

CITY OF INDIO CALIFORNIA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

CITY OF INDIO, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2006

Prepared by
FINANCE DEPARTMENT



CITY OF INDIO
Comprehensive Annual Financial Report
Year ended June 30, 2006

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INTRODUCTORY SECTION

December 20, 2006

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, 2006. The Management Services Department and the City Manager's Department have prepared the report in accordance with GASB Statement 34. This accounting rule created a new financial reporting format in 2003 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 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 conformance 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 (under contract), water services, maintenance of streets and infrastructure, planning and zoning activities, youth and senior citizen 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, 2006, the General Fund Balance was \$30,354,716. Compared to the previous fiscal year, the General Fund Balance has increased by \$11,497,585. This is due to an increase in one-time revenues primarily from development related activity and on-going property tax revenues. In fiscal year 2005-06, a General Fund Reserve was established in the amount of \$5.2 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 2005-06, approximately 2,500 new homes were built and new residents have moved

into our City. Over the next few years, the pace of residential development is expected to continue, but at a slightly slower rate. 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 2006-07 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:

- **Retail Development** – Continuing to attract new retail development to the City remains a top priority. In fiscal year 2006-07 staff will work diligently to ensure the City continues to attract quality retail businesses.
- **Downtown Development** - Strategic acquisitions of property in the downtown area remain a key focus of the Redevelopment Agency. Over the past year, we made significant progress by purchasing six parcels in the core area of the City. These purchases make the downtown more attractive to developers and allow us to begin planning its development.
- **Park Development** – We continue to make progress in our effort to expand and renovate our park facilities. During fiscal year 2006-07, we plan to acquire additional park land and continue to improve our existing park facilities. A total of \$12.9 million is allocated in the Capital Improvement Program (CIP) for park acquisition, design and renovation including funds for the acquisition of the new Indio Sports Park.
- **Police Station Design & Improvements** – Our Police operations have outgrown their current facility. As an interim measure, the building's electrical infrastructure was upgraded last fiscal year to accommodate the growing use of technology and space was added for document and evidence storage, the expansion of the 911 dispatch center, and modular space for the detective bureau. Based on anticipated development activity, an additional \$2.45 million is allocated in fiscal year 2006-07 for the design of a new police station.
- **Fire Department** - In order to serve our growing population, additional fire facilities must be built in the City. To achieve this goal, fire stations are under design at Shadow Hills and Terra Lago. Additionally, \$1 million in the Fire Capital Impact Fees is budgeted for property acquisition for a new Fire Station on Market Street. An additional \$4 million will be allocated in the 2007-08 budget to complete the construction.

- **Street Improvements** – The street inventory remains the City’s largest asset, at approximately \$280 million. In order to continue to bring the City’s streets to acceptable standards, an additional \$37 million is budgeted for street capacity enhancements and reconstruction. This program will continue to bring our streets, roads and bridges to acceptable levels which and last at least 10 years.

Additionally, it is anticipated that we will complete the relinquishment of Hwy 111 during this fiscal year. Pursuant to existing agreements, \$8.7 million are allocated from CVAG, RCTC and Caltrans funding for improvements to this vital roadway.
- **Water Infrastructure** – The second and third phases of the water system improvements were completed during fiscal year 2005-06. In 2006-07, an additional \$21 million dollars are budgeted in the Capital Improvement Program to continue to improve our water system. Improvements include the addition of four new gravity reservoirs, seismic upgrades of existing facilities, an additional water main and completion of a water master plan.
- **Storm Drain Improvements** – A major overhaul of the City’s storm drain system is necessary. There are three separate areas of concentration in fiscal year 2006-07. 1) We need to extend drainage services to the north end of the City, to serve the new population. 2) In the heart of the City we need to connect new facilities to the existing drainage system to drain away from urban areas. 3) On the south end of the City, it is necessary to look for new solutions to long term drainage problems. To begin to solve these problems, \$15 million dollars are budgeted in storm drain funds over the next fiscal year. This allocation includes drainage improvements along 13 separate streets in all major flooding areas of the City.
- **Transit Center Scoping Plan** – During fiscal year 2006-07, staff will complete a Transit Center Scoping Plan in cooperation with Sunline to determine the operational needs and costs associated with a Transit Center in the downtown. A total of \$50,000 is budgeted to complete the plan.
- **Senior Center/Teen Center Construction** – Staff has completed the acquisition of properties for a new Senior and Teen Center and is transitioning to the next phase of development. During fiscal year 2006-07, staff will begin the construction of the new Senior Center in the old MulCare building on Aladdin Street. \$4.2 million has been allocated for the construction of the center.

Additionally, \$2 million is budgeted to begin construction on the Indio Teen Center on Avenue 46 across from the Indio High School. Construction is anticipated to be complete in fiscal 2007-2008 with additional funds to be

allocated in that budget cycle for continued construction and facility programming.

- **Post Office and Library Relocation** – Staff is committed to ensuring we receive a new post office and relocate the library to better serve our growing community. We have made progress toward this goal and will continue to work on solutions to both issues.

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, 2006, disclosed no 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.

Cash Management Policies 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. The members of this committee review all investment activity on a quarterly basis.

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 2005-06 was \$3,468,168.

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 2005-06, the City continued its 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 Mayer Hoffman McCann P.C. 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 Management Services 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, internal controls and systems are in good shape. Continued stability in our revenue stream requires continued stability in the economy. We are cautiously optimistic the economy will hold steady as we transition from unprecedented residential growth to commercial and retail opportunities.

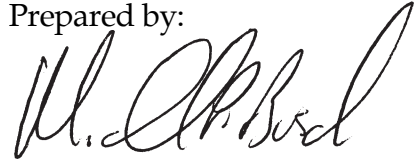
There is much work ahead of us in fiscal year 2006-2007. This is the direct result of the energy, ideas, and dedication of the City Council, commissioners, staff, and citizens. A number of exciting projects designed to enhance on the community's quality of life are currently underway. We are confident 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,

A handwritten signature in black ink that reads "G. D. SOUTHARD". The signature is stylized with a large, sweeping initial "G" and "D".

Glenn D. Southard
City Manager

Prepared by:

A handwritten signature in black ