and to annually review the City's Investment Policy. This committee meets quarterly.

The current Investment Policy allows for a variety of investments including investment in the Local Agency Investment Fund (LAIF), certificates of deposit, government securities, and money markets meeting specific criteria. The goals of the Investment Policy are safety and liquidity. Yield is of lesser importance. The amount of interest earned on investments for all funds during 2004-05 was \$2,083,291.

Risk Management

The City is a member of the California Joint Powers Insurance Authority (CJPIA) with 110 other public agencies. Through the CJPIA, the City is self-insured against general liability and workers' compensation claims. As protection against catastrophic loss, members fund a pool to finance large settlements. During 2004-05, the City continued its proactive liability risk management role by monitoring claims and lawsuits and working with the CJPIA's risk managers to minimize risks and reduce losses.

V. OTHER INFORMATION

Independent Audit

The City requires an annual audit by independent certified public accountants. The accounting firm of Conrad and Associates has conducted the audit of the City. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133.

Generally accepted auditing standards, and the standards set forth in the "Government Auditing Standards" of the General Accounting Office were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements, and the combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Acknowledgments

Preparation of this report was accomplished by the combined staff efforts of the Financial Services/Technology Department and the City Manager's Office. We appreciate the high level of professionalism and dedication that these staff members bring to the City. We would also like to thank the members of the City Council for their leadership and the opportunity to serve the residents of Indio.

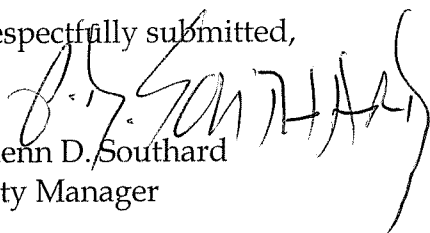
VI. CONCLUDING COMMENTS

The audit report provides a clear indication that the City's finances are in good shape but internal controls must be improved. Continued stability in our revenue stream, however, requires continued stability in the economy. We are cautiously optimistic the economy will hold steady. The City also continues to be faced with the financial impact of the state's ongoing diversion of local revenues, as we are currently experiencing each year of the City's Budget.

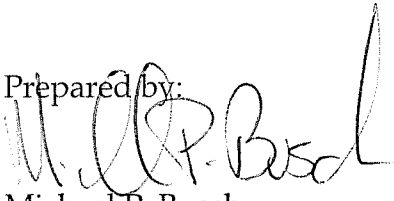
During the past six months, the management team has had the opportunity to review and identify outdated systems, policies and inadequate internal controls. There is a commitment among staff to address these issues and to implement solutions. In many cases this has already begun.

There is much work ahead of us in fiscal year 2005-2006. This is the direct result of the energy, ideas, and dedication of the City Council, commissioners, staff, and citizens. A number of exciting projects designed to build on the community's quality of life are currently underway. We are confident that these efforts will have a profound and positive impact on Indio for many years to come. On the behalf of the City of Indio staff, we look forward to challenges and the opportunity to serve the community.

Respectfully submitted,


Glenn D. Southard
City Manager

Prepared by:


Michael P. Busch
Finance Director

FINANCIAL SECTION

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City Council
City of Indio
Indio, California

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Indio, California, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Indio. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Indio, California, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, of the City of Indio, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

City Council
City of Indio
Indio, California

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Conrad and Associates, L.L.P.

October 6, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Indio's (the City) financial performance provides an overview of the fiscal year ended June 30, 2005. Please read it in conjunction with the accompanying transmittal letter, basic financial statements, and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City using the integrated approach as prescribed by GASB Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The Fund Financial Statements include statements for each of the three categories of activities - governmental, proprietary, and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole and about its activities.

These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets indicate whether its *financial health* is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we separate the City activities as follows:

Governmental activities - Most of the City's basic services are reported in this category, including the General Government, Support Services, Public Works, Economic Development, Police, and Fire. Property, sales and utility users' taxes, user fees, interest income, and state and federal grants finance these activities.

Business-type activities - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water activities are reported under this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed *short-term view* of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements and those in the Government-Wide financial statements are explained in a reconciliation following the Governmental Fund financial statement.

Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. We use internal service funds, the other component of proprietary funds, to report activities that provide supplies and services for the City's other programs and activities - such as the equipment replacement and the self insurance funds. The Internal Service funds are reported with governmental activities in the Government-Wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-70 of this report.

Reporting the City's Fiduciary Responsibilities

The City is trustee, or fiduciary, for certain funds held on behalf of other agencies and organizations. The City's fiduciary activities are reported in the separate Fiduciary Funds Statement of Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the City's net assets (76 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF INDIO'S Net Assets

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 118,838,623	\$ 73,317,622	\$ 942,767	\$ 1,008,182	\$ 119,781,390	\$ 74,325,804
Noncurrent assets	237,928,697	31,630,479	557,440	555,306	238,486,137	32,185,785
Total assets	<u>356,767,320</u>	<u>104,948,101</u>	<u>1,500,207</u>	<u>1,563,488</u>	<u>358,267,527</u>	<u>106,511,589</u>
Long-term liabilities outstanding	46,554,130	20,974,945	-	-	46,554,132	20,974,945
Other liabilities	13,637,991	12,093,454	44,553	24,625	13,682,544	12,118,079
Total liabilities	<u>60,192,121</u>	<u>33,068,399</u>	<u>44,553</u>	<u>24,625</u>	<u>60,236,674</u>	<u>33,093,024</u>
Net assets:						
Invested in capital assets						
net of related debt	\$ 223,824,569	\$ 24,599,819	\$ 557,440	\$ 555,306	\$ 224,382,009	\$ 25,155,125
Restricted	52,936,310	25,350,472	-	-	52,936,310	25,350,472
Unrestricted	19,814,320	21,929,411	898,214	983,557	20,712,534	22,912,968
Total net assets	<u>\$ 296,575,199</u>	<u>\$ 71,879,702</u>	<u>\$ 1,455,654</u>	<u>\$ 1,538,863</u>	<u>\$ 298,030,853</u>	<u>\$ 73,418,565</u>
Net assets as restated (note 18)		<u>\$ 271,281,968</u>		<u>\$ 1,544,936</u>		<u>\$ 272,826,904</u>

Program expenses by function, general revenues by major sources, excess, and/or deficiency of revenues over expenses before contributions to permanent fund principal, special, and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Assets.

GOVERNMENTAL ACTIVITIES

Total expenses for the fiscal year for Governmental activities were approximately \$57 million. The City's overall governmental program revenues totaled \$51 million. Total general revenues and transfers totaled approximately \$32 million.

The City's programs include the General Government, Support Services, Public Works, Economic Development, Police and Fire. Each program's net costs, total cost less revenues generated by the activities, are presented below.

CITY OF INDIO'S Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues						
Program Revenues						
Charges for services	\$18,465,648	\$ 16,836,825	\$ 672,735	\$ 686,388	\$ 19,138,383	\$ 17,523,213
Operating grants and contributions	42,848,745	26,299,968	-	-	42,848,745	26,299,968
General revenue						
Property taxes	11,907,675	5,496,657	-	-	11,907,675	5,496,657
Other taxes	15,672,757	15,321,482	-	-	15,672,757	15,321,482
Other	<u>3,987,508</u>	<u>4,293,340</u>	<u>-</u>	<u>-</u>	<u>3,987,508</u>	<u>4,293,340</u>
Total revenues	<u>92,477,333</u>	<u>68,248,272</u>	<u>672,735</u>	<u>686,388</u>	<u>93,150,068</u>	<u>68,934,660</u>
Expenses:						
General government	6,721,706	6,733,636	783,146	586,773	7,504,852	7,320,409
Public Safety	18,290,711	14,004,440	-	-	18,290,711	14,004,440
Public Works	16,951,649	6,932,980	-	-	16,951,649	6,932,980
Community development	7,639,238	3,758,868	-	-	7,639,238	3,758,868
Culture and leisure	3,730,832	968,091	-	-	3,730,832	968,091
Interest expenses and other charges	4,107,866	1,234,363	-	-	4,107,866	1,234,363
Water	<u>9,378,654</u>	<u>5,898,483</u>	<u>-</u>	<u>-</u>	<u>9,378,654</u>	<u>5,898,483</u>
Total expenses	<u>66,820,656</u>	<u>39,530,861</u>	<u>783,146</u>	<u>586,773</u>	<u>66,820,656</u>	<u>40,117,634</u>
Change in net assets before transfers	25,656,677	28,717,411	(89,282)	115,890	25,567,395	28,833,301
Transfers	<u>-</u>	<u>50,700</u>	<u>-</u>	<u>(50,700)</u>	<u>-</u>	<u>-</u>
Change in net assets	25,656,677	28,768,111	(89,282)	65,190	25,567,395	28,833,301
Net assets – beginning of year	<u>415,320,403</u>	63,496,697	<u>1,544,936</u>	<u>1,473,673</u>	<u>416,865,339</u>	<u>64,907,370</u>
Net assets – end of year	<u>\$440,977,080</u>	<u>92,264,808</u>	<u>\$1,455,654</u>	<u>\$1,538,863</u>	<u>\$442,432,734</u>	<u>\$ 93,803,671</u>
Net assets as restated (note 18)	<u>-</u>	<u>\$348,712,272</u>	<u>-</u>	<u>\$1,544,936</u>	<u>-</u>	<u>\$350,257,208</u>

BUSINESS TYPE ACTIVITIES

The cost of all business-type activities this year was approximately \$.8 million. As displayed in the Statement of Activities and Changes in Net Assets within the financial section, the amount paid by users of the activities was \$.7 million.

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, was \$46,554,130 at the end of fiscal year 2004-05. Fiscal year activity is represented in the charts below:

CITY OF INDIO'S Outstanding Debt

	2005	2004
Claims payable	\$ 284,630	\$ 306,906
RDA Bonds	40,270,000	14,350,000
Capital Lease	1,200,587	1,385,207
Certificates of Participation	3,540,000	3,790,000
Compensated absences	1,258,913	1,142,832
Total	<u>\$ 46,554,130</u>	<u>\$ 20,974,945</u>

CASH MANAGEMENT

To obtain flexibility in cash management, the City employs a pooled cash system (reference Note 2 in the Notes to the Financial Statements). Under the pool cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City/Agency Investment Policy. The goals of the City/Agency Investment Policy are safety, liquidity, and then yield.

CAPITAL ASSETS

The capital assets of the City are those assets that are used in the performance of the City's functions, including infrastructure assets. At June 30, 2005, net capital assets of the governmental activities totaled \$227,643,057 and the net capital assets of the business-type activities totaled \$557,440. Depreciation on capital assets is recognized in the Government-Wide financial statements.

CITY OF INDIO'S Capital Assets

Description	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 6,645,504	\$ 4,454,007	\$ 465,960	\$ 465,960	\$ 7,111,464	\$ 4,919,967
Right of way	47,001,283	47,001,283	-	-	47,001,283	47,001,283
Structures and improvements	3,954,555	3,681,818	-	-	3,954,555	3,681,818
Machinery, equipment and vehicles	8,173,789	7,613,086	207,450	196,136	8,381,239	7,809,222
Infrastructure	266,845,912	260,312,224	-	-	266,845,912	260,312,224
Construction in progress	5,285,253	3,536,076	-	-	5,285,253	3,536,076
Capital Assets	<u>337,906,296</u>	<u>326,598,494</u>	<u>673,410</u>	<u>662,096</u>	<u>338,579,706</u>	<u>327,260,590</u>
Accumulated Depreciation	<u>110,263,239</u>	<u>102,459,634</u>	<u>115,970</u>	<u>100,717</u>	<u>110,379,209</u>	<u>102,560,351</u>
Net Capital Assets	<u>\$ 227,643,057</u>	<u>\$ 224,138,860</u>	<u>\$ 557,440</u>	<u>\$ 561,379</u>	<u>\$ 228,200,497</u>	<u>\$ 224,700,239</u>

Information on Capital Assets can be found in Note 5 of this report.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2004-05

- Continued fiscally responsible management of City resources by increasing unallocated General Fund balance by 33% from \$12 million to \$16 million.
- Completed the improvement of Indio Boulevard from Jefferson through the Old-Town.
- Initiated the Community Facilities District assessment process to collect funds for public safety.

BUDGETS AND BUDGETARY ACCOUNTING

The City of Indio maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the City's budget for fiscal year 2004-05. The level of budgetary control is established at the fund level.

Formal budgetary integration is employed as a management control device, and a monthly fiscal monitoring report is prepared. The City maintains an encumbrance accounting system, and when encumbrances lapse at year-end, they may be added to the following year's budgeted appropriations.

General Fund Budget

Comparing the FY 2004-05 adopted General Fund expenditure budget amount of \$33,133,966 to the final budget amount of \$35,928,070, shows an increase of \$2,794,104.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's Budget assures the efficient, effective, and economic uses of the City's resources, as well as, establishing that the highest priority objectives are accomplished. Through the budget, the City Council sets the direction of the City, allocates its resources, and establishes its priorities.

In considering the City budget for fiscal year 2005-06 the City Council and management used the following criteria for our key assumptions in our forecast:

- Expected that sales tax revenues will increase by approximately 4% due to increased local sales and new outlets. In addition to increased Property tax revenues is expected to increase by 14% due to a steadily rising housing market and new development. Utility tax revenues are also expected to increase by 2% based on growth in water, telecommunications and natural gas use.
- Increased our operational levels and current services to meet new demands for a fast growing city. Including the hiring of additional staff, procurement of temporary office space to alleviate overcrowding in City facilities, and the development of a \$78 million Capital Improvement Program (CIP).
- As part of the State's plan to address the budget crisis issue, the City and Agency lost an additional \$762,375 to the State Educational Revenue Augmentation Fund (ERAF). These funds will return to our budgets in fiscal year 2006-07.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Financial Services at 100 Civic Center Mall, Indio, California, 92202, phone (760) 342-6560.

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BASIC FINANCIAL STATEMENTS

CITY OF INDIO
Statement of Net Assets
June 30, 2005

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2005	2004
Assets:				
Cash and investments (note 2)	\$ 72,840,301	936,771	73,777,072	53,679,252
Cash with fiscal agent (note 2)	35,421,845	-	35,421,845	11,630,755
Deposits with other agencies	3,239,019	-	3,239,019	619,654
Accounts receivable, net	2,743,960	-	2,743,960	551,030
Interest receivable	410,051	5,996	416,047	170,056
Notes receivable (note 4)	2,238,832	-	2,238,832	2,503,172
Due from other governments	3,959,122	-	3,959,122	2,225,934
Advances to component unit	-	-	-	4,758,719
Prepaid items	186,114	-	186,114	650,675
Inventory	38,211	-	38,211	39,729
Deferred charges	1,141,056	-	1,141,056	-
Land held for resale	6,905,752	-	6,905,752	1,917,709
Capital assets, not depreciated (note 5)	58,932,040	465,960	59,398,000	13,061,819
Capital assets, depreciated, net (note 5)	168,711,017	91,480	168,802,497	14,703,085
Total assets	<u>356,767,320</u>	<u>1,500,207</u>	<u>358,267,527</u>	<u>106,511,589</u>
Liabilities:				
Accounts payable	4,179,494	44,553	4,224,047	7,392,231
Accrued payroll	497,255	-	497,255	341,027
Deposits	5,637,941	-	5,637,941	2,031,797
Interest payable	1,720,495	-	1,720,495	392,139
Pass-through payable	1,223,983	-	1,223,983	1,223,983
Retentions payable	378,823	-	378,823	336,902
Deferred revenue	-	-	-	400,000
Long-term liabilities (notes 6 to 11):				
Portion due within one year	1,737,859	-	1,737,859	1,985,777
Portion due in more than one year	44,816,271	-	44,816,271	18,989,168
Total liabilities	<u>60,192,121</u>	<u>44,553</u>	<u>60,236,674</u>	<u>33,093,024</u>
Net assets:				
Invested in capital assets, net of related debt	223,824,569	557,440	224,382,009	25,155,125
Restricted for:				
Public works	18,670,356	-	18,670,356	13,827,818
Low and moderate housing	2,961,248	-	2,961,248	1,524,022
Economic development	31,339,160	-	31,339,160	8,858,733
Other	595,610	-	595,610	1,139,899
Unrestricted	19,184,256	898,214	20,082,470	22,912,968
Total net assets	<u>\$ 296,575,199</u>	<u>1,455,654</u>	<u>298,030,853</u>	<u>73,418,565</u>

See accompanying notes to basic financial statements.

Component Unit	
Totals	
<u>2005</u>	<u>2004</u>
8,418,361	7,472,377
6,853,742	-
-	-
898,047	990,630
51,062	24,437
-	-
-	1,896
-	-
168	-
121,292	111,644
411,272	-
-	-
98,528	155,777
<u>140,371,964</u>	<u>17,190,789</u>
<u>157,224,436</u>	<u>25,947,550</u>
351,273	183,990
34,365	29,599
304,024	291,394
139,011	-
-	-
2,750	2,750
-	-
431,573	257,206
<u>11,559,559</u>	<u>4,797,505</u>
<u>12,822,555</u>	<u>5,562,444</u>
135,848,933	17,264,243
-	-
-	-
-	-
-	-
<u>8,552,948</u>	<u>3,120,863</u>
<u><u>144,401,881</u></u>	<u><u>20,385,106</u></u>

CITY OF INDIO
Statement of Activities
Year ended June 30, 2005

	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	
Governmental activities:				
General government	\$ 6,721,706	453,399	-	533,077
Public safety	18,290,711	1,691,482	318,908	110,586
Public works	16,951,649	1,711,521	5,952,585	32,018,498
Community development	7,639,238	7,777,277	756	-
Culture and leisure	3,730,832	599,204	-	-
Interest expense and other charges	4,107,866	-	-	-
Total governmental activities	57,442,002	12,232,883	6,272,249	32,662,161
Business-type activities:				
Golf	783,146	672,735	-	-
Total business-type activities	783,146	672,735	-	-
Total primary government	\$ 58,225,148	12,905,618	6,272,249	32,662,161
Component unit:				
Water	\$ 9,378,654	6,232,765	-	2,756,233
Total component unit	\$ 9,378,654	6,232,765	-	2,756,233

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Investment income

State motor vehicle in lieu tax (unrestricted)

Other

Total general revenues

Change in net assets

Net assets at beginning of year,
as restated (note 18)

Net assets at end of year

See accompanying notes to basic financial statements.

Net (Expenses) Revenues
and Changes in Net Assets

Primary Government				Component Unit	
Governmental Activities	Business-type Activities	2005	2004	Water Authority	
				2005	2004
(5,735,230)	-	(5,735,230)	(4,500,295)	-	-
(16,169,735)	-	(16,169,735)	(11,304,629)	-	-
22,730,955	-	22,730,955	14,347,415	-	-
138,795	-	138,795	3,417,519	-	-
(3,131,628)	-	(3,131,628)	394,501	-	-
(4,107,866)	-	(4,107,866)	(1,234,363)	-	-
(6,274,709)	-	(6,274,709)	1,120,148	-	-
-	(110,411)	(110,411)	99,615	-	-
-	(110,411)	(110,411)	99,615	-	-
(6,274,709)	(110,411)	(6,385,120)	1,219,763	-	-
-	-	-	-	(389,656)	2,185,645
-	-	-	-	(389,656)	2,185,645
11,907,675	-	11,907,675	5,496,657	-	-
8,878,980	-	8,878,980	7,198,215	-	-
1,220,242	-	1,220,242	1,162,354	-	-
1,089,845	-	1,089,845	834,582	-	-
4,096,288	-	4,096,288	3,623,089	-	-
1,767,868	19,580	1,787,448	740,950	295,843	108,894
387,402	-	387,402	2,503,242	-	-
2,219,640	1,549	2,221,189	3,568,665	457,259	191,245
31,567,940	21,129	31,589,069	25,127,754	753,102	300,139
25,293,231	(89,282)	25,203,949	26,347,517	363,446	2,485,784
271,281,968	1,544,936	272,826,904	47,071,048	144,038,435	17,899,322
<u>\$ 296,575,199</u>	<u>1,455,654</u>	<u>298,030,853</u>	<u>73,418,565</u>	<u>144,401,881</u>	<u>20,385,106</u>

CITY OF INDIO
Governmental Funds
Balance Sheet
June 30, 2005

	General Fund	RDA Debt Service Fund	Capital Projects Fund
<u>Assets</u>			
Cash and investments	\$ 22,209,204	2,177,374	32,167,305
Cash with fiscal agent	-	23,656,261	-
Accounts receivable	641,350	-	2,100,000
Due from other governments	1,331,104	263,886	1,874,261
Due from other funds (note 3)	267,199	-	144,824
Interest receivable	160,186	18,623	146,805
Notes receivable	-	-	-
Prepaid items	43,265	-	-
Advances to other funds (note 3)	2,600,000	-	-
Advances to Water Authority	-	-	-
Deposit	-	-	-
Land held for resale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ 27,252,308	26,116,144	36,433,195
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 2,570,061	-	1,120,567
Accrued expenses	468,291	-	-
Due to other funds (note 3)	-	-	-
Advances from other funds (note 3)	-	-	-
Deferred revenue	-	-	2,535,000
Retentions payable	-	-	347,313
Pass-through payable	-	1,223,983	-
Deposits payable	5,356,825	-	250,000
	<hr/>	<hr/>	<hr/>
Total liabilities	8,395,177	1,223,983	4,252,880
Fund balances:			
Reserved:			
Encumbrances	27,042	-	544,070
Deposits and prepaids	43,265	-	-
Notes receivable	-	-	-
Low and moderate housing	-	-	-
Advances	2,600,000	-	-
Land held for resale	-	-	-
Debt service	-	7,445,154	-
Construction projects	-	17,447,007	-
Unreserved, reported in:			
General fund	16,186,824	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	31,636,245
	<hr/>	<hr/>	<hr/>
Total fund balances	18,857,131	24,892,161	32,180,315
Total liabilities and fund balances	\$ 27,252,308	26,116,144	36,433,195

See accompanying notes to basic financial statements.

Assessment Districts Fund	RDA Capital Projects Fund	Other Governmental Funds	Totals	
			2005	2004
-	1,741,686	10,726,665	69,022,234	49,383,488
11,054,101	-	711,483	35,421,845	11,630,755
-	2,610	-	2,743,960	549,087
-	-	489,871	3,959,122	2,225,934
-	-	-	412,023	53,420
-	-	68,937	394,551	156,568
-	1,988,822	250,010	2,238,832	2,503,172
-	-	120,114	163,379	625,970
-	-	-	2,600,000	602,169
-	-	-	-	4,758,719
-	3,206,000	-	3,206,000	570,000
-	6,905,752	-	6,905,752	1,917,709
<u>11,054,101</u>	<u>13,844,870</u>	<u>12,367,080</u>	<u>127,067,698</u>	<u>74,976,991</u>
-	208,768	126,505	4,025,901	7,249,521
-	-	-	468,291	318,393
-	144,824	267,199	412,023	53,420
-	2,600,000	-	2,600,000	1,352,169
-	-	-	2,535,000	535,261
-	31,510	-	378,823	336,902
-	-	-	1,223,983	1,223,983
-	25,000	6,116	5,637,941	2,031,797
-	<u>3,010,102</u>	<u>399,820</u>	<u>17,281,962</u>	<u>13,101,446</u>
-	17,017	6,276	594,405	884,430
-	3,206,000	120,114	3,369,379	1,195,970
-	1,988,822	250,010	2,238,832	2,503,172
-	-	2,704,962	2,704,962	1,082,671
-	-	-	2,600,000	5,360,888
-	6,905,752	-	6,905,752	1,917,709
-	-	794,147	8,239,301	4,087,464
-	-	-	17,447,007	-
-	-	-	16,186,824	11,297,659
-	-	8,089,633	8,089,633	6,209,454
<u>11,054,101</u>	<u>(1,282,823)</u>	<u>2,118</u>	<u>41,409,641</u>	<u>27,336,128</u>
<u>11,054,101</u>	<u>10,834,768</u>	<u>11,967,260</u>	<u>109,785,736</u>	<u>61,875,545</u>
<u>11,054,101</u>	<u>13,844,870</u>	<u>12,367,080</u>	<u>127,067,698</u>	<u>74,976,991</u>

CITY OF INDIO
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

Fund balances of governmental funds \$ 109,785,736

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

Capital assets have not been included as financial resources in governmental fund activity:

Capital assets	329,732,507
Accumulated depreciation	(105,431,746)

Long-term debt and compensated absences that have not been included in governmental fund activity:

Bonds payable	(40,270,000)
Certificates of participation	(3,540,000)
Capital lease obligations	(1,200,587)
Claims payable	(284,630)
Compensated absences	(1,258,913)
Unamortized bond issuance costs	1,141,056

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (1,720,495)

Deferred revenue balances relating to certain receivables are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria. 2,535,000

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:

Capital assets, net of depreciation	3,342,296
Long-term liabilities	(174,778)
Other assets and liabilities	<u>3,919,753</u>

Net assets of governmental activities \$ 296,575,199

See accompanying notes to basic financial statements.

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CITY OF INDIO
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2005

	<u>General Fund</u>	<u>RDA Debt Service Fund</u>	<u>Capital Projects Fund</u>
Revenues:			
Taxes	\$ 17,898,167	5,038,884	-
Special assessments	-	-	-
Licenses and permits	5,932,489	-	-
Intergovernmental	3,632,656	-	4,785,884
Charges for services	6,393,679	-	-
Fines	608,005	-	-
Investment income	859,441	424,448	410,013
Developer fees	-	-	15,730,821
Miscellaneous	701,486	-	-
Contributions from property owners	-	-	-
Total revenues	<u>36,025,923</u>	<u>5,463,332</u>	<u>20,926,718</u>
Expenditures			
Current:			
General government	6,070,160	-	-
Public safety	17,277,738	-	-
Public works	1,839,061	-	10,131,845
Community development	4,710,709	8,861	-
Culture and leisure	954,184	-	-
Debt service:			
Principal	-	360,000	-
Interest and other charges	-	3,048,397	-
Payment to bond escrow agent	-	324,281	-
ERAF payment	-	-	-
Pass-through payments	-	1,046,489	-
Total expenditures	<u>30,851,852</u>	<u>4,788,028</u>	<u>10,131,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,174,071</u>	<u>675,304</u>	<u>10,794,873</u>
Other financing sources (uses):			
Payment to bond escrow agent	-	(2,335,037)	-
Interfund transfers in (note 3)	820,307	-	6,314,927
Interfund transfers out (note 3)	(5,437,680)	(2,852,394)	(138,302)
Issuance of debt	750,178	28,615,000	-
Total other financing sources (uses)	<u>(3,867,195)</u>	<u>23,427,569</u>	<u>6,176,625</u>
Net change in fund balances	1,306,876	24,102,873	16,971,498
Fund balances at beginning of year, as restated (note 18)	<u>17,550,255</u>	<u>789,288</u>	<u>15,208,817</u>
Fund balances at end of year	<u>\$ 18,857,131</u>	<u>24,892,161</u>	<u>32,180,315</u>

See accompanying notes to basic financial statements.

Assessment Districts Fund	RDA Capital Projects Fund	Other Governmental Funds	Totals	
			2005	2004
-	-	3,973,400	26,910,451	24,010,739
-	-	776,818	776,818	496,989
-	-	-	5,932,489	5,092,871
-	-	1,236,125	9,654,665	6,618,028
-	66,000	-	6,459,679	5,710,743
-	-	172,000	780,005	661,668
185,672	221,097	249,358	2,350,029	962,167
-	-	-	15,730,821	4,136,335
9,301	101,435	198,144	1,010,366	951,927
<u>10,921,056</u>	<u>-</u>	<u>-</u>	<u>10,921,056</u>	<u>11,485,563</u>
<u>11,116,029</u>	<u>388,532</u>	<u>6,605,845</u>	<u>80,526,379</u>	<u>60,127,030</u>
-	-	80,044	6,150,204	5,165,122
-	-	436,342	17,714,080	14,141,861
8,255,762	-	631,457	20,858,125	15,964,431
-	2,580,259	6,501.00	7,306,330	5,620,717
-	-	2,742,493	3,696,677	955,343
-	-	1,144,799	1,504,799	1,452,418
-	-	237,641	3,286,038	1,097,823
-	-	-	324,281	-
-	320,357	-	320,357	145,052
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,046,489</u>	<u>1,052,445</u>
<u>8,255,762</u>	<u>2,900,616</u>	<u>5,279,277</u>	<u>62,207,380</u>	<u>45,595,212</u>
<u>2,860,267</u>	<u>(2,512,084)</u>	<u>1,326,568</u>	<u>18,318,999</u>	<u>14,531,818</u>
-	-	-	(2,335,037)	-
-	2,852,622	653,673	10,641,529	6,683,172
-	(32,829)	(2,180,324)	(10,641,529)	(6,632,472)
<u>-</u>	<u>-</u>	<u>-</u>	<u>29,365,178</u>	<u>-</u>
<u>-</u>	<u>2,819,793</u>	<u>(1,526,651)</u>	<u>27,030,141</u>	<u>50,700</u>
2,860,267	307,709	(200,083)	45,349,140	14,582,518
<u>8,193,834</u>	<u>10,527,059</u>	<u>12,167,343</u>	<u>64,436,596</u>	<u>47,293,027</u>
<u>11,054,101</u>	<u>10,834,768</u>	<u>11,967,260</u>	<u>109,785,736</u>	<u>61,875,545</u>

CITY OF INDIO
 Governmental Funds
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to Statement Activities
 Year ended June 30, 2005

Changes in fund balances of governmental funds	\$ 45,349,140
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	3,994,433
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	3,668,721
Issuance of debt increases liabilities in the Statement of Net Assets and do not result in a revenue in the Statement of Activities:	
Debt issued	(29,365,178)
Bond issuance costs	1,141,056
Accrued interest expense related to the long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest incurred on long-term liabilities.	(1,328,356)
To record as an expense the net change in compensated absences in the statement of activities.	(116,081)
Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	2,670,261
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities.	<u>(720,765)</u>
Changes in net assets of governmental activities	<u>\$ 25,293,231</u>

See accompanying notes to basic financial statements.

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CITY OF INDIO
Proprietary Funds

Statement of Net Assets

June 30, 2005

	Business-Type Activities		Governmental Activities	
	Nonmajor - Golf Course		Internal Service Funds	
	2005	2004	2005	2004
Assets:				
Current assets:				
Cash and investments	\$ 936,771	998,759	3,818,067	3,297,005
Deposit with other agencies	-	-	33,019	49,654
Accounts receivable	-	-	-	1,943
Interest receivable	5,996	3,566	15,500	9,922
Advances to other funds	-	-	-	750,000
Prepaid items	-	-	22,735	24,705
Inventory	-	5,857	38,211	34,872
Total current assets	942,767	1,008,182	3,927,532	4,168,101
Noncurrent assets:				
Capital assets:				
Land	465,960	386,141	-	-
Buildings	-	92,130	-	-
Machinery, equipment and furniture	207,450	174,858	8,173,789	3,494,497
Accumulated depreciation	(115,970)	(97,823)	(4,831,493)	(3,404,450)
Total capital assets (net of accumulated depreciation)	557,440	555,306	3,342,296	90,047
Total assets	1,500,207	1,563,488	7,269,828	4,258,148
Liabilities:				
Current liabilities:				
Accounts payable	44,553	24,625	153,593	118,085
Accrued payroll	-	-	28,964	22,634
Claims payable	-	-	50,000	-
Noncurrent liabilities:				
Claims payable	-	-	124,778	226,656
Total liabilities	44,553	24,625	357,335	367,375
Net assets:				
Invested in capital assets	557,440	555,306	3,342,296	90,047
Unrestricted	898,214	983,557	3,570,197	3,800,726
Total net assets	\$ 1,455,654	1,538,863	6,912,493	3,890,773

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended June 30, 2005

	Business-Type Activities		Governmental Activities	
	Nonmajor - Golf Course		Internal Service Funds	
	2005	2004	2005	2004
Operating revenues:				
Charges for services	\$ 672,735	686,388	4,014,893	4,281,436
Total operating revenues	672,735	686,388	4,014,893	4,281,436
Operating expenses:				
Personnel services	-	-	548,923	420,983
Contractual services	511,300	291,396	368,219	398,007
Depreciation	15,253	17,152	1,050,939	263,629
Repairs and maintenance	42,556	11,238	318,031	261,484
Supplies	214,037	266,987	1,146,944	1,042,184
Claims and judgments	-	-	1,887,683	1,259,652
Total operating expenses	783,146	586,773	5,320,739	3,645,939
Operating income (loss)	(110,411)	99,615	(1,305,846)	635,497
Nonoperating revenues (expenses):				
Investment income	19,580	13,775	46,630	26,553
Miscellaneous	1,549	2,500	5,374	601,468
Total nonoperating revenues (expenses)	21,129	16,275	52,004	628,021
Income (loss) before transfers and capital contributions	(89,282)	115,890	(1,253,842)	1,263,518
Interfund transfers and capital contributions:				
Interfund transfers out	-	(50,700)	-	-
Capital contributions	-	-	533,077	-
Changes in net assets	(89,282)	65,190	(720,765)	1,263,518
Net assets at beginning of year, as restated (note 18)	1,544,936	1,473,673	7,633,258	2,627,255
Net assets at end of year	\$ 1,455,654	1,538,863	6,912,493	3,890,773

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2005

	Business Type Activities		Governmental Activities	
	Nonmajor - Golf Course		Internal Service Funds	
	2005	2004	2005	2004
Cash flows from operating activities:				
Cash received from customers	\$ 678,592	686,388	-	-
Cash received from user departments	-	-	4,033,471	4,279,493
Cash payments to suppliers for for goods and services	(747,965)	(579,845)	(3,737,048)	(3,864,413)
Cash payments to employees for services	-	-	(544,161)	(411,595)
Miscellaneous receipts	1,549	2,500	5,374	601,468
Net cash provided by (used for) operating activities	(67,824)	109,043	(242,364)	604,953
Cash flows from non-capital and related financing activities:				
Cash received from other funds	-	-	750,000	-
Cash paid to other funds	-	(50,700)	-	-
Net cash provided by (used for) non-capital and related financing activities	-	(50,700)	750,000	-
Cash flows from capital and related activities:				
Acquisition of capital assets	(11,314)	(20,647)	(27,626)	(32,837)
Net cash provided by (used for) capital and related financing activities	(11,314)	(20,647)	(27,626)	(32,837)
Cash flows from investing activities:				
Interest received on investments	17,150	14,231	41,052	23,950
Net cash provided by (used for) investing activities	17,150	14,231	41,052	23,950
Net increase (decrease) in cash and cash equivalents	(61,988)	51,927	521,062	596,066
Cash and cash equivalents at beginning of year	998,759	946,832	3,297,005	2,700,939
Cash and cash equivalents at end of year	\$ 936,771	998,759	3,818,067	3,297,005

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds

Statement of Cash Flows

(Continued)

	Business Type Activities		Governmental Activities	
	Nonmajor - Golf Course		Internal Service Funds	
	2005	2004	2005	2004
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (110,411)	99,615	(1,305,846)	635,497
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	15,253	17,152	1,050,939	263,629
Miscellaneous nonoperating income (expense)	1,549	2,500	5,374	601,468
(Increase) decrease in deposits with other agencies	-	-	16,635	-
(Increase) decrease in accounts receivable	-	-	1,943	(1,943)
(Increase) decrease in prepaid items	-	-	1,970	(21,346)
(Increase) decrease in inventory	5,857	-	(3,339)	(33,872)
(Increase) decrease in other assets	-	-	-	114,393
Increase (decrease) in accounts payable	19,928	(10,224)	35,508	(31,349)
Increase (decrease) in accrued payroll	-	-	6,330	9,217
Increase (decrease) in claims and judgments payable	-	-	(51,878)	(930,741)
	-	-	(51,878)	(930,741)
Net cash provided by (used for) operating activities	\$ (67,824)	109,043	(242,364)	604,953

There were no noncash financing, capital or investing transactions for the years ended June 30, 2005 and 2004

CITY OF INDIO
Fiduciary Funds

Statement of Assets and Liabilities

June 30, 2005

	<u>2005</u>	<u>2004</u>
<u>Assets</u>		
Cash and investments (note 2)	\$ 2,558,119	1,940,582
Cash with fiscal agent (note 2)	4,610,317	3,587,915
Due from other governments	85,317	73,737
Interest receivable	<u>9,091</u>	<u>5,335</u>
Total assets	<u>\$ 7,262,844</u>	<u>5,607,569</u>
<u>Liabilities</u>		
Accounts payable	\$ 88,301	155,304
Deposits payable	313,203	225,000
Due to bondholders	<u>6,861,340</u>	<u>5,227,265</u>
Total liabilities	<u>\$ 7,262,844</u>	<u>5,607,569</u>

See accompanying notes to basic financial statements.

CITY OF INDIO

Notes to Basic Financial Statements

Year ended June 30, 2005

(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 Basic 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. Separate financial statements of the Authority are not prepared.

- 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 Basic 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. Separate financial statements of the Indio Water Authority are prepared and can be obtained at City Hall.

(b) Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City of Indio has one discretely presented component unit. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

(b) Measurement Focus and Basis of Accounting, (Continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

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

Fund Financial Statements

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

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are represented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

(b) Measurement Focus and Basis of Accounting, (Continued)

Governmental Funds

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

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

(b) Measurement Focus and Basis of Accounting, (Continued)

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

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

Due to their nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City’s enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

(b) Measurement Focus and Basis of Accounting, (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditures. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

(c) Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB 34. The City reports the following major governmental funds:

General Fund – The General Fund is used to account for resources traditionally associated with governments, which are not legally required or by sound financial management to be accounted for in another fund.

RDA Debt Service 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 Redevelopment Agency project area.

Capital Projects Fund – This fund is used to account for capital projects of the City with resources from bond financing, developer fees, government grants and investment income.

Assessment District Fund – This fund is used to account for revenues and expenditures associated with construction in the various Assessment Districts.

RDA Capital Projects Fund – This fund is used to account for the financial resources to be used for the development and redevelopment of the redevelopment project areas, including acquisition of properties, cost of site improvements, other costs of benefit to the project area, and administrative expenses incurred in sustaining the Redevelopment Agency of the City of Indio.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

(c) Fund Classification, (Continued)

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

Internal Service Funds. These funds have been established to finance and account for goods and services provided by one City department to other City departments or agencies. Such goods and services include: worker's compensation, employee accrued liability, data processing equipment and services, equipment maintenance and equipment repair.

Agency Funds. These funds are established to account for assets received and held by the City while acting in the capacity as agents or custodians. Cash and deposits are maintained for activities associated with various associations and third party projects.

(d) 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, 2005, proceeds of taxes did not exceed appropriations.

(e) 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.

(f) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly 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 have an original maturity date of three months or less from the date of purchase.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost 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, except for assets held by fiscal agents. 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.

(g) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$1,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include additions to public domain (infrastructure) general capital assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains. Public domain assets acquired prior to 1980 have been included in the accompanying financial statements.

The following schedule summarizes capital asset useful lives:

Buildings	20 years
Equipment	3-25 years
Improvements	10-50 years
Infrastructure	5-50 years
Water Wells and pumps	70 years

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

(h) Compensated Absences

Employees can carry forward, for use in subsequent years, earned but unused vacation and sick leave benefits. Upon termination, the City is obligated to compensate employees for all earned but unused vacation days. Upon termination, employees that have provided at least 15 years of service to the City are reimbursed for 50% to 75% of earned but unused sick leave benefits.

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. The General Fund is typically used to liquidate the liability for compensated absences.

If material, a proprietary fund liability is accrued for all 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 government-wide financial statements. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due.

(i) Advances to Other Funds

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

(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.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

(k) 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

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

(l) 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.

(m) Comparative Data

Totals for the prior year have been presented in the accompanying financial statements for comparison purposes. However, these totals do not represent a complete presentation of the prior year data in accordance with accounting principles generally accepted in the United State of America because a breakdown by fund type has not also been presented. Certain reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 82,195,433
Cash and investments held by bond trustee	42,275,587
Fiduciary Funds:	
Cash and investments	2,558,119
Cash and investments held by bond trustee	<u>4,610,317</u>
Total cash and investments	<u>\$ 131,639,456</u>

Cash and investments as of June 30, 2005 consist of the following:

Cash on hand	\$ 4,075
Deposits with financial institutions	18,104,770
Investments	<u>113,530,611</u>
Total cash and investments	<u>\$ 131,639,456</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Investment Types Authorized by State Law</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment In One Issuer*</u>
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

<u>Investment Types Authorized by State Law</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment In One Issuer*</u>
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	270 days	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

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

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
State investment pool	\$ 66,671,644	66,671,644	-	-	-
Held by bond trustee:					
Money market funds	<u>46,858,967</u>	<u>46,858,967</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 113,530,611</u>	<u>113,530,611</u>	<u>-</u>	<u>-</u>	<u>-</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State investment pool	\$ 66,671,644	N/A	-	-	-	66,671,644
Held by bond trustee:						
Money market funds	622,228	AA	-	622,228	-	-
Money market funds	20,818,799	AAA	-	20,818,799	-	-
Money market funds	<u>25,417,940</u>	N/A	<u>-</u>	<u>25,417,940</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 113,530,611</u>		<u>-</u>	<u>46,858,967</u>	<u>-</u>	<u>66,671,644</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2005, \$17,116,907 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized account(s).

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency'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.

(3) Interfund Receivables, Payables and Transfers

Long-term interfund receivables and payables as of June 30, 2005 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Capital Projects	<u>\$2,600,000</u>

In June 2005 a loan was made to the Redevelopment Agency. The terms of the loan are stipulated as such that the Redevelopment Agency will make minimum monthly payments of \$35,000 and the term of the loan shall not exceed 15 years in length.

Due to/due from other funds as of June 30, 2005 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Homeland Security	\$ 145,299
General Fund	Community Facilities District	121,900
Capital Projects	Redevelopment Capital Projects	<u>144,824</u>
Total		<u>\$ 412,023</u>

These short-term interfund borrowings were made to cover cash deficits at June 30, 2005.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(3) Interfund Receivables, Payables and Transfers, (Continued)

Transfers in and out for the year ended June 30, 2005 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Capital Project Fund	\$ 5,000,000 (a)
	Other Governmental Funds	437,680
Redevelopment Capital Projects	Capital Project Fund	31,142
	General Fund	1,687
Capital Project Fund	General Fund	138,074
	Redevelopment Capital Project	228
Other Governmental Funds	Capital Projects Fund	1,283,785 (b)
	General Fund	680,546 (c)
	Other Governmental Funds	215,993 (d)
Redevelopment Debt Service	Redevelopment Capital Project	<u>2,852,394</u> (e)
	Total	<u>\$10,641,529</u>

Interfund transfers were principally used for the following purposes:

- (a) \$5,000,000 was transferred from the General Fund to the Capital Projects Fund to be used for various capital projects.
- (b) \$1,176,953 was transferred from the Measure A Fund to the Capital Projects Fund for street related expenditures.
- (c) \$255,000 was transferred from Public Safety Fund to the General Fund to cover police related expenditures. \$189,750 was transferred from the CDBG Fund to cover housing related expenditures paid by the General Fund.
- (d) \$212,928 was transferred from Public Safety Fund to Traffic Safety Fund to cover traffic related expenditures.
- (e) \$2,852,394 was transferred from Redevelopment Debt Service Fund to Redevelopment Capital Projects Fund to contribute to Capital Projects currently under construction.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

<u>(4) Notes Receivable</u>		<u>Outstanding at June 30, 2005</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.	\$ 1,988,824
	Various first time home buyer notes were issued to homeowners in the amount of \$250,010.	<u>250,010</u>
	Total	<u>\$ 2,238,832</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2005 is as follows:

Governmental Activities:

	<u>Restated* Balance at June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2005</u>
Structures and improvements	\$ 3,681,818	272,737	-	3,954,555
Machinery, equipment and Vehicles	7,613,086	560,703	-	8,173,789
Infrastructure:				
Street network	<u>260,312,224</u>	<u>6,533,688</u>	<u>-</u>	<u>266,845,912</u>
Total cost of depreciable assets	<u>271,607,129</u>	<u>7,367,127</u>	<u>-</u>	<u>278,974,256</u>
Less accumulated depreciation:				
Structures and improvements	2,024,593	86,580	-	2,111,173
Machinery, equipment and vehicles	3,780,554	1,050,939	-	4,831,493
Infrastructure:				
Street network	<u>96,654,487</u>	<u>6,666,086</u>	<u>-</u>	<u>103,320,573</u>
Total accumulated depreciation	<u>102,459,634</u>	<u>7,803,605</u>	<u>-</u>	<u>110,263,239</u>
Net depreciable assets	169,147,495	(436,478)	-	168,711,017
Capital assets not depreciated:				
Construction in progress	3,536,076	7,885,449	(6,136,272)	5,285,253
Land	4,454,007	2,442,241	(250,744)	6,645,504
Right of way	<u>47,001,283</u>	<u>-</u>	<u>-</u>	<u>47,001,283</u>
Capital assets, net	<u>\$ 224,138,861</u>	<u>9,891,212</u>	<u>(6,387,016)</u>	<u>227,643,057</u>

*Restatements have been reflected in the June 30, 2004 balances based on a physical inventory that was completed during the fiscal year ending June 30, 2005.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(5) Capital Assets, (Continued)

Depreciation expense, including \$1,050,939 of internal service depreciation, was charged in the following functions in the Statement of Activities:

General government	\$ 179,322
Public works	215,256
Public safety	7,397,448
Community development	5,864
Culture and leisure	<u>5,715</u>
	<u>\$ 7,803,605</u>

Business-type activities:

	<u>Restated*</u> <u>Balance at</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2005</u>
Machinery, equipment and vehicles	\$ <u>196,136</u>	<u>11,314</u>	<u>-</u>	<u>207,450</u>
Total cost of depreciable assets	<u>196,136</u>	<u>11,314</u>	<u>-</u>	<u>207,450</u>
Less accumulated depreciation:				
Machinery, equipment and vehicles	<u>100,717</u>	<u>15,253</u>	<u>-</u>	<u>115,970</u>
Total accumulated depreciation	<u>100,717</u>	<u>15,253</u>	<u>-</u>	<u>115,970</u>
Net depreciable assets	95,419	(3,939)	-	91,480
Capital assets not depreciated:				
Land	<u>465,960</u>	<u>-</u>	<u>-</u>	<u>465,960</u>
Capital assets, net	<u>\$ 561,379</u>	<u>(3,939)</u>	<u>-</u>	<u>557,440</u>

* Restatements have been reflected in the June 30, 2004 balances based on a physical inventory that was completed during the fiscal year ending June 30, 2005.

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

Golf	<u>\$ 15,253</u>
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CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(5) Capital Assets, (Continued)

Component Unit:

	Restated* Balance at <u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2005</u>
Machinery, equipment and vehicles	\$ 1,035,255	131,350	-	1,166,605
Utility distribution system	<u>189,138,224</u>	<u>2,653,069</u>	-	<u>191,791,293</u>
Total cost of Depreciable assets	<u>190,173,479</u>	<u>2,784,419</u>	-	<u>192,957,898</u>
Less accumulated depreciation:				
Machinery, equipment and vehicles	482,974	121,231	-	604,205
Utility distribution system	<u>48,789,138</u>	<u>3,192,591</u>	-	<u>51,981,729</u>
Total accumulated depreciation	<u>49,272,112</u>	<u>3,313,822</u>	-	<u>52,585,934</u>
Net depreciable assets	140,901,367	(529,403)	-	140,371,964
Capital assets not depreciated:				
Land	<u>98,528</u>	-	-	<u>98,528</u>
Capital assets, net	<u>\$ 140,999,895</u>	<u>(529,403)</u>	-	<u>140,470,492</u>

* Restatements have been reflected in the June 30, 2004 balances based on a physical inventory that was completed during the fiscal year ending June 30, 2005.

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

Water	<u>\$ 3,313,822</u>
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CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(6) Changes in Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2005 were as follows:

	Balance at June 30, 2004	Additions	Retirements	Balance at June 30, 2005	Amount Due Within One Year	Amount Due Beyond One Year
<u>Governmental activities:</u>						
Bonds payable:						
1997 Series A Bonds	\$ 950,000	-	(35,000)	915,000	35,000	880,000
1997 Series B Bonds	7,140,000	-	(155,000)	6,985,000	160,000	6,825,000
1997 Series C Bonds	2,380,000	-	(2,380,000)	-	-	-
1999 Revenue Refunding Bonds	3,880,000	-	(125,000)	3,755,000	135,000	3,620,000
2004 A Tax Allocation Refunding Bonds	-	9,760,000	-	9,760,000	95,000	9,665,000
2004 B Tax Allocation Refunding Bonds	-	18,855,000	-	18,855,000	-	18,855,000
Subtotal	<u>14,350,000</u>	<u>28,615,000</u>	<u>(2,695,000)</u>	<u>40,270,000</u>	<u>425,000</u>	<u>39,845,000</u>
Capital lease obligations	1,385,207	750,178	(1,934,798)	1,200,587	517,859	682,728
Participation agreements	40,000	-	(40,000)	-	-	-
Certificates of participation	3,750,000	-	(210,000)	3,540,000	215,000	3,325,000
Compensated absences	1,142,832	617,065	(500,984)	1,258,913	500,000	758,913
Claims payable	<u>306,906</u>	<u>286,761</u>	<u>(309,037)</u>	<u>284,630</u>	<u>80,000</u>	<u>204,630</u>
Subtotal	<u>6,624,945</u>	<u>1,654,004</u>	<u>(1,994,819)</u>	<u>6,284,130</u>	<u>1,312,859</u>	<u>4,971,271</u>
Total	<u>\$20,974,945</u>	<u>30,269,004</u>	<u>(4,689,819)</u>	<u>46,554,130</u>	<u>1,737,859</u>	<u>44,816,271</u>
<u>Component Unit:</u>						
Bonds payable:						
2004 Water Enterprise Revenue Bond	\$ -	12,000,000	(200,000)	11,800,000	270,000	11,530,000
Capital lease obligations	169,896	-	(83,323)	86,573	86,573	-
Advance from General Fund	4,758,719	-	(4,758,719)	-	-	-
Compensated absences	<u>126,096</u>	<u>53,429</u>	<u>(74,966)</u>	<u>104,559</u>	<u>75,000</u>	<u>29,559</u>
Total	<u>\$ 5,054,711</u>	<u>12,053,459</u>	<u>4,717,008</u>	<u>11,991,132</u>	<u>431,573</u>	<u>11,559,559</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(7) Obligations under Capital Leases

Component Unit:

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, 2005 on this contract was \$86,573.

Governmental Activities:

Police Department Computer System Lease – A seven-year contract was entered into on April 25, 2000 for the purchase of the police department computer system. Annual payments consisting of principal and interest are \$183,915. The balance at June 30, 2005 on this contract was \$310,983.

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, 2005 on this contract was \$68,551.

Squad Cars – A four-year contract was entered into September 17, 2002 for the purchase of 12 squad cars. Annual payments of principal and interest are \$199,583. Upon completion of all lease payments the City has the option to purchase the vehicles for \$1. The balance at June 30, 2005 on this contract was \$190,989.

Fire Truck – A seven year contract was entered into March 1, 2005 for the purchase of Fire Truck. Annual payments of principal and interest are \$120,114. The balance at June 30, 2005 on this contract was \$630,064.

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

Amount of future lease payments for the year ending June 30,	Governmental Activities					Component Unit
	Police Computer	Sweepers	Squad Cars	Fire Truck	Totals	Scada System
2006	\$ 183,915	72,150	199,583	120,114	575,762	89,949
2007	183,915	-	-	120,114	304,029	-
2008	-	-	-	120,114	120,114	-
2009	-	-	-	120,114	120,114	-
2010	-	-	-	120,114	120,114	-
2011	-	-	-	120,114	120,114	-
Less amount representing interest	<u>(56,847)</u>	<u>(3,599)</u>	<u>(8,594)</u>	<u>(90,620)</u>	<u>(159,660)</u>	<u>(3,376)</u>
Present value of future lease payments	<u>\$ 310,983</u>	<u>68,551</u>	<u>190,989</u>	<u>630,064</u>	<u>1,200,587</u>	<u>86,573</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(8) Liability, Property and Workers Compensation Protection

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Indio is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 106 California public entities and is organized under a joint powers agreement pursuant to California Government Code subsection 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

Self-Insurance Programs of the Authority

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$15,000,000 are pooled based on payroll. Costs of covered claims above \$15,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Workers Compensation - The City of Indio also participates in the workers compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City of Indio is charged for the first \$50,000 of each claim. Costs from \$50,001 to \$100,000 per claim are pooled based on the member's losses under its retention level. Costs between \$100,001 and \$2,000,000 per claim are pooled based on payroll. Costs between \$2,000,000 and \$50,000,000 are paid by excess insurance purchased by the Authority. Costs in excess of \$50,000,000 are pooled by the members based on payroll.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(8) Liability, Property and Workers Compensation Protection, (Continued)

Purchased Insurance

Environmental Insurance - The City of Indio participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Indio. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$120,000,000 for the 3-year period from July 1, 2002 through June 30, 2005. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

Property Insurance - The City of Indio participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Indio property is currently insured according to a schedule of covered property submitted by the City of Indio to the Authority. Total all-risk property insurance coverage is \$100,000,000. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance - The City of Indio purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City of Indio property currently has earthquake protection in the amount of \$300,000,000. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

Special Event Tenant Use Liability Insurance - The City of Indio further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City of Indio according to a schedule. The City of Indio then pays for the insurance. The insurance is arranged by the Authority.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(8) Liability, Property and Workers Compensation Protection, (Continued)

Adequacy of Protection

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

Changes in the claim payable amounts in fiscal years 2003 and 2004 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>
2002-03	1,556,696	350,000	(408,799)	1,497,897
2003-04	1,497,897	80,000	(1,270,991)	306,906
2004-05	306,906	286,761	(309,037)	284,630

(9) Tax Increment Revenue Bonds

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

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. 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, 2005 was \$915,000.

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, 2005 was \$6,985,000.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(9) Tax Increment Revenue Bonds, (Continued)

Tax Increment Revenue Refunding Bonds, 1997 Series A, and B, (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. At June 30, 2005, the actual reserve for Series B was \$286,905. 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, 2005 was \$3,755,000.

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 \$332,350. At June 30, 2005 the actual reserve amount was \$332,350.

Tax Allocation Bonds, Series 2004A and B

In July 2004, the City of Indio Redevelopment Agency issued \$9,760,000 Tax Allocation Bonds Series 2004A and \$18,855,000 Subordinate Tax Allocation Bonds Series 2004B. The proceeds were used to finance redevelopment activities of the Agency and to advance refund Tax Increment Revenue Refunding Bonds 1997 Series C. \$2.4 million of the net proceeds (after payment of \$1.1 million in underwriting fees, insurance, and other issuance costs) plus an additional \$.3 million of 1997 Series C sinking fund monies were used to purchase U.S. government securities.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(9) Tax Increment Revenue Bonds, (Continued)

Tax Allocation Bonds, Series 2004A and B, (Continued)

Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The 2004A bonds consist of \$500,000 of serial bonds and \$9,260,000 of term bonds. The serial bonds accrue interest at rates between 4.125% and 5.00% and the principal amounts mature between August 15, 2005 and August 15, 2009 in amounts ranging from \$95,000 to \$110,000. Term bonds of \$645,000 accrue interest at 5.60% and mature on August 15, 2014, and bonds of \$8,615,000 accrue interest at 6.30% and mature on August 15, 2033.

The 2004B bonds consist of \$1,975,000 serial bonds and \$16,880,000 of term bonds. The serial bonds accrue interest at rates between 3.75% and 5.75% and the principal amounts mature between August 15, 2007 and August 15, 2017 in amounts ranging from \$140,000 to \$230,000. Term bonds of \$1,870,000 accrue interest at 6.25% and mature on August 15, 2024, bonds of \$3,620,000 accrue interest at 6.375% and mature on August 15, 2033, and bonds of \$11,390,000 accrue interest at 6.50% and mature on August 15, 2034.

The Series 2004A term bonds maturing in the years 2014 and 2033 are subject to mandatory sinking account redemption on each August 15, commencing on August 15, 2010 and August 15, 2015, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

The Series 2004B term bonds maturing in the years 2024, 2033 and 2034 are subject to mandatory sinking account redemption on each August 15, commencing on August 15, 2018, August 15, 2025, and August 15, 2007, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

Per the terms of the bond indenture, the Series 2004A and Series 2004B are required to maintain a reserve in the amount of 10% of the original proceeds, 125% of the average annual debt service for that every subsequent bond year, or 10% of the issue price of the bonds held in the Special Escrow Fund. At June 30, 2005, the reserve was fully funded and the outstanding balance of the Series 2004A and Series 2004B bonds was \$9,760,000 and \$18,855,000, respectively.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt that is immaterial. The City completed the advance refunding and increased its total debt service payments over the next 28 years by \$312,582 which resulted in an economic loss (difference between the present values of the old and new debt service payments) of \$1,992,772.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(9) Tax Increment Revenue Bonds, (Continued)

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, 2004, \$12,420,000 of bonds outstanding are considered defeased.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 425,000	2,414,192
2007	445,000	2,392,787
2008	775,000	2,371,615
2009	810,000	2,331,208
2010	855,000	2,289,147
2011	900,000	2,242,743
2012	950,000	2,191,602
2013	1,005,000	2,137,257
2014	1,060,000	2,079,253
2015	1,120,000	2,017,151
2016	1,185,000	1,951,434
2017	1,260,000	1,880,138
2018	1,330,000	1,804,457
2019	1,415,000	1,724,330
2020	1,500,000	1,637,741
2021	1,435,000	1,547,505
2022	1,520,000	1,465,156
2023	1,615,000	1,371,651
2024	1,375,000	1,288,425
2025	1,460,000	1,203,886
2026	1,550,000	1,114,301
2027	1,645,000	1,018,634
2028	1,745,000	917,268
2029	1,855,000	822,543
2030	1,970,000	704,148
2031	2,095,000	578,409
2032	2,230,000	444,696
2033	2,375,000	302,360
2034	1,990,000	150,766
2035	<u>375,000</u>	<u>24,375</u>
Total	<u>\$ 40,270,000</u>	<u>44,416,178</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(10) Certificates of Participation

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 were 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. The outstanding principal balance at June 30, 2005 was \$3,540,000.

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 ten percent (10%) of the net proceeds of the Certificates. The required amount of the reserve fund was \$375,000. At June 30, 2005, the actual reserve amount was \$376,166.

The annual debt service requirements to maturity for certificate of participations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 215,000	153,788
2007	220,000	147,263
2008	230,000	140,513
2009	235,000	132,363
2010	245,000	122,763
2011	255,000	112,763
2012	265,000	102,363
2013	275,000	90,531
2014	290,000	76,388
2015	300,000	60,900
2016	320,000	44,625
2017	335,000	27,431
2018	<u>355,000</u>	<u>9,315</u>
Total	<u>\$ 3,540,000</u>	<u>1,221,006</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(11) Water Enterprise Revenue Bond

Enterprise Revenue Bonds, Series 2004

In January 2005, the Indio Water Authority issued \$12,000,000 Enterprise Revenue Bonds Series 2004. The proceeds were used to finance additional facilities of the Water Enterprise and to repay certain obligations of the Authority to the City of Indio.

The 2004 bonds consist of \$5,160,000 of serial bonds and \$6,840,000 of term bonds. The serial bonds accrue interest at rates between 2.00% and 5.00% and the principal amounts mature between April 1, 2005 and April 1, 2019 in amounts ranging from \$200,000 to \$460,000. Term bonds of \$1,515,000 accrue interest at 5.00% and mature on April 1, 2022, and bonds of \$5,325,000 accrue interest at 5.125% and mature on April 1, 2030.

The 2004 term bonds maturing in the years 2022 and 2030 are subject to mandatory sinking account redemption on each April 1, commencing on April 1, 2020 and April 1, 2023, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

Per the terms of the bond indenture, the Series 2004 bonds are required to maintain a reserve in the amount of 10% of the original proceeds, 125% of the average annual debt service for that every subsequent bond year, or 10% of the issue price of the bonds held in the Special Escrow Fund. At June 30, 2005, the reserve was fully funded and the outstanding balance of the Series 2004 bonds was \$11,800,000.

The Authority and the City shall fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Water Enterprise during each fiscal year which are sufficient to yield net revenues for the Water Enterprise, which are at least equal to 125% of the total debt service payments coming due and payable in such fiscal year

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(11) Water Enterprise Revenue Bond, (Continued)

The annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 270,000	556,044
2007	280,000	547,944
2008	290,000	539,544
2009	300,000	527,944
2010	315,000	512,944
2011	330,000	497,194
2012	345,000	485,314
2013	355,000	472,204
2014	370,000	458,004
2015	385,000	442,834
2016	400,000	426,471
2017	420,000	409,071
2018	440,000	390,171
2019	460,000	369,931
2020	480,000	348,656
2021	505,000	324,656
2022	530,000	299,406
2023	555,000	272,906
2024	585,000	244,463
2025	615,000	214,481
2026	645,000	182,963
2027	680,000	149,906
2028	710,000	115,056
2029	750,000	78,669
2030	<u>785,000</u>	<u>40,231</u>
Total	<u>\$11,800,000</u>	<u>8,907,007</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(12) 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, 2005 was \$500,000.

\$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 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 principal amount of the bonds outstanding at June 30, 2005 was \$5,650,000.

\$8,500,000 City of Indio Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds (Montevideo Apartments), 1998 Series

On October 1, 1998 the City of Indio issued \$8,500,000 of 1988 Series Variable Rate Demand Multifamily Housing Revenue Refunding Bonds. The bonds mature on October 1, 2008. 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 principal amount of the bonds outstanding at June 30, 2005 was \$8,500,000.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

Assessment District Limited Obligation Bonds

The City of Indio issued the following Limited Obligation Improvement Bonds to finance the costs of acquisition of certain public improvements serving property within the prospective Assessment Districts. The bonds are payable from annual installments collected on regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the City is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the financial statements.

<u>Description</u>	<u>Issuance Date</u>	<u>Face Value</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding Principal as of June 30, 2005</u>
A.D. No. 99-1	12/16/1999	\$3,160,000	7.125%	9/2/2020	\$ 2,835,000
A.D. No. 01-1	7/10/2001	\$4,840,143	6.500%	9/2/2026	\$ 4,650,000
A.D. No. 02-1	5/2/2002	\$4,403,000	5.25% to 6.375%	9/2/2027	\$ 4,315,000
A.D. No. 02-2	8/8/2002	\$2,761,000	2.75% to 6.125%	9/2/2027	\$ 2,655,000
A.D. No. 02-3	11/27/2002	\$5,319,050	4.00% to 6.35%	9/2/2027	\$ 5,080,050
A. D. No. 90-1	7/18/2002	\$2,260,000	4.700%	9/2/2013	\$ 1,935,000
A.D. No. 03-1	1/15/2004	\$2,450,500	2.375% to 6.10%	9/2/2014	\$ 2,450,000
A.D. No. 03-2	1/15/2004	\$1,965,000	2.375% to 6.10%	9/2/2014	\$ 1,965,000
A.D. No. 03-3	12/23/2003	\$5,654,000	2.25% to 6.125%	9/2/2014	\$ 5,654,000
A.D. No. 03-5	3/9/2004	\$1,890,000	2.20% to 5.875%	9/2/2022	\$ 1,890,000
A.D. No. 03-6	3/31/2004	\$2,301,600	2.35% to 5.50%	9/2/2018	\$ 2,301,600
A.D. No. 04-1	9/30/2004	\$2,265,000	2.80% to 6.00%	9/2/2030	\$ 2,265,000
A.D. No. 04-2	11/4/2004	\$3,604,000	1.67% to 3.866%	9/2/2030	\$ 3,604,000
A.D. No. 04-3	2/24/2005	\$7,350,000	2.90% to 5.50%	9/2/2030	\$ 7,350,000

(13) Defined Benefit Plan

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, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

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

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(13) Defined Benefit Plan, (Continued)

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2004 to June 30, 2005 has been determined by an actuarial valuation of the plan as of June 30, 2002. The contribution rate indicated for the period is 7.102% of payroll for the safety plan and 0.000% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2005, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2004 to June 30, 2005.

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2002
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	22 Years as of the Valuation Date
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	8.25% (net of administrative expenses)
Projected Salary Increases	4.27% to 11.59% depending on Age, Service, and type of employment
Inflation	3.50%
Payroll Growth	3.75%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

For the safety plan and the miscellaneous plan, the City was overfunded for the year ended June 30, 2005. Amortization periods are not determined for overfunded plans.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(13) Defined Benefit Plan, (Continued)

Required Supplementary Information – Safety

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/01	38,371,232	47,897,021	(9,525,789)	124.8%	2,556,467	(372.6%)
6/30/02	40,357,825	43,995,343	(3,637,518)	109.0%	2,716,283	(133.9%)
6/30/03	43,218,114	43,947,508	(729,394)	101.7%	3,606,420	(20.2%)

Required Supplementary Information – Miscellaneous

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/01	16,033,168	23,429,216	(7,396,048)	146.1%	3,740,234	(197.7%)
6/30/02	17,507,708	21,797,651	(4,289,943)	124.5%	4,298,594	(99.8%)
6/30/03	22,038,230	22,181,397	(143,167)	100.6%	5,555,480	(2.6%)

Information is based on the most recent Actuarial Valuation.

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ 0	0	100%	-
6/30/04	326,099	395,073	100%	-
6/30/05	282,270	279,578	100%	-

(14) 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 2004-05, those costs totaled \$598,565 for 105 such employees.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(15) Compliance with Budgetary Limitations

For the fiscal year ended June 30, 2005, the following funds reflected expenditures in excess of budgeted amounts:

	<u>Amount of Excess</u>
General Fund	
Public Safety:	
Police field service	\$ (178,036)
Police special services	(98,903)
Community Development:	
Economic redevelopment	(144)
Culture and Leisure	
Senior center	(16,143)
Special Revenue Funds:	
Measure A	(86,239)
Community Facilities District	(183,931)
Debt Service Funds:	
2002 Park COP's	(3,727)
Redevelopment agency	(3,178,079)
Capital Projects Fund:	
2004 Park COP's	(2,742,493)
Capital Projects	(9,337,314)
Assessment Districts	(8,090,262)

(16) Deficit Fund Balances/Net Assets

As of June 30, 2005, a deficit fund balance/net assets was recorded in the following funds:

	<u>Fund Deficit</u>
Special Revenue Funds:	
Homeland Security	\$ (34,713)
Community Facilities Districts	(217,531)

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(17) 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 2004-2005, payment in the amount of \$515,635 was made to the County.

(18) Restatement of Fund Balances/Net Assets

During fiscal year 2004-2005 fund balances/net assets were restated based on the following:

- (a) A transfer in from the RDA Capital Projects Fund relating to the excess amount of tax increment revenue that should have been transferred out of the RDA Debt Service Fund in the prior year. The 2004 financial statement did not include a transfer from the RDA Debt Service Fund to the RDA Capital Project Fund.
- (b) During the 2004-05 fiscal year, the City inventoried land held by the RDA for resale and determined that certain parcels were not included in the prior year. As a result, the RDA Capital Projects Fund beginning fund balance was restated by \$2,592,875 to reflect these unrecorded assets.
- (c) During the 2000-01 fiscal year, a receivable was recorded in the Community Development Block Grant Fund for revenues that should not have been recorded in that period. As a result, the Community Development Block Grant Fund beginning fund balance was restated by \$31,824 for the overstatement of assets.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(18) Restatement of Fund Balances/Net Assets, (Continued)

- (d) During the 2004-05 fiscal year, the City inventoried all capital assets. As a result, the beginning fund balance for the Proprietary Funds (Enterprise and Internal Service Funds) and Component unit were restated by \$6,073, \$3,743,485, and \$123,653,329, respectively, to reflect these unrecorded capital assets net of accumulated depreciation. In addition, the government wide net assets was restated by \$196,841,215, to reflect these unrecorded capital assets net of accumulated depreciation.

The following schedules summarize the effects of the prior period adjustments to the Fund Financial Statements and the Government Wide Statements.

Fund Financial Statements:

Governmental Funds:

	RDA Debt Service Fund	RDA Capital Projects Fund	Other Governmental Funds
Fund balance at beginning of year, as previously reported	\$ 2,347,805	6,375,667	12,199,167
(a) Adjustment for approved transfer not recorded in the prior year	(1,558,517)	1,558,517	-
(b) Adjustment to record land held for resale at cost that was not included in the prior year	-	2,592,875	-
(c) Adjustment for accounts receivable recorded in the prior year	-	-	(31,824)
Fund balance at beginning of year, as restated	<u>\$ 789,288</u>	<u>10,527,059</u>	<u>12,167,343</u>

CITY OF INDIO
Notes to Basic Financial Statements
(Continued)

(18) Restatement of Fund Balances/Net Assets, (Continued)

Proprietary Funds:

	Business-Type Activities - Enterprise	Governmental Activities – Internal Service
Net assets at beginning of year, as previously reported	\$ 1,538,863	3,889,773
(d) Adjustment to record capital assets not included in the prior year	6,073	3,743,485
Net assets at beginning of year, as restated	\$ 1,544,936	7,633,258

Government-Wide Statements:

	Governmental Activities	Business Type Activities	Component Unit
Net assets at beginning of year, as previously reported	\$ 71,879,702	1,538,863	20,385,106
(b) Adjustments to record land held for resale at cost that was not included in the prior year	2,592,875	-	-
(c) Adjustment for account receivable recorded in the prior year	(31,824)	-	-
(d) Adjustment to record capital assets not included in the prior year	196,841,215	6,073	123,653,329
Net assets at beginning of year, as restated	\$271,281,968	1,544,936	144,038,435

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INDIO
General Fund
Schedule of Revenues - Budget and Actual
Year ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive	Prior Year Actual
	Original	Final		(Negative)	
Taxes:					
Property taxes	\$ 1,990,300	1,990,300	2,338,174	347,874	2,085,389
Document transfer tax	454,700	454,700	910,050	455,350	608,767
Sales tax	5,250,000	5,450,000	6,741,333	1,291,333	6,926,020
In-lieu sales tax	1,750,000	1,750,000	1,790,502	40,502	-
Utility taxes	3,207,538	3,207,538	3,836,559	629,021	3,363,930
Franchise taxes	745,000	745,000	1,061,307	316,307	834,582
Transient occupancy tax	1,000,000	1,000,000	1,220,242	220,242	1,162,354
Total taxes	<u>14,397,538</u>	<u>14,597,538</u>	<u>17,898,167</u>	<u>3,300,629</u>	<u>14,981,042</u>
Licenses and permits:					
Business licenses	382,000	382,000	492,615	110,615	425,537
Building permits	4,160,800	4,160,800	5,339,158	1,178,358	4,576,478
Other licenses and permits	73,400	73,400	100,716	27,316	90,856
Total licenses and permits	<u>4,616,200</u>	<u>4,616,200</u>	<u>5,932,489</u>	<u>1,316,289</u>	<u>5,092,871</u>
Intergovernmental:					
Motor vehicle license fees	652,000	652,000	387,402	(264,598)	2,503,242
In-lieu motor vehicle license fees	1,740,657	1,740,657	3,145,791	1,405,134	-
Grants	194,300	211,630	99,463	(112,167)	876,607
Total intergovernmental	<u>2,586,957</u>	<u>2,604,287</u>	<u>3,632,656</u>	<u>1,028,369</u>	<u>3,379,849</u>
Charges for services:					
Utility user fees	350,000	350,000	564,684	214,684	564,924
Plan checks and inspections	6,498,780	6,498,780	3,284,605	(3,214,175)	2,876,919
Facility rentals	1,131,400	1,131,400	1,327,138	195,738	1,319,781
Fire and ambulance	615,700	615,700	762,598	146,898	667,287
Other	289,300	289,300	454,654	165,354	212,082
Total charges for services	<u>8,885,180</u>	<u>8,885,180</u>	<u>6,393,679</u>	<u>(2,491,501)</u>	<u>5,640,993</u>
Fines:					
Vehicle fines	270,000	270,000	203,227	(66,773)	248,743
Parking fines	220,000	220,000	258,312	38,312	208,764
Other fines	20,600	20,600	146,466	125,866	204,161
Total fines	<u>510,600</u>	<u>510,600</u>	<u>608,005</u>	<u>97,405</u>	<u>661,668</u>
Investment income	160,000	160,000	859,441	699,441	484,560
Miscellaneous:					
Police	84,000	84,000	230,038	146,038	92,300
Building	4,000	4,000	5,966	1,966	5,800
Other	174,000	179,340	465,482	286,142	376,788
Total miscellaneous	<u>262,000</u>	<u>267,340</u>	<u>701,486</u>	<u>434,146</u>	<u>474,888</u>
Total revenues	<u>\$ 31,418,475</u>	<u>31,641,145</u>	<u>36,025,923</u>	<u>4,384,778</u>	<u>30,715,871</u>

CITY OF INDIO
 General Fund
 Schedule of Expenditures - Budget and Actual
 Year ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive	Prior Year Actual
	Original	Final		(Negative)	
General Government:					
City council	\$ 150,606	407,226	343,328	63,898	158,693
City manager	2,524,642	3,012,791	2,722,702	290,089	2,048,995
Finance	1,130,000	1,188,866	982,952	205,914	877,554
General administration	1,861,545	2,071,240	1,167,539	903,701	1,166,797
City attorney	730,000	1,280,000	853,639	426,361	910,843.00
Total general government	<u>6,396,793</u>	<u>7,960,123</u>	<u>6,070,160</u>	<u>1,889,963</u>	<u>5,162,882</u>
Public Safety:					
Police administration	801,002	865,522	785,702	79,820	797,952
Police field services	6,442,021	6,446,521	6,624,557	(178,036)	5,929,368
Police special services	2,255,566	2,441,585	2,540,488	(98,903)	1,974,396
Police traffic safety	208,961	459,817	357,176	102,641	187,623
Fire	5,411,065	5,411,065	5,154,168	256,897	3,605,269
Ambulance service	1,624,718	1,624,718	1,511,702	113,016	1,283,031
Animal control	161,694	197,694	181,641	16,053	116,639
Other public safety	199,952	164,461	122,304	42,157	49,706
Total public safety	<u>17,104,979</u>	<u>17,611,383</u>	<u>17,277,738</u>	<u>333,645</u>	<u>13,943,984</u>
Public works:					
Street lighting	377,887	377,887	365,382	12,505	355,296
Street maintenance	1,300,405	1,265,405	1,053,712	211,693	945,156
Slurry seal program	385,352	385,352	40,744	344,608	291,255
Street cleaning	694,139	729,139	379,223	349,916	134,397
Total public works	<u>2,757,783</u>	<u>2,757,783</u>	<u>1,839,061</u>	<u>918,722</u>	<u>1,726,104</u>
Community development:					
Engineering	1,408,032	1,774,707	1,560,867	213,840	1,327,323
Building/safety	1,900,314	2,109,964	1,227,524	882,440	823,620
Code enforcement	838,159	804,059	662,472	141,587	702,077
Economic redevelopment	160,442	188,261	188,405	(144)	164,285
Planning	1,451,876	1,595,876	1,071,441	524,435	696,931
Total community development	<u>5,758,823</u>	<u>6,472,867</u>	<u>4,710,709</u>	<u>1,762,158</u>	<u>3,714,236</u>
Culture and leisure:					
Parks and parkways	684,031	684,031	573,842	110,189	597,300
Senior center	231,605	245,806	261,949	(16,143)	215,004
Other	199,952	196,077	118,393	77,684	18,161
Total culture and leisure	<u>1,115,588</u>	<u>1,125,914</u>	<u>954,184</u>	<u>171,730</u>	<u>830,465</u>
Total expenditures	<u>\$ 33,133,966</u>	<u>35,928,070</u>	<u>30,851,852</u>	<u>5,076,218</u>	<u>25,377,671</u>

CITY OF INDIO

Notes to the Required Supplementary Information

Year Ended June 30, 2005

(1) Budgets and 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 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.

At June 30, 2005, expenditures exceeded appropriations in the following:

	<u>Amount of Excess</u>
General Fund	
Police field service	\$ (178,036)
Police special services	(98,903)
Economic redevelopment	(144)
Senior center	(16,143)

SUPPLEMENTARY SCHEDULES

CITY OF INDIO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Capital Projects <u>Funds</u>	<u>Totals</u>	
				2005	2004
<u>Assets</u>					
Cash and investments	\$ 10,308,341	415,991	2,333	10,726,665	8,072,002
Cash and investments with fiscal agent	335,249	376,234	-	711,483	2,949,841
Due from other governments	489,871	-	-	489,871	374,346
Interest receivable	67,003	1,922	12	68,937	34,889
Notes receivable	250,010	-	-	250,010	441,051
Prepaid items	120,114	-	-	120,114	-
Deposits	-	-	-	-	570,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 11,570,588</u>	<u>794,147</u>	<u>2,345</u>	<u>12,367,080</u>	<u>12,442,129</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 126,278	-	227	126,505	130,372
Due to other funds	267,199	-	-	267,199	53,420
Deposits payable	6,116	-	-	6,116	59,170
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>399,593</u>	<u>-</u>	<u>227</u>	<u>399,820</u>	<u>242,962</u>
Fund balances:					
Reserved:					
Encumbrances	6,276	-	-	6,276	16,523
Deposits and prepaids	120,114	-	-	120,114	-
Notes receivable	250,010	-	-	250,010	441,051
Low and moderate housing	2,704,962	-	-	2,704,962	1,082,671
Debt service	-	794,147	-	794,147	1,739,659
Unreserved:					
Designated for special projects and programs	8,089,633	-	88	8,089,721	8,917,273
Undesignated	-	-	2,030	2,030	1,990
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>11,170,995</u>	<u>794,147</u>	<u>2,118</u>	<u>11,967,260</u>	<u>12,199,167</u>
Total liabilities and fund balances	<u>\$ 11,570,588</u>	<u>794,147</u>	<u>2,345</u>	<u>12,367,080</u>	<u>12,442,129</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2005

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Capital Projects <u>Funds</u>	<u>Totals</u>	
				2005	2004
Revenues:					
Taxes	\$ 3,973,400	-	-	3,973,400	3,434,497
Special assessments	776,818	-	-	776,818	496,989
Intergovernmental	1,236,125	-	-	1,236,125	475,803
Fines	172,000	-	-	172,000	-
Investment income	194,401	20,155	34,802	249,358	169,429
Miscellaneous	189,377	8,767	-	198,144	388,118
Total revenues	<u>6,542,121</u>	<u>28,922</u>	<u>34,802</u>	<u>6,605,845</u>	<u>4,964,836</u>
Expenditures:					
Current:					
General government	80,044	-	-	80,044	2,240
Public safety - police	436,342	-	-	436,342	197,877
Culture and leisure	-	-	2,742,493	2,742,493	124,878
Public works	631,457	-	-	631,457	481,004
Community development	6,501	-	-	6,501	16,541
Debt service:					
Principal	120,114	1,024,685	-	1,144,799	1,112,418
Interest and other charges	-	237,641	-	237,641	285,877
Total expenditures	<u>1,274,458</u>	<u>1,262,326</u>	<u>2,742,493</u>	<u>5,279,277</u>	<u>2,220,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,267,663</u>	<u>(1,233,404)</u>	<u>(2,707,691)</u>	<u>1,326,568</u>	<u>2,744,001</u>
Other financing sources (uses):					
Interfund transfers in	376,219	277,454	-	653,673	1,525,563
Interfund transfers out	(2,180,324)	-	-	(2,180,324)	(4,462,558)
Total other financing sources (uses)	<u>(1,804,105)</u>	<u>277,454</u>	<u>-</u>	<u>(1,526,651)</u>	<u>(2,936,995)</u>
Net change in fund balances	3,463,558	(955,950)	(2,707,691)	(200,083)	(192,994)
Fund balances at beginning of year, as restated	<u>7,707,437</u>	<u>1,750,097</u>	<u>2,709,809</u>	<u>12,167,343</u>	<u>12,392,161</u>
Fund balances at end of year	<u>\$ 11,170,995</u>	<u>794,147</u>	<u>2,118</u>	<u>11,967,260</u>	<u>12,199,167</u>

NONMAJOR 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.

Traffic Safety Fund - To account for the revenue and expenditures of the Strategic Traffic Offender Program. This Program shall include the enforcement of, education for, and prosecution of a suspended or revoked driving privilege, unlicensed driver and persons driving under the influence of alcohol and/or drugs.

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.

Homeland Security - To account for grants to local agencies for regional response and law enforcement terrorism programs.

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.

Indian Gaming SB 621 - To account for grants to local agencies impacted by tribal gaming.

Community Facilities District – To account for the revenues and expenditures restricted to finance a portion of the cost of providing law enforcement, fire and paramedic services.

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

CITY OF INDIO
Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2005

	<u>Gas Tax</u>	<u>Traffic Safety Fund</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcement</u>	<u>CDBG</u>	<u>LLEBG</u>
<u>Assets</u>						
Cash and investments	\$ 1,668,660	470,370	161,931	4,393	-	83,472
Cash with fiscal agent	-	-	-	-	-	-
Due from other governments	-	-	60,478	-	-	-
Interest receivable	8,905	1,647	2,682	585	756	483
Notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 1,677,565</u>	<u>472,017</u>	<u>225,091</u>	<u>4,978</u>	<u>756</u>	<u>83,955</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	-	334	167	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>334</u>	<u>167</u>	<u>-</u>	<u>-</u>
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Deposits and prepaids	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Low and moderate housing	-	-	-	-	-	-
Unreserved:						
Designated for special projects and programs	<u>1,677,565</u>	<u>472,017</u>	<u>224,757</u>	<u>4,811</u>	<u>756</u>	<u>83,955</u>
Total fund balances (deficits)	<u>1,677,565</u>	<u>472,017</u>	<u>224,757</u>	<u>4,811</u>	<u>756</u>	<u>83,955</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,677,565</u>	<u>472,017</u>	<u>225,091</u>	<u>4,978</u>	<u>756</u>	<u>83,955</u>

Homeland Security	Measure A	Article 3	NPDES	Air Quality	Business Improvement District	Lighting and Landscaping
-	4,125,745	1,092	383,357	83,468	750	521,848
-	-	-	-	-	-	-
110,586	227,218	-	-	-	-	25,617
-	31,108	319	2,260	584	4	2,642
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>110,586</u>	<u>4,384,071</u>	<u>1,411</u>	<u>385,617</u>	<u>84,052</u>	<u>754</u>	<u>550,107</u>
-	-	-	-	528	-	17,370
145,299	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>145,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>528</u>	<u>-</u>	<u>17,370</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(34,713)</u>	<u>4,384,071</u>	<u>1,411</u>	<u>385,617</u>	<u>83,524</u>	<u>754</u>	<u>532,737</u>
<u>(34,713)</u>	<u>4,384,071</u>	<u>1,411</u>	<u>385,617</u>	<u>83,524</u>	<u>754</u>	<u>532,737</u>
<u>110,586</u>	<u>4,384,071</u>	<u>1,411</u>	<u>385,617</u>	<u>84,052</u>	<u>754</u>	<u>550,107</u>

(Continued)

CITY OF INDIO
Combining Balance Sheet

Nonmajor Special Revenue Funds

(Continued)

		Indian Gaming SB 621	Community Facilities District	Low and Moderate Housing	Totals	
<u>Assets</u>	<u>Asset Forfeiture</u>				<u>2005</u>	<u>2004</u>
Cash and investments	\$ 65,772	438,611	-	2,298,872	10,308,341	6,694,495
Cash with fiscal agent	-	-	-	335,249	335,249	333,171
Due from other governments	-	-	-	65,972	489,871	374,346
Interest receivable	317	3,566	-	11,145	67,003	34,882
Notes receivable	-	-	-	250,010	250,010	441,051
Prepaid items	-	120,114	-	-	120,114	-
Total assets	\$ 66,089	562,291	-	2,961,248	11,570,588	7,877,945
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 533	11,715	95,631	-	126,278	74,250
Due to other funds	-	-	121,900	-	267,199	5,264
Deposits payable	6,116	-	-	-	6,116	59,170
Total liabilities	6,649	11,715	217,531	-	399,593	138,684
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	6,276	6,276	6,085
Deposits and prepaids	-	120,114	-	-	120,114	-
Notes receivable	-	-	-	250,010	250,010	441,051
Low and moderate housing	-	-	-	2,704,962	2,704,962	1,082,671
Unreserved:						
Designated for special projects and programs	59,440	430,462	(217,531)	-	8,089,633	6,209,454
Total fund balances (deficits)	59,440	550,576	(217,531)	2,961,248	11,170,995	7,739,261
Total liabilities and fund balances (deficits)	\$ 66,089	562,291	-	2,961,248	11,570,588	7,877,945

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

Nonmajor Special Revenue Funds

Year ended June 30, 2005

	<u>Gas Tax</u>	<u>Traffic Safety Fund</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcement</u>	<u>CDBG</u>	<u>LLEBG</u>
Revenues:						
Taxes	\$ 1,127,604	-	347,145	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	121,965	100,000	-	27,587
Fines	-	172,000	-	-	-	-
Investment income	22,788	1,647	8,320	1,425	756	2,016
Miscellaneous	-	-	1,615	-	-	-
	<u>1,150,392</u>	<u>173,647</u>	<u>479,045</u>	<u>101,425</u>	<u>756</u>	<u>29,603</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety - police	-	-	18,510	5,114	-	64,536
Public works	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>18,510</u>	<u>5,114</u>	<u>-</u>	<u>64,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,150,392</u>	<u>173,647</u>	<u>460,535</u>	<u>96,311</u>	<u>756</u>	<u>(34,933)</u>
Other financing sources (uses):						
Interfund transfers in	-	372,401	-	-	-	3,065
Interfund transfers out	-	(74,031)	(470,993)	(91,500)	(189,750)	-
	<u>-</u>	<u>298,370</u>	<u>(470,993)</u>	<u>(91,500)</u>	<u>(189,750)</u>	<u>3,065</u>
Total other financing sources (uses)	<u>-</u>	<u>298,370</u>	<u>(470,993)</u>	<u>(91,500)</u>	<u>(189,750)</u>	<u>3,065</u>
Net change in fund balances	1,150,392	472,017	(10,458)	4,811	(188,994)	(31,868)
Fund balances (deficits) at beginning of year, as restated	<u>527,173</u>	<u>-</u>	<u>235,215</u>	<u>-</u>	<u>189,750</u>	<u>115,823</u>
Fund balances (deficits) at end of year	<u>\$ 1,677,565</u>	<u>472,017</u>	<u>224,757</u>	<u>4,811</u>	<u>756</u>	<u>83,955</u>

<u>Homeland Security</u>	<u>Measure A</u>	<u>Article 3</u>	<u>NPDES</u>	<u>Air Quality</u>	<u>Business Improvement District</u>	<u>Lighting and Landscaping</u>
-	1,238,930	-	-	-	-	-
-	-	-	-	-	-	776,818
110,586	-	-	-	51,900	-	-
-	-	-	-	-	-	-
-	92,144	318	7,565	1,868	14	8,080
-	-	-	-	-	-	-
<u>110,586</u>	<u>1,331,074</u>	<u>318</u>	<u>7,565</u>	<u>53,768</u>	<u>14</u>	<u>784,898</u>
-	-	-	-	-	-	-
145,299	-	-	-	-	-	-
-	86,239	-	-	65,238	-	479,980
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>145,299</u>	<u>86,239</u>	<u>-</u>	<u>-</u>	<u>65,238</u>	<u>-</u>	<u>479,980</u>
<u>(34,713)</u>	<u>1,244,835</u>	<u>318</u>	<u>7,565</u>	<u>(11,470)</u>	<u>14</u>	<u>304,918</u>
-	753	-	-	-	-	-
-	(1,187,252)	(78,378)	-	-	-	-
-	(1,186,499)	(78,378)	-	-	-	-
(34,713)	58,336	(78,060)	7,565	(11,470)	14	304,918
-	4,325,735	79,471	378,052	94,994	740	227,819
<u>(34,713)</u>	<u>4,384,071</u>	<u>1,411</u>	<u>385,617</u>	<u>83,524</u>	<u>754</u>	<u>532,737</u>

(Continued)

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

Nonmajor Special Revenue Funds

(Continued)

	Asset Forfeiture	Indian Gaming SB 621	Community Facilities District	Low and Moderate Housing	Totals	
					2005	2004
Revenues:						
Taxes	\$ -	-	-	1,259,721	3,973,400	3,434,497
Special assessments	-	-	-	-	776,818	496,989
Intergovernmental	-	824,087	-	-	1,236,125	475,803
Fines	-	-	-	-	172,000	-
Investment income	1,027	15,067	-	31,366	194,401	138,194
Miscellaneous	<u>35,122</u>	<u>-</u>	<u>-</u>	<u>152,640</u>	<u>189,377</u>	<u>298,166</u>
Total revenues	<u>36,149</u>	<u>839,154</u>	<u>-</u>	<u>1,443,727</u>	<u>6,542,121</u>	<u>4,843,649</u>
Expenditures:						
Current:						
General government	-	80,044	-	-	80,044	2,240
Public safety - police	18,952	-	183,931	-	436,342	197,877
Public works	-	-	-	-	631,457	481,004
Community development	-	-	-	6,501	6,501	16,541
Debt service:						
Principal	<u>-</u>	<u>120,114</u>	<u>-</u>	<u>-</u>	<u>120,114</u>	<u>-</u>
Total expenditures	<u>18,952</u>	<u>200,158</u>	<u>183,931</u>	<u>6,501</u>	<u>1,154,344</u>	<u>697,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,197</u>	<u>638,996</u>	<u>(183,931)</u>	<u>1,437,226</u>	<u>5,387,777</u>	<u>4,145,987</u>
Other financing sources (uses):						
Interfund transfers in	-	-	-	-	376,219	129,070
Interfund transfers out	<u>-</u>	<u>(88,420)</u>	<u>-</u>	<u>-</u>	<u>(2,180,324)</u>	<u>(4,459,380)</u>
Total other financing sources (uses)	<u>-</u>	<u>(88,420)</u>	<u>-</u>	<u>-</u>	<u>(1,804,105)</u>	<u>(4,330,310)</u>
Net change in fund balances	17,197	550,576	(183,931)	1,437,226	3,583,672	(184,323)
Fund balances (deficits) at beginning of year, as restated	<u>42,243</u>	<u>-</u>	<u>(33,600)</u>	<u>1,524,022</u>	<u>7,707,437</u>	<u>7,923,584</u>
Fund balances (deficits) at end of year	<u>\$ 59,440</u>	<u>550,576</u>	<u>(217,531)</u>	<u>2,961,248</u>	<u>11,291,109</u>	<u>7,739,261</u>

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CITY OF INDIO
Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 1,000,000	1,127,604	127,604	1,038,080
Investment income	<u>10,000</u>	<u>22,788</u>	<u>12,788</u>	<u>21,068</u>
Total revenues	<u>1,010,000</u>	<u>1,150,392</u>	<u>140,392</u>	<u>1,059,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,010,000</u>	<u>1,150,392</u>	<u>140,392</u>	<u>1,059,148</u>
Other financing sources (uses):				
Interfund transfers in	-	-	-	-
Interfund transfers out	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>(1,406,837)</u>
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>(1,406,837)</u>
Net change in fund balance	10,000	1,150,392	1,140,392	(347,689)
Fund balance at beginning of year	<u>527,173</u>	<u>527,173</u>	<u>-</u>	<u>874,862</u>
Fund balance at end of year	<u>\$ 537,173</u>	<u>1,677,565</u>	<u>1,140,392</u>	<u>527,173</u>

CITY OF INDIO
Traffic Safety Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Fines	\$ 168,000	172,000	4,000	-
Investment income	<u>-</u>	<u>1,647</u>	<u>1,647</u>	<u>-</u>
Total revenues	<u>168,000</u>	<u>173,647</u>	<u>5,647</u>	<u>-</u>
Expenditures:				
Current:				
Public safety - police	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>-</u>
Total expenditures	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,000)</u>	<u>173,647</u>	<u>(174,353)</u>	<u>-</u>
Other financing sources (uses):				
Interfund transfers in	214,000	372,401	158,401	-
Interfund transfers out	<u>(34,000)</u>	<u>(74,031)</u>	<u>(40,031)</u>	<u>-</u>
Total other financing sources (uses)	<u>180,000</u>	<u>298,370</u>	<u>118,370</u>	<u>-</u>
Net change in fund balance	168,000	472,017	(55,983)	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 168,000</u>	<u>472,017</u>	<u>(55,983)</u>	<u>-</u>

CITY OF INDIO
Public Safety Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 153,000	347,145	194,145	272,196
Intergovernmental	84,290	121,965	37,675	21,726
Investment income	-	8,320	8,320	7,949
Miscellaneous	<u>-</u>	<u>1,615</u>	<u>1,615</u>	<u>136,427</u>
Total revenues	<u>237,290</u>	<u>479,045</u>	<u>241,755</u>	<u>438,298</u>
Expenditures:				
Current:				
Public safety - police	<u>68,817</u>	<u>18,510</u>	<u>50,307</u>	<u>18,588</u>
Total expenditures	<u>68,817</u>	<u>18,510</u>	<u>50,307</u>	<u>18,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>168,473</u>	<u>460,535</u>	<u>292,062</u>	<u>419,710</u>
Other financing sources (uses):				
Interfund transfers in	-	-	-	113,382
Interfund transfers out	<u>(442,290)</u>	<u>(470,993)</u>	<u>(28,703)</u>	<u>(436,294)</u>
Total other financing sources (uses)	<u>(442,290)</u>	<u>(470,993)</u>	<u>(28,703)</u>	<u>(322,912)</u>
Net change in fund balances	(273,817)	(10,458)	263,359	96,798
Fund balance at beginning of year	<u>235,215</u>	<u>235,215</u>	<u>-</u>	<u>138,417</u>
Fund balance (deficit) at end of year	<u><u>\$ (38,602)</u></u>	<u><u>224,757</u></u>	<u><u>263,359</u></u>	<u><u>235,215</u></u>

CITY OF INDIO
Supplemental Law Enforcement Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 100,000	100,000	-	100,000
Investment income	<u>-</u>	<u>1,425</u>	<u>1,425</u>	<u>5,835</u>
Total revenues	<u>100,000</u>	<u>101,425</u>	<u>1,425</u>	<u>105,835</u>
Expenditures:				
Current:				
Public safety - police	<u>8,500</u>	<u>5,114</u>	<u>3,386</u>	<u>61,145</u>
Total expenditures	<u>8,500</u>	<u>5,114</u>	<u>3,386</u>	<u>61,145</u>
Excess (deficiency) of revenues over (under) expenditures	<u>91,500</u>	<u>96,311</u>	<u>4,811</u>	<u>44,690</u>
Other financing sources (uses):				
Interfund transfers out	<u>(91,500)</u>	<u>(91,500)</u>	<u>-</u>	<u>(415,099)</u>
Total other financing sources (uses)	<u>(91,500)</u>	<u>(91,500)</u>	<u>-</u>	<u>(415,099)</u>
Net change in fund balances	-	4,811	4,811	(370,409)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,409</u>
Fund balance at end of year	<u>\$ -</u>	<u>4,811</u>	<u>4,811</u>	<u>-</u>

CITY OF INDIO
Community Development Block Grant (CDBG) Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 500,000	-	(500,000)	187,244
Investment income	<u>4,000</u>	<u>756</u>	<u>(3,244)</u>	<u>5,063</u>
Total revenues	<u>504,000</u>	<u>756</u>	<u>(503,244)</u>	<u>192,307</u>
Expenditures:				
Current:				
General government	-	-	-	2,240
Community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,016</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>504,000</u>	<u>756</u>	<u>(503,244)</u>	<u>187,051</u>
Other financing sources (uses):				
Interfund transfers out	<u>(552,000)</u>	<u>(189,750)</u>	<u>362,250</u>	<u>(186,124)</u>
Total other financing sources (uses)	<u>(552,000)</u>	<u>(189,750)</u>	<u>362,250</u>	<u>(186,124)</u>
Net change in fund balances	(48,000)	(188,994)	(140,994)	927
Fund balance at beginning of year, as restated	<u>189,750</u>	<u>189,750</u>	<u>-</u>	<u>220,647</u>
Fund balance at end of year	<u>\$ 141,750</u>	<u>756</u>	<u>(140,994)</u>	<u>221,574</u>

CITY OF INDIO
 Local Law Enforcement Block Grant (LLEBG) Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 58,239	27,587	(30,652)	63,004
Investment income	<u>10,000</u>	<u>2,016</u>	<u>(7,984)</u>	<u>2,131</u>
Total revenues	<u>68,239</u>	<u>29,603</u>	<u>(38,636)</u>	<u>65,135</u>
Expenditures:				
Current:				
Public safety - police	<u>189,549</u>	<u>64,536</u>	<u>125,013</u>	<u>84,544</u>
Total expenditures	<u>189,549</u>	<u>64,536</u>	<u>125,013</u>	<u>84,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(121,310)</u>	<u>(34,933)</u>	<u>86,377</u>	<u>(19,409)</u>
Other financing sources (uses):				
Interfund transfers in	5,000	3,065	(1,935)	15,688
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,217)</u>
Total other financing sources (uses)	<u>5,000</u>	<u>3,065</u>	<u>(1,935)</u>	<u>14,471</u>
Net change in fund balances	(116,310)	(31,868)	84,442	(4,938)
Fund balance at beginning of year	<u>115,823</u>	<u>115,823</u>	<u>-</u>	<u>120,761</u>
Fund balance (deficit) at end of year	<u>\$ (487)</u>	<u>83,955</u>	<u>84,442</u>	<u>115,823</u>

CITY OF INDIO
Homeland Security Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 149,223	110,586	(38,637)	-
Total revenues	<u>149,223</u>	<u>110,586</u>	<u>(38,637)</u>	<u>-</u>
Expenditures:				
Current:				
Public safety - police	<u>149,223</u>	<u>145,299</u>	<u>3,924</u>	<u>-</u>
Total expenditures	<u>149,223</u>	<u>145,299</u>	<u>3,924</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(34,713)</u>	<u>(34,713)</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>(34,713)</u>	<u>(34,713)</u>	<u>-</u>

CITY OF INDIO
Measure A Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 1,017,000	1,238,930	221,930	1,351,232
Investment income	<u>40,000</u>	<u>92,144</u>	<u>52,144</u>	<u>69,921</u>
Total revenues	<u>1,057,000</u>	<u>1,331,074</u>	<u>274,074</u>	<u>1,421,153</u>
Expenditures:				
Current:				
Public works	<u>-</u>	<u>86,239</u>	<u>(86,239)</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>86,239</u>	<u>(86,239)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,057,000</u>	<u>1,244,835</u>	<u>187,835</u>	<u>1,421,153</u>
Other financing sources (uses):				
Interfund transfers in	-	753	753	-
Interfund transfers out	<u>(1,017,000)</u>	<u>(1,187,252)</u>	<u>(170,252)</u>	<u>(1,268,652)</u>
Total other financing sources (uses)	<u>(1,017,000)</u>	<u>(1,186,499)</u>	<u>(169,499)</u>	<u>(1,268,652)</u>
Net change in fund balance	40,000	58,336	18,336	152,501
Fund balance at beginning of year	<u>4,325,735</u>	<u>4,325,735</u>	<u>-</u>	<u>4,173,234</u>
Fund balance at end of year	<u>\$ 4,365,735</u>	<u>4,384,071</u>	<u>18,336</u>	<u>4,325,735</u>

CITY OF INDIO
Article 3 Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ -	-	-	-
Investment income	<u>-</u>	<u>318</u>	<u>318</u>	<u>1,093</u>
Total revenues	<u>-</u>	<u>318</u>	<u>318</u>	<u>1,093</u>
Excess (deficiency) of revenues over (under) expenditures	-	318	318	1,093
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(78,378)</u>	<u>(78,378)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(78,378)</u>	<u>(78,378)</u>	<u>-</u>
Net change in fund balance	-	(78,060)	(78,060)	1,093
Fund balance at beginning of year	<u>79,471</u>	<u>79,471</u>	<u>-</u>	<u>78,378</u>
Fund balance at end of year	<u>\$ 79,471</u>	<u>1,411</u>	<u>(78,060)</u>	<u>79,471</u>

CITY OF INDIO
 NPDES Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	7,565	7,565	5,051
Total revenues	<u>-</u>	<u>7,565</u>	<u>7,565</u>	<u>5,051</u>
Excess (deficiency) of revenues over (under) expenditures	-	7,565	7,565	5,051
Fund balance at beginning of year	<u>378,052</u>	<u>378,052</u>	<u>-</u>	<u>373,001</u>
Fund balance at end of year	<u><u>\$ 378,052</u></u>	<u><u>385,617</u></u>	<u><u>7,565</u></u>	<u><u>378,052</u></u>

CITY OF INDIO
 Air Quality (AB2766) Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 90,000	51,900	(38,100)	103,829
Investment income	<u>400</u>	<u>1,868</u>	<u>1,468</u>	<u>357</u>
Total revenues	<u>90,400</u>	<u>53,768</u>	<u>(36,632)</u>	<u>104,186</u>
Expenditures:				
Current:				
Public works	<u>85,301</u>	<u>65,238</u>	<u>20,063</u>	<u>46,652</u>
Total expenditures	<u>85,301</u>	<u>65,238</u>	<u>20,063</u>	<u>46,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,099</u>	<u>(11,470)</u>	<u>(16,569)</u>	<u>57,534</u>
Other financing sources (uses):				
Interfund transfers out	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	(24,901)	(11,470)	13,431	57,534
Fund balance at beginning of year	<u>94,994</u>	<u>94,994</u>	<u>-</u>	<u>37,460</u>
Fund balance at end of year	<u>\$ 70,093</u>	<u>83,524</u>	<u>13,431</u>	<u>94,994</u>

CITY OF INDIO
 Business Improvement District Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	14	14	10
Total revenues	<u>-</u>	<u>14</u>	<u>14</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	-	14	14	10
Fund balance at beginning of year	<u>740</u>	<u>740</u>	<u>-</u>	<u>730</u>
Fund balance at end of year	<u><u>\$ 740</u></u>	<u><u>754</u></u>	<u><u>14</u></u>	<u><u>740</u></u>

CITY OF INDIO
 Lighting and Landscape Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Special assessments	\$ 765,724	776,818	11,094	496,989
Investment income	<u>-</u>	<u>8,080</u>	<u>8,080</u>	<u>5,304</u>
Total revenues	<u>765,724</u>	<u>784,898</u>	<u>19,174</u>	<u>502,293</u>
Expenditures:				
Current:				
Public works	<u>814,984</u>	<u>479,980</u>	<u>335,004</u>	<u>434,352</u>
Total expenditures	<u>814,984</u>	<u>479,980</u>	<u>335,004</u>	<u>434,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,260)</u>	<u>304,918</u>	<u>354,178</u>	<u>67,941</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,239)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,239)</u>
Net change in fund balance	(49,260)	304,918	354,178	(61,298)
Fund balance at beginning of year	<u>227,819</u>	<u>227,819</u>	<u>-</u>	<u>289,117</u>
Fund balance at end of year	<u>\$ 178,559</u>	<u>532,737</u>	<u>354,178</u>	<u>227,819</u>

CITY OF INDIO
 Asset Forfeiture Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	1,027	1,027	1,008
Miscellaneous	<u>-</u>	<u>35,122</u>	<u>35,122</u>	<u>37,966</u>
Total revenues	<u>-</u>	<u>36,149</u>	<u>36,149</u>	<u>38,974</u>
Expenditures:				
Current:				
Public safety - police	<u>25,000</u>	<u>18,952</u>	<u>6,048</u>	<u>-</u>
Total expenditures	<u>25,000</u>	<u>18,952</u>	<u>6,048</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,000)</u>	<u>17,197</u>	<u>42,197</u>	<u>38,974</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,783)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,783)</u>
Net change in fund balance	(25,000)	17,197	42,197	(4,809)
Fund balance at beginning of year	<u>42,243</u>	<u>42,243</u>	<u>-</u>	<u>47,052</u>
Fund balance at end of year	<u>\$ 17,243</u>	<u>59,440</u>	<u>42,197</u>	<u>42,243</u>

CITY OF INDIO
Indian Gaming SB 621 Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 824,087	824,087	-	-
Investment income	<u>5,000</u>	<u>15,067</u>	<u>10,067</u>	<u>-</u>
Total revenues	<u>829,087</u>	<u>839,154</u>	<u>10,067</u>	<u>-</u>
Expenditures:				
Current:				
General government	723,068	80,044	643,024	-
Debt service:				
Principal	<u>-</u>	<u>120,114</u>	<u>(120,114)</u>	<u>-</u>
Total expenditures	<u>723,068</u>	<u>200,158</u>	<u>522,910</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>106,019</u>	<u>638,996</u>	<u>532,977</u>	<u>-</u>
Other financing sources (uses):				
Interfund transfers out	<u>(101,019)</u>	<u>(88,420)</u>	<u>12,599</u>	<u>-</u>
Total other financing sources (uses)	<u>(101,019)</u>	<u>(88,420)</u>	<u>12,599</u>	<u>-</u>
Net change in fund balance	5,000	550,576	545,576	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,000</u>	<u>550,576</u>	<u>545,576</u>	<u>-</u>

CITY OF INDIO
Community Facilities District Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	<u>Prior Year Actual</u>
Expenditures:				
Current:				
Public safety - police	\$ -	183,931	(183,931)	33,600
Total expenditures	<u>-</u>	<u>183,931</u>	<u>(183,931)</u>	<u>33,600</u>
Excess (deficiency) of revenues over (under) expenditures	-	(183,931)	(183,931)	(33,600)
Fund balance (deficit) at beginning of year	<u>(33,600)</u>	<u>(33,600)</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (33,600)</u>	<u>(217,531)</u>	<u>(183,931)</u>	<u>(33,600)</u>

CITY OF INDIO
 Low and Moderate Housing Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 362,370	1,259,721	897,351	772,989
Investment income	2,000	31,366	29,366	12,522
Miscellaneous	<u>50,000</u>	<u>152,640</u>	<u>102,640</u>	<u>102,173</u>
 Total revenues	 <u>414,370</u>	 <u>1,443,727</u>	 <u>1,029,357</u>	 <u>887,684</u>
Expenditures:				
Current:				
Community development	<u>54,240</u>	<u>6,501</u>	<u>47,739</u>	<u>13,525</u>
 Total expenditures	 <u>54,240</u>	 <u>6,501</u>	 <u>47,739</u>	 <u>13,525</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>360,130</u>	 <u>1,437,226</u>	 <u>1,077,096</u>	 <u>874,159</u>
Other financing sources (uses):				
Interfund transfers out	<u>(360,130)</u>	<u>-</u>	<u>360,130</u>	<u>(492,657)</u>
 Total other financing sources (uses)	 <u>(360,130)</u>	 <u>-</u>	 <u>360,130</u>	 <u>(492,657)</u>
 Net change in fund balance	 -	 1,437,226	 1,437,226	 381,502
 Fund balance at beginning of year	 <u>1,524,022</u>	 <u>1,524,022</u>	 <u>-</u>	 <u>1,142,520</u>
 Fund balance at end of year	 <u>\$ 1,524,022</u>	 <u>2,961,248</u>	 <u>1,437,226</u>	 <u>1,524,022</u>

NONMAJOR 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:

Nonmajor Debt Service Funds:

2002 Park COP's – To accumulate funds for the payment of principal and interest associated with certain certificates of participation.

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

Major Debt Service Funds:

Redevelopment Debt Service Fund - To account for tax increment revenues accumulated for the payment of principal and interest associated with long-term debt, the proceeds of which were used to further the goals and objectives of the Redevelopment Agency project area.

CITY OF INDIO
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2005

	2002 <u>Park COP's</u>	General <u>Debt Service</u>	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
<u>Assets</u>				
Cash and investments	\$ -	415,991	415,991	1,375,524
Cash and investments with fiscal agent	376,234	-	376,234	374,573
Interest receivable	<u>-</u>	<u>1,922</u>	<u>1,922</u>	<u>-</u>
 Total assets	 <u>\$ 376,234</u>	 <u>417,913</u>	 <u>794,147</u>	 <u>1,750,097</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Pass-through payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balances:				
Reserved:				
Encumbrances	-	-	-	10,438
Debt service	<u>376,234</u>	<u>417,913</u>	<u>794,147</u>	<u>1,739,659</u>
 Total fund balances	 <u>376,234</u>	 <u>417,913</u>	 <u>794,147</u>	 <u>1,750,097</u>
 Total liabilities and fund balances	 <u>\$ 376,234</u>	 <u>417,913</u>	 <u>794,147</u>	 <u>1,750,097</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year ended June 30, 2005

	2002	General	Totals	
	<u>Park COP's</u>	<u>Debt Service</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Investment income	\$ 7,165	12,990	20,155	9,158
Miscellaneous	<u>-</u>	<u>8,767</u>	<u>8,767</u>	<u>89,952</u>
Total revenues	<u>7,165</u>	<u>21,757</u>	<u>28,922</u>	<u>99,110</u>
Expenditures:				
Debt service:				
Principal	210,000	814,685	1,024,685	1,112,418
Interest and other charges	<u>163,890</u>	<u>73,751</u>	<u>237,641</u>	<u>285,877</u>
Total expenditures	<u>373,890</u>	<u>888,436</u>	<u>1,262,326</u>	<u>1,398,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(366,725)</u>	<u>(866,679)</u>	<u>(1,233,404)</u>	<u>(1,299,185)</u>
Other financing sources (uses):				
Interfund transfers in	<u>277,454</u>	<u>-</u>	<u>277,454</u>	<u>1,396,493</u>
Total other financing sources (uses)	<u>277,454</u>	<u>-</u>	<u>277,454</u>	<u>1,396,493</u>
Net change in fund balance	(89,271)	(866,679)	(955,950)	97,308
Fund balances at beginning of year	<u>465,505</u>	<u>1,284,592</u>	<u>1,750,097</u>	<u>1,652,789</u>
Fund balances at end of year	<u>\$ 376,234</u>	<u>417,913</u>	<u>794,147</u>	<u>1,750,097</u>

CITY OF INDIO
2002 Park COP's Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	7,165	7,165	3,683
Total revenues	<u>-</u>	<u>7,165</u>	<u>7,165</u>	<u>3,683</u>
Expenditures:				
Debt service:				
Principal	210,000	210,000	-	-
Interest and other charges	<u>160,163</u>	<u>163,890</u>	<u>(3,727)</u>	<u>165,115</u>
Total expenditures	<u>370,163</u>	<u>373,890</u>	<u>(3,727)</u>	<u>165,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(370,163)</u>	<u>(366,725)</u>	<u>3,438</u>	<u>(161,432)</u>
Other financing sources (uses):				
Interfund transfers in	<u>370,163</u>	<u>277,454</u>	<u>(92,709)</u>	<u>163,313</u>
Total other financing sources (uses)	<u>370,163</u>	<u>277,454</u>	<u>(92,709)</u>	<u>163,313</u>
Net change in fund balance	-	(89,271)	(89,271)	1,881
Fund balance at beginning of year	<u>465,505</u>	<u>465,505</u>	<u>-</u>	<u>463,624</u>
Fund balance at end of year	<u>\$ 465,505</u>	<u>376,234</u>	<u>(89,271)</u>	<u>465,505</u>

CITY OF INDIO
 General Debt Service Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 5,000	12,990	7,990	5,475
Miscellaneous	<u>-</u>	<u>8,767</u>	<u>8,767</u>	<u>89,952</u>
Total revenues	<u>5,000.00</u>	<u>21,757</u>	<u>16,757</u>	<u>95,427</u>
Expenditures:				
Debt service:				
Principal	899,867	814,685	85,182	1,112,418
Interest and other charges	<u>80,464</u>	<u>73,751</u>	<u>6,713</u>	<u>120,762</u>
Total expenditures	<u>980,331</u>	<u>888,436</u>	<u>91,895</u>	<u>1,233,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(975,331)</u>	<u>(866,679)</u>	<u>108,652</u>	<u>(1,137,753)</u>
Other financing sources (uses):				
Interfund transfers in	<u>900,000</u>	<u>-</u>	<u>(900,000)</u>	<u>1,233,180</u>
Total other financing sources (uses)	<u>900,000</u>	<u>-</u>	<u>(900,000)</u>	<u>1,233,180</u>
Net change in fund balance	(75,331.00)	(866,679)	(791,348)	95,427
Fund balance at beginning of year	<u>1,284,592</u>	<u>1,284,592</u>	<u>-</u>	<u>1,189,165</u>
Fund balance at end of year	<u>\$ 1,209,261</u>	<u>417,913</u>	<u>(791,348)</u>	<u>1,284,592</u>

CITY OF INDIO
Redevelopment Agency Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 2,600,000	5,038,884	2,438,884	3,091,958
Investment income	<u>4,000</u>	<u>424,448</u>	<u>420,448</u>	<u>14,777</u>
Total revenues	<u>2,604,000</u>	<u>5,463,332</u>	<u>2,859,332</u>	<u>3,106,735</u>
Expenditures:				
Current:				
Community development	-	8,861	(8,861)	1,400
Debt service:				
Principal	125,000	360,000	(235,000)	340,000
Interest and other charges	1,484,949	3,048,397	(1,563,448)	811,946
Payment to bond escrow agent	-	324,281	(324,281)	-
Pass-through payments	<u>-</u>	<u>1,046,489</u>	<u>(1,046,489)</u>	<u>1,052,445</u>
Total expenditures	<u>1,609,949</u>	<u>4,788,028</u>	<u>(3,178,079)</u>	<u>2,205,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>994,051</u>	<u>675,304</u>	<u>(318,747)</u>	<u>900,944</u>
Other financing sources (uses):				
Payment to bond escrow agent	-	(2,335,037)	(2,335,037)	-
Interfund transfer in	360,130	-	(360,130)	1,152,989
Interfund transfers out	(1,210,708)	(2,852,394)	(1,641,686)	-
Issuance of debt	<u>-</u>	<u>28,615,000</u>	<u>28,615,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(850,578)</u>	<u>23,427,569</u>	<u>24,278,147</u>	<u>1,152,989</u>
Net change in fund balance	143,473	24,102,873	23,959,400	2,053,933
Fund balance at beginning of year, as restated	<u>789,288</u>	<u>789,288</u>	<u>-</u>	<u>293,872</u>
Fund balance at end of year	<u>\$ 932,761</u>	<u>24,892,161</u>	<u>23,959,400</u>	<u>2,347,805</u>

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:

Nonmajor Capital Projects Funds:

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.

2002 Park COP's Fund – This fund is used to account for the bond proceeds and expenditures associated with certain park developments.

Major Capital Projects Funds:

Capital Projects Fund – This fund is used to account for capital projects of the City with resources from bond financing, government grants and investment income.

Assessment District Funds – To account for the revenues and expenditures associated with the construction in various Assessment District established by the City of Indio.

Redevelopment Capital Projects Fund – This fund is used to account for the financial resources to be used for the development and redevelopment of the redevelopment project areas, including acquisition of properties, cost of site improvements, other costs of benefit to the project area, and administrative expenses incurred in sustaining the Redevelopment Agency of the City of Indio.

CITY OF INDIO
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2005

	State Park <u>Bond Act</u>	2002 Park <u>COP's</u>	<u>Total</u>	
			<u>2005</u>	<u>2004</u>
<u>Assets</u>				
Cash and investments	\$ 2,018	315	2,333	1,983
Cash with fiscal agent	-	-	-	2,242,097
Interest receivable	12	-	12	7
Deposits	-	-	-	570,000
Total assets	<u>\$ 2,030</u>	<u>315</u>	<u>2,345</u>	<u>2,814,087</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	227	227	56,122
Due to other funds	-	-	-	48,156
Total liabilities	<u>-</u>	<u>227</u>	<u>227</u>	<u>104,278</u>
Fund balances:				
Reserved for:				
Deposits	-	-	-	570,000
Unreserved:				
Designated	-	88	88	2,137,819
Undesignated	2,030	-	2,030	1,990
Total fund balances (deficits)	<u>2,030</u>	<u>88</u>	<u>2,118</u>	<u>2,709,809</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,030</u>	<u>315</u>	<u>2,345</u>	<u>2,814,087</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
Year ended June 30, 2005

	State Park Bond Act	2002 Park COP's	Total	
			<u>2005</u>	<u>2004</u>
Revenues:				
Investment income	\$ 40	34,762	34,802	22,077
Total revenues	<u>40</u>	<u>34,762</u>	<u>34,802</u>	<u>22,077</u>
Expenditures:				
Current:				
Culture and leisure	-	2,742,493	2,742,493	124,878
Total expenditures	<u>-</u>	<u>2,742,493</u>	<u>2,742,493</u>	<u>124,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40</u>	<u>(2,707,731)</u>	<u>(2,707,691)</u>	<u>(102,801)</u>
Other financing sources (uses):				
Interfund transfers out	-	-	-	(3,178)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,178)</u>
Net change in fund balances	40	(2,707,731)	(2,707,691)	(105,979)
Fund balances at beginning	<u>1,990</u>	<u>2,707,819</u>	<u>2,709,809</u>	<u>2,815,788</u>
Fund balances at end of year	<u>\$ 2,030</u>	<u>88</u>	<u>2,118</u>	<u>2,709,809</u>

CITY OF INDIO
 State Park Bond Capital Projects Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	40	40	446
Total revenues	<u>-</u>	<u>40</u>	<u>40</u>	<u>446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>40</u>	<u>40</u>	<u>446</u>
Fund balance at beginning of year	<u>1,990</u>	<u>1,990</u>	<u>-</u>	<u>1,544</u>
Fund balance at end of year	<u><u>\$ 1,990</u></u>	<u><u>2,030</u></u>	<u><u>40</u></u>	<u><u>1,990</u></u>

CITY OF INDIO
2002 Park COP's Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	34,762	34,762	21,631
Total revenues	<u>-</u>	<u>34,762</u>	<u>34,762</u>	<u>21,631</u>
Expenditures:				
Current:				
Culture and leisure	<u>-</u>	<u>2,742,493</u>	<u>(2,742,493)</u>	<u>124,878</u>
Total expenditures	<u>-</u>	<u>2,742,493</u>	<u>(2,742,493)</u>	<u>124,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,707,731)</u>	<u>(2,707,731)</u>	<u>(103,247)</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,178)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,178)</u>
Net change in fund balance	-	(2,707,731)	(2,707,731)	(106,425)
Fund balance at beginning of year	<u>2,707,819</u>	<u>2,707,819</u>	<u>-</u>	<u>2,814,244</u>
Fund balance at end of year	<u>\$ 2,707,819</u>	<u>88</u>	<u>(2,707,731)</u>	<u>2,707,819</u>

CITY OF INDIO
 Capital Projects Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	4,785,884	4,785,884	5,265,618
Investment income	96,700	410,013	313,313	188,023
Developer fees	<u>8,040,078</u>	<u>15,730,821</u>	<u>7,690,743</u>	<u>4,136,335</u>
 Total revenues	 <u>8,136,778</u>	 <u>20,926,718</u>	 <u>12,789,940</u>	 <u>9,589,976</u>
 Expenditures:				
Current:				
Public works	<u>794,532</u>	<u>10,131,845</u>	<u>(9,337,313)</u>	<u>7,244,317</u>
 Total expenditures	 <u>794,532</u>	 <u>10,131,845</u>	 <u>(9,337,313)</u>	 <u>7,244,317</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>7,342,246</u>	 <u>10,794,873</u>	 <u>3,452,627</u>	 <u>2,345,659</u>
 Other financing sources (uses):				
Interfund transfers in	6,060,000	6,314,927	254,927	1,448,936
Interfund transfers out	<u>(1,000,000)</u>	<u>(138,302)</u>	<u>861,698</u>	<u>(41,950)</u>
 Total other financing sources (uses)	 <u>5,060,000</u>	 <u>6,176,625</u>	 <u>1,116,625</u>	 <u>1,406,986</u>
 Net change in fund balance	 12,402,246	 16,971,498	 4,569,252	 3,752,645
 Fund balance at beginning of year	 <u>15,208,817</u>	 <u>15,208,817</u>	 <u>-</u>	 <u>11,456,172</u>
 Fund balance at end of year	 <u>\$ 27,611,063</u>	 <u>32,180,315</u>	 <u>4,569,252</u>	 <u>15,208,817</u>

CITY OF INDIO
Assessment District Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 17,500	185,672	168,172	43,926
Miscellaneous	-	9,301	9,301	5,920
Contributions from property owners	<u>-</u>	<u>10,921,056</u>	<u>10,921,056</u>	<u>11,485,563</u>
 Total revenues	 <u>17,500</u>	 <u>11,116,029</u>	 <u>11,098,529</u>	 <u>11,535,409</u>
 Expenditures:				
Current:				
Public works	<u>165,500</u>	<u>8,255,762</u>	<u>(8,090,262)</u>	<u>6,513,006</u>
 Total expenditures	 <u>165,500</u>	 <u>8,255,762</u>	 <u>(8,090,262)</u>	 <u>6,513,006</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(148,000)</u>	 <u>2,860,267</u>	 <u>3,008,267</u>	 <u>5,022,403</u>
 Fund balance at beginning of year	 <u>8,193,834</u>	 <u>8,193,834</u>	 <u>-</u>	 <u>3,171,431</u>
 Fund balance at end of year	 <u><u>\$ 8,045,834</u></u>	 <u><u>11,054,101</u></u>	 <u><u>3,008,267</u></u>	 <u><u>8,193,834</u></u>

CITY OF INDIO
Redevelopment Projects Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Charges for services	\$ 30,000	66,000	36,000	69,750
Investment income	81,171	221,097	139,926	61,452
Miscellaneous	<u>81,273</u>	<u>101,435</u>	<u>20,162</u>	<u>83,001</u>
Total revenues	<u>192,444</u>	<u>388,532</u>	<u>196,088</u>	<u>214,203</u>
Expenditures:				
Current:				
Community development	12,495,026	2,580,259	9,914,767	1,888,540
Debt service:				
ERAF payment	<u>320,358</u>	<u>320,357</u>	<u>1</u>	<u>145,052</u>
Total expenditures	<u>12,815,384</u>	<u>2,900,616</u>	<u>9,914,768</u>	<u>2,033,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,622,940)</u>	<u>(2,512,084)</u>	<u>10,110,856</u>	<u>(1,819,389)</u>
Other financing sources (uses):				
Interfund transfers in	1,210,708	2,852,622	1,641,914	-
Interfund transfers out	<u>-</u>	<u>(32,829)</u>	<u>(32,829)</u>	<u>(662,133)</u>
Total other financing sources (uses)	<u>1,210,708</u>	<u>2,819,793</u>	<u>1,609,085</u>	<u>(662,133)</u>
Net change in fund balance	(11,412,232)	307,709	11,719,941	(2,481,522)
Fund balance at beginning of year, as restated	<u>10,527,059</u>	<u>10,527,059</u>	<u>-</u>	<u>8,857,189</u>
Fund balance at end of year	<u>\$ (885,173)</u>	<u>10,834,768</u>	<u>11,719,941</u>	<u>6,375,667</u>

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:

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

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.

CITY OF INDIO
Internal Service Funds
Combining Statement of Net Assets
June 30, 2005

	Self <u>Insurance</u>	Equipment and Facilities	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
Assets:				
Current assets:				
Cash and investments	\$ 1,904,244	1,913,823	3,818,067	3,297,005
Deposit with other agencies	33,019	-	33,019	49,654
Accounts receivable	-	-	-	1,943
Interest receivable	10,694	4,806	15,500	9,922
Advances to other funds	-	-	-	750,000
Prepaid items	21,029	1,706	22,735	24,705
Inventory of materials	-	38,211	38,211	34,872
	<u>1,968,986</u>	<u>1,958,546</u>	<u>3,927,532</u>	<u>4,168,101</u>
Noncurrent assets:				
Capital assets:				
Machinery, equipment and furniture	-	8,173,789	8,173,789	3,494,497
Accumulated depreciation	-	<u>(4,831,493)</u>	<u>(4,831,493)</u>	<u>(3,404,450)</u>
	<u>-</u>	<u>3,342,296</u>	<u>3,342,296</u>	<u>90,047</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>3,342,296</u>	<u>3,342,296</u>	<u>90,047</u>
Total assets	<u>1,968,986</u>	<u>5,300,842</u>	<u>7,269,828</u>	<u>4,258,148</u>
Liabilities:				
Current liabilities:				
Accounts payable	20,265	133,328	153,593	118,085
Accrued payroll	14,904	14,060	28,964	22,634
Claims payable	50,000	-	50,000	-
Noncurrent liabilities:				
Claims payable	<u>124,778</u>	<u>-</u>	<u>124,778</u>	<u>226,656</u>
Total liabilities	<u>209,947</u>	<u>147,388</u>	<u>357,335</u>	<u>367,375</u>
Net assets:				
Invested in capital assets	-	3,342,296	3,342,296	90,047
Unrestricted	<u>1,759,039</u>	<u>1,811,158</u>	<u>3,570,197</u>	<u>3,800,726</u>
Total net assets	<u>\$ 1,759,039</u>	<u>5,153,454</u>	<u>6,912,493</u>	<u>3,890,773</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended June 30, 2005

	Self Insurance	Equipment and Facilities	Totals	
			<u>2005</u>	<u>2004</u>
Operating revenues:				
Charges for services	\$ 1,831,501	2,183,392	4,014,893	4,281,436
Total operating revenues	<u>1,831,501</u>	<u>2,183,392</u>	<u>4,014,893</u>	<u>4,281,436</u>
Operating expenses:				
Personnel services	-	548,923	548,923	420,983
Contractual services	-	368,219	368,219	398,007
Depreciation	-	1,050,939	1,050,939	263,629
Repairs and maintenance	-	318,031	318,031	261,484
Supplies	12,534	1,134,410	1,146,944	1,042,184
Claims and judgments	1,887,683	-	1,887,683	1,259,652
Total operating expenses	<u>1,900,217</u>	<u>3,420,522</u>	<u>5,320,739</u>	<u>3,645,939</u>
Operating income (loss)	<u>(68,716)</u>	<u>(1,237,130)</u>	<u>(1,305,846)</u>	<u>635,497</u>
Nonoperating revenues:				
Investment income	30,459	16,171	46,630	26,553
Miscellaneous	5,374	-	5,374	601,468
Total nonoperating revenues	<u>35,833</u>	<u>16,171</u>	<u>52,004</u>	<u>628,021</u>
Income before capital contributions	(32,883)	(1,220,959)	(1,253,842)	1,263,518
Capital contributions	-	533,077	533,077	-
Net change in net assets	(32,883)	(687,882)	(720,765)	1,263,518
Net assets at beginning of year, as restated	<u>1,791,922</u>	<u>5,841,336</u>	<u>7,633,258</u>	<u>2,627,255</u>
Net assets at end of year	<u>\$ 1,759,039</u>	<u>5,153,454</u>	<u>6,912,493</u>	<u>3,890,773</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2005

	Self <u>Insurance</u>	Equipment and Facilities	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
Cash flows from operating activities:				
Cash received from user departments	\$ 1,850,079	2,183,392	4,033,471	4,279,493
Cash payments to suppliers of goods and services	(1,939,553)	(1,797,495)	(3,737,048)	(3,864,413)
Cash payments to employee for services	-	(544,161)	(544,161)	(411,595)
Miscellaneous receipts	<u>5,374</u>	<u>-</u>	<u>5,374</u>	<u>601,468</u>
Net cash provided by (used for) operating activities	<u>(84,100)</u>	<u>(158,264)</u>	<u>(242,364)</u>	<u>604,953</u>
Cash flows from non-capital financing activities:				
Cash received from other funds	<u>-</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Net cash provided by (used for) non-capital and related activities	<u>-</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>-</u>	<u>(27,626)</u>	<u>(27,626)</u>	<u>(32,837)</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(27,626)</u>	<u>(27,626)</u>	<u>(32,837)</u>
Cash flows from investing activities:				
Interest received on investments	<u>26,157</u>	<u>14,895</u>	<u>41,052</u>	<u>23,950</u>
Net cash provided by (used for) investing activities	<u>26,157</u>	<u>14,895</u>	<u>41,052</u>	<u>23,950</u>
Net increase (decrease) in cash and cash equivalents	(57,943)	579,005	521,062	596,066
Cash and cash equivalents at beginning of year	<u>1,962,187</u>	<u>1,334,818</u>	<u>3,297,005</u>	<u>2,700,939</u>
Cash and cash equivalents at end of year	<u>\$ 1,904,244</u>	<u>1,913,823</u>	<u>3,818,067</u>	<u>3,297,005</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

(Continued)

	Self <u>Insurance</u>	Equipment <u>and Facilities</u>	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (68,716)	(1,237,130)	(1,305,846)	635,497
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	1,050,939	1,050,939	263,629
Miscellaneous nonoperating income	5,374	-	5,374	601,468
(Increase) decrease in deposits with other agencies	16,635	-	16,635	-
(Increase) decrease in accounts receivable	1,943	-	1,943	(1,943)
(Increase) decrease in prepaid items	3,676	(1,706)	1,970	(21,346)
(Increase) decrease in inventory	-	(3,339)	(3,339)	(33,872)
(Increase) decrease in other assets	-	-	-	114,393
Increase (decrease) in accounts payable	7,298	28,210	35,508	(31,349)
Increase (decrease) in accrued payroll	1,568	4,762	6,330	9,217
Increase (decrease) in claims and judgments payable	<u>(51,878)</u>	<u>-</u>	<u>(51,878)</u>	<u>(930,741)</u>
Net cash provided by (used for) operating activities	<u>\$ (84,100)</u>	<u>(158,264)</u>	<u>(242,364)</u>	<u>604,953</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 Funds – To account for the City's fiduciary capacity as custodian of the monies held on behalf of the various Assessment District Bonds for debt service.

CITY OF INDIO
Agency Funds

Combining Statement of Assets and Liabilities

June 30, 2005

	Shadow Hills Assessment District	Assessment Districts	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
Assets:				
Cash and investments	\$ 291,809	2,266,310	2,558,119	1,940,582
Cash with fiscal agent	231,114	4,379,203	4,610,317	3,587,915
Due from other governments	11,251	74,066	85,317	73,737
Interest receivable	<u>1,247</u>	<u>7,844</u>	<u>9,091</u>	<u>5,335</u>
 Total assets	 <u>\$ 535,421</u>	 <u>6,727,423</u>	 <u>7,262,844</u>	 <u>5,607,569</u>
Liabilities:				
Accounts payable	\$ 31,282	57,019	88,301	155,304
Due to bondholders	504,139	6,357,201	6,861,340	5,227,265
Deposits payable	<u>-</u>	<u>313,203</u>	<u>313,203</u>	<u>225,000</u>
 Total liabilities	 <u>\$ 535,421</u>	 <u>6,727,423</u>	 <u>7,262,844</u>	 <u>5,607,569</u>

CITY OF INDIO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

June 30, 2005

	<u>Balance at</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2005</u>
<u>SHADOW HILLS A.D.</u>				
<u>Assets</u>				
Cash and investments	\$ 284,409	521,615	(514,215)	291,809
Cash with fiscal agent	231,248	12,149	(12,283)	231,114
Due from other governments	2,508	11,251	(2,508)	11,251
Interest receivable	758	2,523	(2,034)	1,247
Total assets	<u>\$ 518,923</u>	<u>547,538</u>	<u>(531,040)</u>	<u>535,421</u>
<u>Liabilities</u>				
Accounts payable	\$ 11,750	50,922	(31,390)	31,282
Due to bondholders	507,173	316,717	(319,751)	504,139
Total liabilities	<u>\$ 518,923</u>	<u>367,639</u>	<u>(351,141)</u>	<u>535,421</u>
 <u>ASSESSMENT DISTRICTS</u>				
<u>Assets</u>				
Cash and investments	\$ 1,656,173	5,148,886	(4,538,749)	2,266,310
Cash with fiscal agent	3,356,667	2,212,903	(1,190,367)	4,379,203
Due from other governments	71,229	74,069	(71,232)	74,066
Interest receivable	4,577	15,713	(12,446)	7,844
Total assets	<u>\$ 5,088,646</u>	<u>7,451,571</u>	<u>(5,812,794)</u>	<u>6,727,423</u>
<u>Liabilities</u>				
Accounts payable	\$ 143,554	416,228	(502,763)	57,019
Due to bondholders	4,720,092	5,514,482	(3,877,373)	6,357,201
Deposits payable	225,000	300,000	(211,797)	313,203
Total liabilities	<u>\$ 5,088,646</u>	<u>6,230,710</u>	<u>(4,591,933)</u>	<u>6,727,423</u>

STATISTICAL SECTION

CITY OF INDIO
NET ASSETS BY COMPONENT
LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 15,387	\$ 24,600	\$ 223,825
Restricted	19,952	23,003	53,566
Unrestricted	10,613	24,277	19,814
Total governmental activities net assets	\$ <u>45,952</u>	\$ <u>71,880</u>	\$ <u>297,205</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 552	\$ 555	\$ 557
Restricted	-	-	-
Unrestricted	922	984	899
Total business-type activities net assets	\$ <u>1,474</u>	\$ <u>1,539</u>	\$ <u>1,456</u>
Component unit activities			
Invested in capital assets, net of related debt	\$ 15,883	\$ 17,177	\$ 135,849
Restricted	-	-	-
Unrestricted	2,016	3,208	8,553
Total Component unit activities net assets	\$ <u>17,899</u>	\$ <u>20,385</u>	\$ <u>144,402</u>
Primary government			
Invested in capital assets, net of related debt	\$ 31,822	\$ 42,332	\$ 360,231
Restricted	19,952	23,003	53,566
Unrestricted	13,551	28,469	29,266
Total primary government net assets	\$ <u>65,325</u>	\$ <u>93,804</u>	\$ <u>443,063</u>

Source: City of Indio Finance Department

**CITY OF INDIO
CHANGES IN NET ASSETS
LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)**

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
General government	\$ 3,973	\$ 4,855	\$ 6,722
Public safety	16,042	14,005	17,660
Public works	8,039	8,811	16,952
Community development	4,478	3,759	7,639
Culture and leisure	966	968	3,731
Interest expense and other charges	1,158	1,234	4,108
Total governmental activities expenses	<u>34,656</u>	<u>33,632</u>	<u>56,812</u>
Business-type activities:			
Golf	<u>655</u>	<u>587</u>	<u>783</u>
Total primary government expenses	<u>\$ 35,311</u>	<u>\$ 34,219</u>	<u>\$ 57,595</u>
Component unit activities:			
Water	<u>\$ 5,343</u>	<u>\$ 5,898</u>	<u>\$ 9,379</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 372	\$ 355	\$ 453
Public safety	1,926	1,504	1,692
Public works	926	1,117	1,712
Community development	4,484	6,984	7,777
Culture and leisure	386	598	599
Operating contribution and grants	3,237	2,843	6,272
Capital contributions and grants	13,673	21,351	32,662
Total governmental activities program revenues	<u>25,004</u>	<u>34,752</u>	<u>51,167</u>
Business-type activities:			
Charges for services:			
Golf	<u>780</u>	<u>686</u>	<u>673</u>
Total primary government program revenues	25,784	35,438	51,840
Component unit activities:			
Water	7,719	6,279	6,233
Capital contributions and grants	<u>-</u>	<u>1,805</u>	<u>2,756</u>
Total component unit activities	<u>7,719</u>	<u>8,084</u>	<u>8,989</u>

(Continued)

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Net (expense)/revenue			
Governmental activities	(9,652)	1,120	(5,645)
Business-type activities	125	99	(110)
Total primary government net expense	<u>(9,527)</u>	<u>1,219</u>	<u>(5,755)</u>
Component unit activities	2,376	2,186	(390)
General Revenues and Other Changes In			
Net Assets			
Governmental activities:			
Taxes			
Property taxes	5,112	5,497	11,908
Sales taxes	6,390	7,198	8,879
Transient occupancy taxes	1,018	1,162	1,220
Franchise taxes	493	834	1,090
Other taxes	2,615	3,623	4,096
Investment earnings	934	727	1,768
Intergovernmental	1,682	789	-
State motor vehicle in lieu tax	3,040	2,503	387
Miscellaneous	2,632	2,765	2,220
Transfers	89	51	-
Gain of sale of assets	26	13	-
Total governmental activities	<u>24,031</u>	<u>25,162</u>	<u>31,568</u>
Business-type activities:			
Investment earnings	18	14	19
Miscellaneous	-	3	2
Transfers	(89)	(51)	-
Total business-type activities	<u>(71)</u>	<u>(34)</u>	<u>21</u>
Total primary government	<u>\$ 23,960</u>	<u>\$ 25,128</u>	<u>\$ 31,589</u>
Component unit activities:			
Investment earnings	\$ 154	\$ 109	\$ 296
Miscellaneous	-	191	457
Transfers	-	-	-
Total component unit activities	<u>\$ 154</u>	<u>\$ 300</u>	<u>\$ 753</u>
Change In Net Assets			
Governmental activities	\$ 14,379	\$ 26,282	\$ 25,923
Business-type activities	54	65	(89)
Total primary government	14,433	26,347	25,834
Component unit activities	2,530	2,486	363

Source: City of Indio Finance Department

CITY OF INDIO
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Transient Occupancy Tax</u>	<u>Franchise Tax</u>	<u>Motor Vehicle Tax</u>	<u>Other Tax</u>	<u>Total</u>
2005	\$ 11,908	\$ 8,879	\$ 1,220	\$ 1,090	\$ 387	\$ 4,096	\$ 27,580
2004	5,497	7,198	1,162	835	2,503	3,623	20,818
2003	5,112	6,390	1,018	493	3,040	2,615	18,668

Source: City of Indio Finance Department

**CITY OF INDIO
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST THREE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (amounts expressed in thousands)**

	Fiscal Year		
	2003	2004	2005
General fund			
Reserved	\$ 4,856	\$ 5,627	\$ 2,670
Unreserved	6,856	11,923	16,187
Total general fund	<u>\$ 11,712</u>	<u>\$ 17,550</u>	<u>\$ 18,857</u>
All other governmental funds			
Reserved	\$ 8,924	\$ 10,738	\$ 52,484
Unreserved, reported in:			
Special revenue funds	5,906	5,682	8,090
Capital projects funds	21,106	27,906	30,355
Permanent funds	-	-	-
Total all other governmental funds	<u>\$ 35,936</u>	<u>\$ 44,326</u>	<u>\$ 90,929</u>

Source: City of Indio Finance Department

CITY OF INDIO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year		
	2003	2004	2005
Revenues			
Taxes	\$ 18,440	\$ 24,011	\$ 26,910
Special assessments	2,181	497	777
Licenses and permits	4,787	5,093	5,932
Intergovernmental	7,858	6,618	9,655
Charges for services	4,042	5,711	6,460
Fines	737	662	780
Investment earnings	778	962	2,350
Developer fees	1,922	4,136	15,731
Miscellaneous	2,415	952	1,010
Contributions from property owners	6,434	11,485	10,921
Total revenues	<u>\$ 49,594</u>	<u>\$ 60,127</u>	<u>\$ 80,526</u>
Expenditures			
General government	\$ 4,798	\$ 5,165	\$ 6,270
Public safety	15,249	14,142	16,964
Public works	19,659	15,964	20,859
Community development	5,255	5,623	7,306
Culture and leisure	891	955	3,697
Debt service			
Principal	4,120	1,452	1,385
Interest	1,173	1,096	3,286
Other charges	705	1,198	1,690
Total expenditures	<u>\$ 51,850</u>	<u>\$ 45,595</u>	<u>\$ 61,457</u>
Excess of revenues over (under) expenditures	\$ (2,256)	\$ 14,532	\$ 19,069
Other financing sources (uses)			
Transfers in	7,513	6,683	10,642
Transfers out	(7,424)	(6,632)	(10,642)
Lease purchase and loan proceeds	943	-	-
Payment to bond escrow agent	-	-	(2,335)
Issuance of bond	3,750	-	28,615
Total other financing sources (uses)	<u>\$ 4,782</u>	<u>\$ 51</u>	<u>\$ 26,280</u>
Net change in fund balances	\$ 2,526	\$ 14,583	\$ 45,349
Debt service as a percentage of noncapital expenditures	11.6%	8.2%	10.4%

Source: City of Indio Finance Department

CITY OF INDIO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST THREE FISCAL YEARS

Fiscal Year	Assessed Value		Less:		Net Taxable Value	Estimated Actual Value	Ratio of Assessed to Net Taxable Value
	Residential Property	Commercial Property	Tax Exempt Real Property				
2005	\$ 1,976,359,127	\$ 1,040,781,868	\$ 131,728,607	\$	\$ 2,885,412,388	2,885,412,388	100.0%
2004	1,504,405,602	863,670,915	112,007,415		2,256,069,102	2,256,069,102	100.0%
2003	1,259,211,509	813,503,117	82,448,494		1,990,266,132	1,990,266,132	100.0%

Source: HdL Coren & Cone, Riverside County Assessor

**CITY OF INDIO
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST THREE FISCAL YEARS**

Overlapping Rates

Fiscal Year	City of Indio	County	School Districts	Special Districts	Total
2005	0.20	0.20	0.41	0.19	1.00
2004	0.21	0.22	0.37	0.20	1.00
2003	0.21	0.22	0.37	0.20	1.00

Source: HdL Coren & Cone, Riverside County Assessor

**CITY OF INDIO
PRINCIPAL PROPERTY TAXPAYERS
LAST TWO FISCAL YEARS**

Taxpayer	2005			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
JFK Memorial Hospital	\$ 33,223,141	1	1.10%	30,163,066	1	1.27%
Smoketree Apartments 288	19,433,930	2	0.64%			
Paseo Group Limited Partnership	16,277,884	3	0.54%			
Ralph's Grocery Company	15,353,671	4	0.51%			
Indio Land Ventures LLC	15,196,810	5	0.50%			
Pulte Home Corporation	14,585,124	6	0.48%	14,183,787	3	0.60%
Indio Summer Field	14,522,588	7	0.48%			
KW PCCP Del Mar	13,546,500	8	0.45%			
JH Indio LLC	13,285,688	9	0.44%			
Time Warner Entertainment	12,153,603	10	0.40%	11,726,817	8	0.50%
LB Hills Golf				19,133,797	2	
AG Indio Fashion Mall LLC				14,049,512	4	
Richard K. Rifembark Trust				11,847,966	7	0.50%
7709 Lankershim Limited				13,010,700	5	
EQR Smoketree				12,369,013	6	0.52%
Plantation Golf Club Inc.				11,248,510	9	0.48%
S & D Indian Palms California Ltd				10,929,945	10	0.46%

Source: HdL Coren & Cone, Riverside County Assessor

**CITY OF INDIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TWO FISCAL YEARS**

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	Estimated Median Age (3)	Estimated School Enrollment (3)	Estimated Unemployment Rate (4)
2005	66,118	\$ 990,382	\$ 14,979	27.3	25,180	5.2%
2004	60,175	867,062	14,409	27.3	25,180	5.8%

Source: (1) State of California Department of Finance
(2) Claritas, Market Profiles
(3) California Cities, Towns & Counties, 2004
(4) State of California Employment Development Department

**CITY OF INDIO
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST THREE FISCAL YEARS**

Function	2003	2004	2005
General government	31	32	33.5
Public safety			
Police			
Sworn	55	61	61
Civilians	49	37.5	36
Public services			
Engineering	13	12	13
Maintenance	35	29	30
Community development	17	20	21
Component Unit	<u>23</u>	<u>24</u>	<u>23</u>
Total	<u><u>223</u></u>	<u><u>215.5</u></u>	<u><u>217.5</u></u>

Source: City of Indio Finance Department

**CITY OF INDIO
PRINCIPAL EMPLOYERS**

<u>Employer</u>	<u>Employees</u>	<u>Product/Service</u>
County of Riverside	900	Government
Fantasy Springs Casino	525	Casino
John F. Kennedy Memorial Hospital	445	Medical Hospital
City of Indio	226	Government
Sears Roebuck & Company	142	Department Store
Desert Orthopedic Center	115	Physical Therapy
Super Saver Food	100	Grocery Store
Dimare Company	100	Farm Produce
Granite Construction	100	Concrete
GTE	100	Telephone Service

Source: City of Indio

**CITY OF INDIO
PRINCIPAL SALES TAX PRODUCERS**

<u>Business Name</u>	<u>Business Category</u>
A.C. Houston Lumber Co.	Lumber/Building Materials
American Contractors Supply	Lumber/Building Materials
Arco AM PM Mini Mart	Service Stations
Audi Leasing Ltd Bentley Leasing	Auto Lease
Circle K	Grocery Stores Beer/Wine
Club Car	Transportation, Non-Auto
Coachella Valley Pontiac Buick	New Motor Vehicle Dealers
Fiesta Ford Lincoln Mercury	New Motor Vehicle Dealers
Food 4 Less	Grocery Stores
Gottchalks	Department Stores
Guarnty RV Centers	Trailers and Supplies
High Tech Irrigation	Lumber/Building Materials
I-10 Toyota	New Motor Vehicle Dealers
Jiquilpan Used Cars	Used Automotive Dealers
K Mart	Discount Department Stores
Mathis Brothers Furniture	Home Furnishings
Mobil Oil	Service Stations
National Waterworks	Heavy Industrial
Paradise Volkswagen	New Motor Vehicle Dealers
Ralphs	Grocery Stores

Businesses are listed alphabetically
Period: April 2004 through March 2005

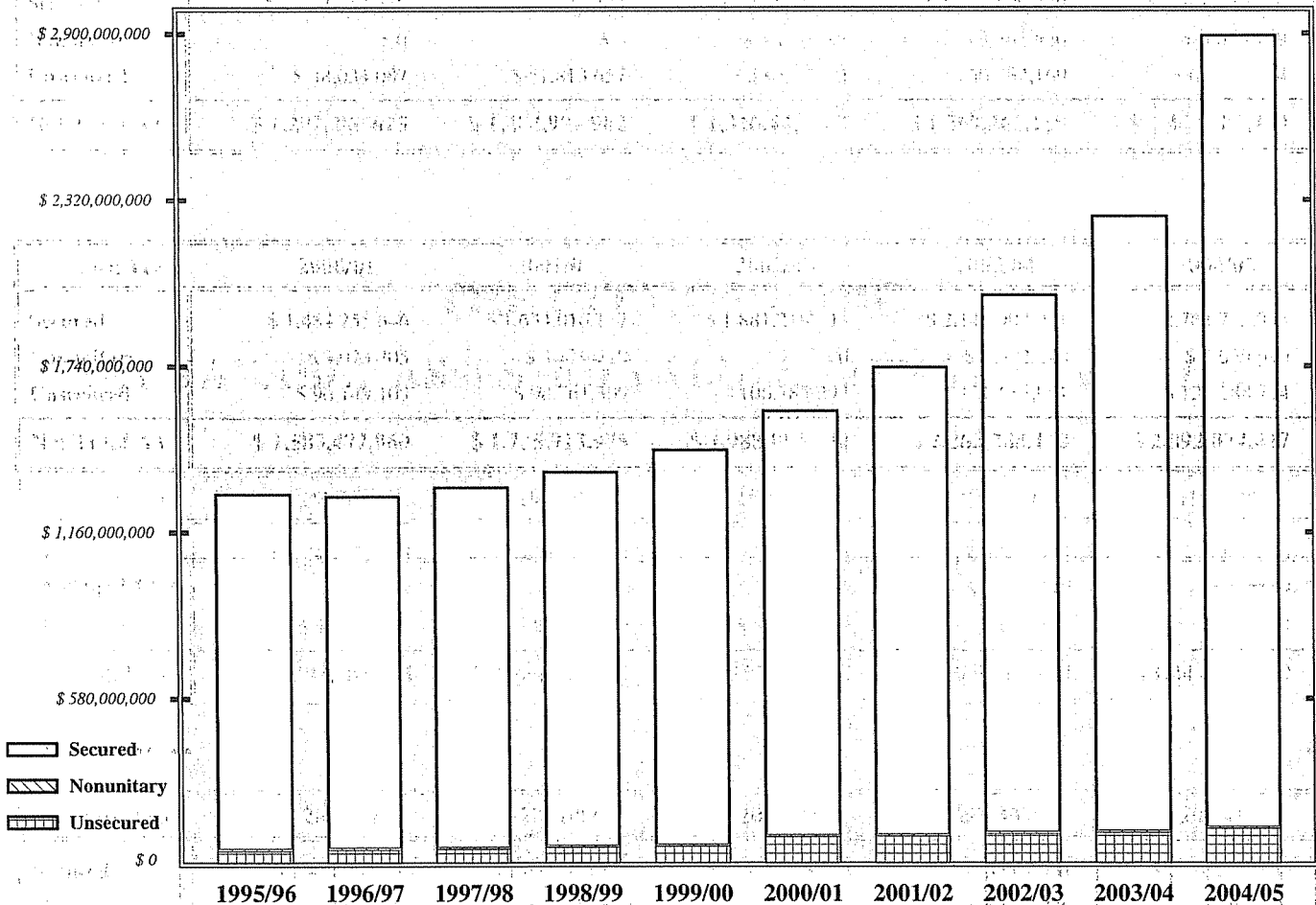
Source: Hinderliter, de Llamas & Associates, State board of Equalization

THE CITY OF INDIO

NET TAXABLE ASSESSED VALUES - TEN YEAR HISTORY

Lien Year:	1995/96	1996/97	1997/98	1998/99	1999/00
Secured	\$ 1,244,252,538	\$ 1,233,178,245	\$ 1,259,953,063	\$ 1,305,899,449	\$ 1,381,150,126
Nonunitary	\$ 0	\$ 0	\$ 3,149,815	\$ 3,333,540	\$ 3,058,109
Unsecured	\$ 48,034,087	\$ 51,813,657	\$ 53,340,630	\$ 60,032,169	\$ 63,177,204
Net Total AV	\$ 1,292,286,625	\$ 1,284,991,902	\$ 1,316,443,508	\$ 1,369,265,158	\$ 1,447,385,439

Lien Year:	2000/01	2001/02	2002/03	2003/04	2004/05
Secured	\$ 1,484,255,646	\$ 1,634,016,137	\$ 1,881,218,348	\$ 2,148,907,941	\$ 2,763,725,943
Nonunitary	\$ 3,073,205	\$ 3,136,529	\$ 0	\$ 1,692,240	\$ 3,059,690
Unsecured	\$ 96,149,109	\$ 98,761,309	\$ 106,785,292	\$ 111,687,981	\$ 125,288,794
Net Total AV	\$ 1,583,477,960	\$ 1,735,913,975	\$ 1,988,003,640	\$ 2,262,288,162	\$ 2,892,074,427



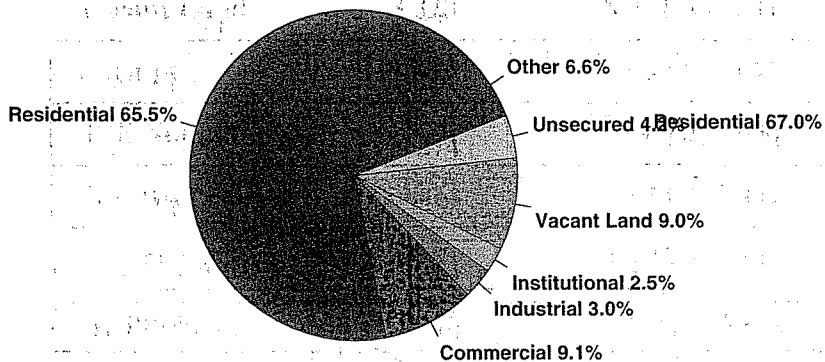
Source: HdL Coren & Cone, Riverside County Assessor Combined Tax Rolls
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THE CITY OF INDIO

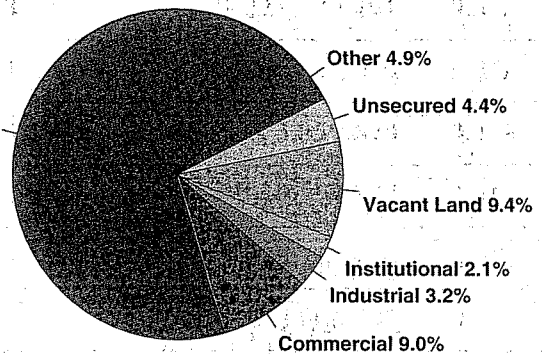
USE CATEGORY SUMMARY, 2004/05

<i>BASIC PROPERTY VALUE TABLE</i>					
CATEGORY	PARCELS	ASSESSED VALUE		NET TAXABLE VALUE	
Residential	14,524	\$ 1,976,359,127	64.8%	\$ 1,934,494,788	66.2%
Commercial	530	\$ 276,009,856	9.0%	\$ 260,012,767	8.9%
Industrial	274	\$ 91,697,201	3.0%	\$ 91,401,715	3.1%
Irrigated	13	\$ 8,031,053	0.3%	\$ 8,031,053	0.3%
Dry Farm	56	\$ 32,084,025	1.1%	\$ 32,084,025	1.1%
Recreational	59	\$ 46,937,524	1.5%	\$ 46,937,524	1.6%
Institutional	81	\$ 74,873,146	2.5%	\$ 60,892,333	2.1%
Government	2	\$ 271,080	0.0%	\$ 0	0.0%
Miscellaneous	1	\$ 294,098	0.0%	\$ 294,098	0.0%
Vacant Land	3,328	\$ 271,533,081	8.9%	\$ 271,300,491	9.3%
Exempt	1,039	\$ 50,651,065	1.7%	\$ 0	0.0%
SBE Nonunitary	[37]	\$ 3,059,690	0.1%	\$ 3,059,690	0.1%
Possessory Int.	[5,665]	\$ 48,445,952	1.6%	\$ 46,318,877	1.6%
Unsecured	[1,387]	\$ 126,094,631	4.1%	\$ 125,778,490	4.3%
Unknown	25	\$ 10,799,466	0.4%	\$ 4,806,537	0.2%
TOTALS	19,932	\$ 3,017,140,995		\$ 2,885,412,388	

ASSESSED VALUE



NET TAXABLE VALUE



Source: HdL Coren & Cone, Riverside County Assessor 2004/05 Combined Tax Rolls
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THE CITY OF INDIO

2004/05 CITY ROLL SUMMARY

Taxable Property Values

	Secured Taxable	Nonunitary Utilities	Unsecured Roll
Parcels	18,893	37	1,387
TRAs	123	11	65

Values			
Land	\$ 981,161,599	\$ 2,516,575	\$ 91,061
Improvements	\$ 1,826,586,418	\$ 345,391	\$ 7,119,648
Personal Property	\$ 21,517,634	\$ 197,724	\$ 74,098,951
Fixtures	\$ 8,069,958	\$ 0	\$ 44,482,271
Aircraft*		\$ 0	\$ 302,700
Total Value*	\$ 2,837,335,609	\$ 3,059,690	\$ 125,791,931

Exemptions			
Real Estate	\$ 80,761,401	\$ 0	\$ 316,141
Personal Property	\$ 0	\$ 0	
Fixtures	\$ 0	\$ 0	
Aircraft*		\$ 0	\$ 0
Homeowners*	\$ 42,134,612	\$ 0	\$ 0
Total Exemptions*	\$ 80,761,401	\$ 0	\$ 316,141

Total Net Value*	\$ 2,756,574,208	\$ 3,059,690	\$ 125,475,790
-------------------------	-------------------------	---------------------	-----------------------

Combined Values*	Total
Total Values	\$ 2,966,187,230
Total Exemptions	\$ 81,077,542
Net Total Values	\$ 2,885,109,688
Net Aircraft Values	\$ 302,700

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

Source: HdL, Coren & Cone, Riverside County Assessor 2004/05 Combined Tax Rolls

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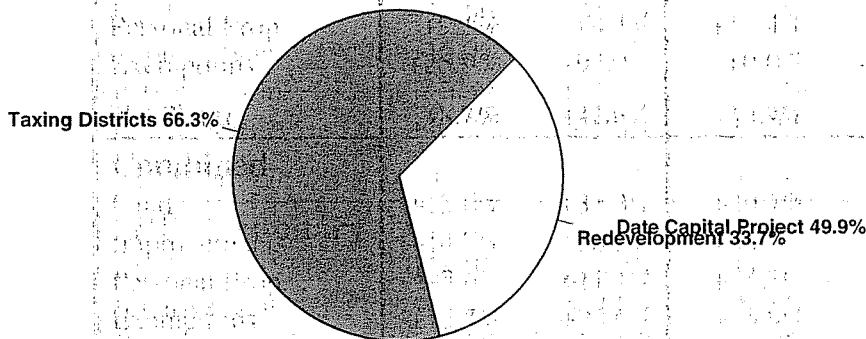
THE CITY OF INDIO

2004/05 GROWTH SUMMARY BY AGENCY

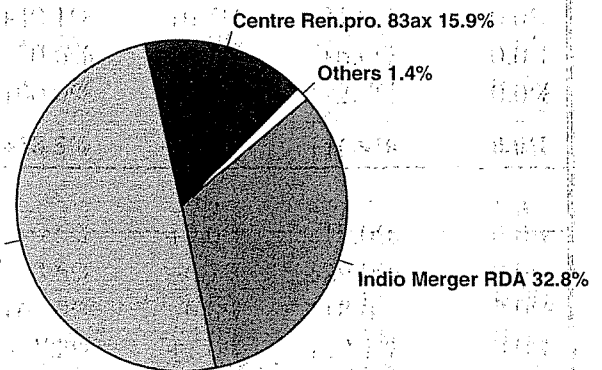
Percentage Growth Of Assessed Values By Agency Between 2003/04 And 2004/05

	County	City	General Taxing Agenc	Centre Renew. Proj.	Centre Ren.pro. 83ax	Date Capital Project	Indio Annex
Secured							
Land	+13.6%	+31.2%	+39.7%	+9.6%	+6.9%	+18.0%	0.0%
Improvements	+15.0%	+26.5%	+31.2%	-11.2%	+7.6%	+28.8%	0.0%
Personal Prop.	+6.5%	+21.4%	+19.6%	-3.7%	+15.8%	+66.0%	0.0%
Exemptions	+12.7%	+20.4%	+14.9%	-75.1%	+1.0%	+29.1%	0.0%
Net Total	+14.5%	+28.3%	+34.3%	+1.0%	+7.9%	+25.5%	0.0%
SBE Nonunitary							
Land	+24.9%	+100.2%	+11.6%	0.0%	+130.6%	0.0%	0.0%
Improvements	-12.1%	+24.8%	+24.8%	0.0%	+24.8%	0.0%	0.0%
Personal Prop.	+6.8%	+24.8%	+24.8%	0.0%	+24.8%	0.0%	0.0%
Exemptions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Total	-7.8%	+80.8%	+16.3%	0.0%	+104.6%	0.0%	0.0%
Unsecured							
Land	-20.0%	-12.2%	0.0%	0.0%	-19.5%	-16.7%	0.0%
Improvements	+9.2%	+19.7%	+12.0%	+40.1%	-10.5%	+31.8%	0.0%
Personal Prop.	+9.1%	+8.4%	+17.4%	+70.6%	-11.7%	+6.6%	0.0%
Exemptions	+25.9%	+92.0%	+0.0%	-100.0%	+1.8%	-2.7%	0.0%
Net Total	+8.7%	+12.6%	+14.9%	+58.5%	-11.4%	+16.9%	0.0%
Combined							
Land	+13.6%	+31.3%	+39.7%	+9.6%	+9.6%	+18.0%	0.0%
Improvements	+14.7%	+26.3%	+30.9%	-8.6%	+6.7%	+29.0%	0.0%
Personal Prop.	+8.6%	+11.1%	+18.3%	+67.0%	-6.8%	+8.6%	0.0%
Exemptions	+13.5%	+20.6%	+15.9%	-75.2%	+1.0%	+29.1%	0.0%
Net Total AV	+14.2%	+27.6%	+33.8%	+6.7%	+6.9%	+24.5%	0.0%
Net Taxable AV	+14.2%	+27.9%	+34.3%	+6.8%	+6.9%	+24.9%	0.0%

2004/05 Total Net AV



2004/05 Redevelopment Net AV



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

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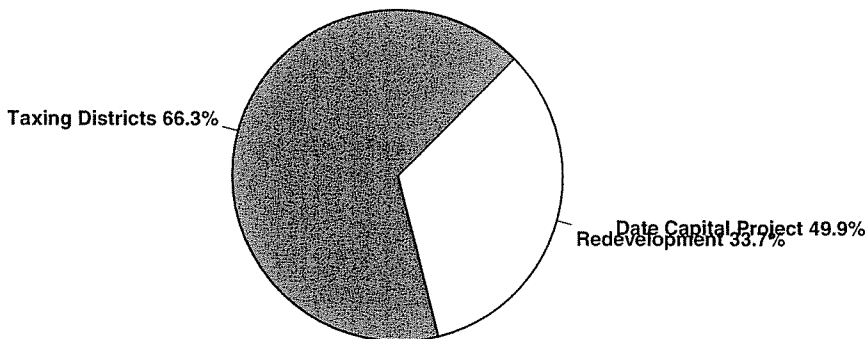
THE CITY OF INDIO

2004/05 GROWTH SUMMARY BY AGENCY

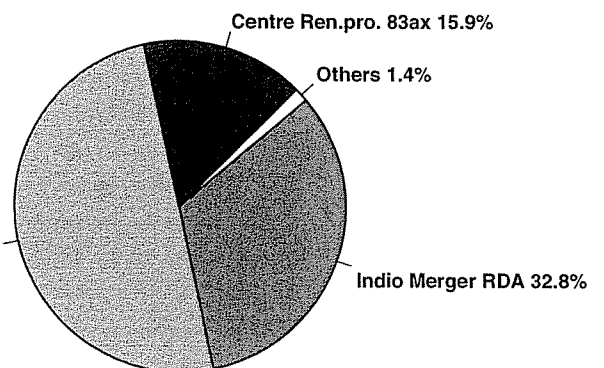
Percentage Growth Of Assessed Values By Agency Between 2003/04 And 2004/05

	County	City	Indio Merger RDA
Secured			
Land	+13.6%	+31.2%	+13.9%
Improvements	+15.0%	+26.5%	+10.2%
Personal Prop.	+6.5%	+21.4%	+13.0%
Exemptions	+12.7%	+20.4%	+1.9%
Net Total	+14.5%	+28.3%	+11.6%
SBE Nonunitary			
Land	+24.9%	+100.2%	+0.7%
Improvements	-12.1%	+24.8%	+24.8%
Personal Prop.	+6.8%	+24.8%	+24.8%
Exemptions	0.0%	0.0%	0.0%
Net Total	-7.8%	+80.8%	+1.5%
Unsecured			
Land	-20.0%	-12.2%	-8.8%
Improvements	+9.2%	+19.7%	+24.9%
Personal Prop.	+9.1%	+8.4%	+6.7%
Exemptions	+25.9%	+92.0%	0.0%
Net Total	+8.7%	+12.6%	+12.9%
Combined			
Land	+13.6%	+31.3%	+13.8%
Improvements	+14.7%	+26.3%	+10.6%
Personal Prop.	+8.6%	+11.1%	+7.2%
Exemptions	+13.5%	+20.6%	+1.9%
Net Total AV	+14.2%	+27.6%	+11.7%
Net Taxable AV	+14.2%	+27.9%	+11.7%

2004/05 Total Net AV

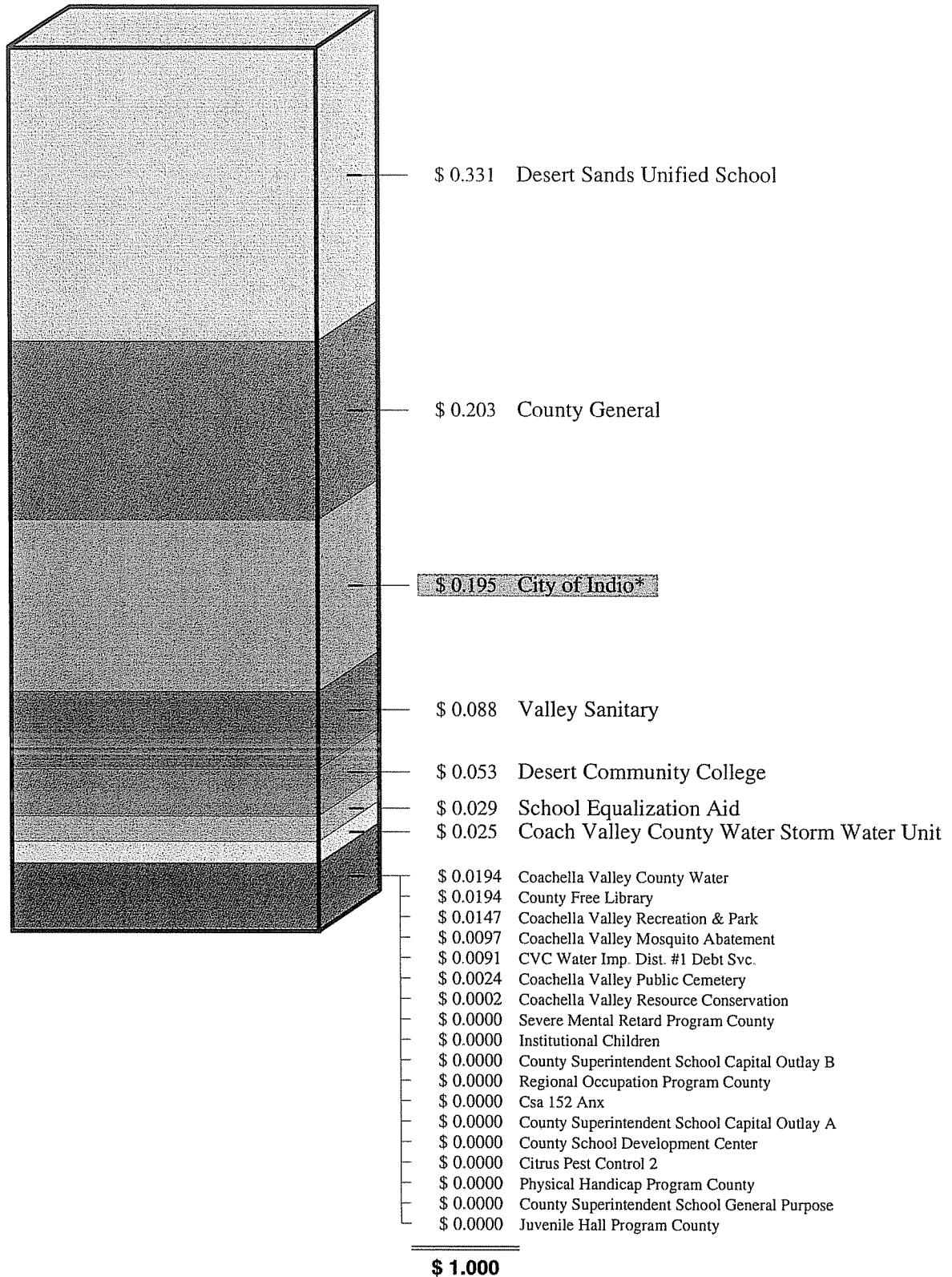


2004/05 Redevelopment Net AV



THE CITY OF INDIO

PROPERTY TAX DOLLAR BREAKDOWN



ATI (Annual Tax Increment) Ratios For Tax Rate Area 007-007, 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 2004/05 Annual Tax Increment Tables

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THE CITY OF INDIO

2004/05 TOP TEN PROPERTY OWNERS

Top Property Owners Based On Gross Assessed Values

Owner	Secured		Unsecured		Combined		Primary Use & Primary Agency
	Parcels	Value	Parcels	Value	Value	Portion Of City	
1) JFK Memorial Hospital Inc.	2	\$ 33,223,141			\$ 33,223,141	1.10%	Institutional GENERAL TAXING AGENC
2) Smoketree Apartments 288	1	\$ 19,433,930			\$ 19,433,930	0.64%	Residential GENERAL TAXING AGENC
3) Paseo Group Limited Partnership	12	\$ 16,277,884			\$ 16,277,884	0.54%	Commercial DATE CAPITAL PROJECT
4) Ralph's Grocery Company	3	\$ 13,260,562	2	\$ 2,093,109	\$ 15,353,671	0.51%	Commercial GENERAL TAXING AGENC
5) Indio Land Ventures LLC	6	\$ 15,196,810			\$ 15,196,810	0.50%	Recreational GENERAL TAXING AGENC
6) Pulte Home Corporation	291	\$ 14,585,124			\$ 14,585,124	0.48%	Vacant Land GENERAL TAXING AGENC
7) Indio Summer Field	7	\$ 14,522,588			\$ 14,522,588	0.48%	Residential DATE CAPITAL PROJECT
8) KW PCCP Del Mar	2	\$ 13,546,500			\$ 13,546,500	0.45%	Residential DATE CAPITAL PROJECT
9) JH Indio LLC	3	\$ 13,279,301	1	\$ 6,387	\$ 13,285,688	0.44%	Residential GENERAL TAXING AGENC
10) Time Warner Entertainment			2	\$ 12,153,603	\$ 12,153,603	0.40%	Unsecured GENERAL TAXING AGENC
Top Ten Totals	327	\$ 153,325,840	5	\$ 14,253,099	\$ 167,578,939	5.55%	
City Totals		\$ 2,991,046,364		\$ 126,094,631	\$ 3,017,140,995		

THE CITY OF INDIO

2004 TOP PROPERTY OWNER SUMMARY

Owner (Number of Parcels)	Assessed Value
1 JFK Memorial Hospital Inc. (2)	\$ 33,223,141
2 Smoketree Apartments 288 (1)	\$ 19,433,930
3 Paseo Group Limited Partnership (12)	\$ 16,277,884
4 Ralph's Grocery Company (5)	\$ 15,353,671
5 Indio Land Ventures LLC (6)	\$ 15,196,810
6 Pulte Home Corporation (291)	\$ 14,585,124
7 Indio Summer Field (7)	\$ 14,522,588
8 KW PCCP Del Mar (2)	\$ 13,546,500
9 JH Indio LLC (4)	\$ 13,285,688
10 Time Warner Entertainment (2)	\$ 12,153,603
11 Richard K. Rifenkark Trust (1)	\$ 12,134,818
12 Seecon Partners XVII & XIX (17)	\$ 12,101,241
13 Plantation Golf Club Inc. (7)	\$ 11,476,874
14 LB Indio Land (4)	\$ 11,219,119
15 First American Company Trust (38)	\$ 10,564,819
16 J D G Properties (12)	\$ 10,246,192
17 Rich Development Indio III (3)	\$ 9,570,987
18 Marthas Village Limited Partnership (1)	\$ 9,530,525
19 Bernard Jacques Debonne Trust (6)	\$ 9,464,492
20 Nelson & Martha P. Brewart (1)	\$ 9,335,750
21 Polo Estates LLC (4)	\$ 9,025,653
22 Peter Solomon (2)	\$ 8,999,999
23 Richard M. Marsh (10)	\$ 8,553,364
24 Wells Associates (1)	\$ 8,323,857
25 American Stores Properties Inc. (2)	\$ 7,841,675

Source: HdL Coren & Cone, Riverside County Assessor 2004/05 Combined Tax Rolls NC508031649
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
2004 TOP PROPERTY TAXPAYERS**

Owner (Number of Parcels)	Assessed Value
1 Paseo Group Limited Partnership (12)	\$ 16,277,884
2 KW PCCP Del Mar (2)	\$ 13,546,500
3 Richard K. Rifenbark Trust (1)	\$ 12,134,818
4 Seecon Partners XVII & XIX (17)	\$ 12,101,241
5 J D G Properties (12)	\$ 10,246,192
6 Rich Development Indio III (3)	\$ 9,570,987
7 American Stores Properties Inc. (2)	\$ 7,841,675
8 Polycal Realty N V (1)	\$ 7,578,778
9 Requa Associates (2)	\$ 6,928,825
10 Richard M. Marsh (10)	\$ 8,553,364
11 JFK Memorial Hospital Inc. (2)	\$ 33,223,141
12 Orco Block Company Inc. (1)	\$ 5,585,968
13 Ralph's Grocery Company (5)	\$ 15,353,671
14 Dimare Enterprises Inc. (6)	\$ 5,596,451
15 Arabia Homes (2)	\$ 4,961,415
16 Regal Cinemas Inc. (1)	\$ 4,877,314
17 Wells Associates (1)	\$ 8,323,857
18 K Mart Corporation (3)	\$ 4,256,645
19 Motel 6 Operating Limited Partnership (1)	\$ 4,160,780
20 Sayre Street Apartments (1)	\$ 4,116,500
21 Summit Cable Services of Georgia (1)	\$ 3,956,535
22 Triangle Distributing Company (3)	\$ 3,975,567
23 Calvin F. Worth Trust (3)	\$ 3,766,275
24 Katherine E. Dagermangy Trust (4)	\$ 3,381,945
25 AG Indio Fashion Mall LLC (3)	\$ 3,109,776

THE CITY OF INDIO

2004 TOP PROPERTY TAXPAYERS

Owner (Number of Parcels)	Assessed Value	Est. Total Revenue	Est. RDA 1% Revenue
1 Paseo Group Limited Partnership (12)	\$ 16,277,884	\$ 111,776.78	\$ 105,019.09
2 KW PCCP Del Mar (2)	\$ 13,546,500	\$ 93,020.94	\$ 87,397.17
3 Richard K. Rifembark Trust (1)	\$ 12,134,818	\$ 83,327.22	\$ 78,289.51
4 Seecon Partners XVII & XIX (17)	\$ 12,101,241	\$ 74,260.94	\$ 68,902.72
5 J D G Properties (12)	\$ 10,246,192	\$ 68,015.58	\$ 63,439.65
6 Rich Development Indio III (3)	\$ 9,570,987	\$ 65,721.94	\$ 61,748.59
7 American Stores Properties Inc. (2)	\$ 7,841,675	\$ 53,847.12	\$ 50,591.68
8 Polycal Realty N V (1)	\$ 7,578,778	\$ 52,041.86	\$ 48,895.57
9 Requa Associates (2)	\$ 6,928,825	\$ 47,581.02	\$ 44,704.57
10 Richard M. Marsh (10)	\$ 8,553,364	\$ 44,579.82	\$ 38,792.95
11 JFK Memorial Hospital Inc. (2)	\$ 33,223,141	\$ 40,509.21	\$ 0.00
12 Orco Block Company Inc. (1)	\$ 5,585,968	\$ 38,636.10	\$ 36,320.31
13 Ralph's Grocery Company (5)	\$ 15,353,671	\$ 36,055.25	\$ 26,173.45
14 Dimare Enterprises Inc. (6)	\$ 5,596,451	\$ 34,329.89	\$ 31,691.49
15 Arabia Homes (2)	\$ 4,961,415	\$ 34,068.99	\$ 32,009.28
16 Regal Cinemas Inc. (1)	\$ 4,877,314	\$ 33,491.48	\$ 31,466.69
17 Wells Associates (1)	\$ 8,323,857	\$ 30,999.24	\$ 24,997.70
18 K Mart Corporation (3)	\$ 4,256,645	\$ 29,262.46	\$ 27,495.71
19 Motel 6 Operating Limited Partnership (1)	\$ 4,160,780	\$ 27,619.81	\$ 25,761.61
20 Sayre Street Apartments (1)	\$ 4,116,500	\$ 27,325.87	\$ 25,487.45
21 Summit Cable Services of Georgia (1)	\$ 3,956,535	\$ 27,168.69	\$ 25,526.15
22 Triangle Distributing Company (3)	\$ 3,975,567	\$ 26,390.34	\$ 24,614.86
23 Calvin F. Worth Trust (3)	\$ 3,766,275	\$ 25,862.21	\$ 24,298.66
24 Katherine E. Dagermangy Trust (4)	\$ 3,381,945	\$ 23,223.10	\$ 21,819.10
25 AG Indio Fashion Mall LLC (3)	\$ 3,109,776	\$ 21,354.17	\$ 20,063.16

The 'Est. Total Revenue' for each owner is the estimated revenue for that owner; the 'Est. RDA 1% Revenue' estimates the revenue apportioned as 1% increment. Although these estimated calculations are performed on a parcel level, county auditor/controllers' offices neither calculate nor apportion revenues at a parcel level.

Source: HdL Coren & Cone, Riverside County Assessor 2004/05 Combined Tax Rolls

NC508031649

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THE CITY OF INDIO
TOP 25 SALES TAX PRODUCERS
FOR THE FISCAL YEAR 2004/2005

Business Name	Business Category
A C Houston Lumber Co	Lumber/Building Materials
American Contractors Supply	Lumber/Building Materials
Arco Am Pm Mini Mart	Service Stations
Audi Leasing Ltd Bentley Leasing	Auto Lease
Circle K	Grocery Stores Beer/Wine
Club Car	Transportation-Non-Auto
Coachella Valley Pontiac Buick	New Motor Vehicle Dealers
Fiesta Ford Lincoln Mercury	New Motor Vehicle Dealers
Food 4 Less	Grocery Stores Liquor
Gottschalks	Department Stores
Guarnty R V Centers	Trailers And Supplies
High Tech Irrigation	Lumber/Building Materials
I 10 Toyota	New Motor Vehicle Dealers
Jiquilpan Used Cars	Used Automotive Dealers
K Mart	Discount Dept Stores
Mathis Brothers Furniture	Home Furnishings
Mobil Oil	Service Stations
National Waterworks	Heavy Industrial
Paradise Volkswagen	New Motor Vehicle Dealers
Ralphs	Grocery Stores Liquor
Sears	Department Stores
Soco Group	Service Stations
Suzuki	New Motor Vehicle Dealers
Unicars Honda	New Motor Vehicle Dealers
West Coast Turf	Contractors

Percent of Fiscal Year Total Paid By Top 25 Accounts = 61.54%

* Firms Listed Alphabetically

Period: April 2004 Thru March 2005

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

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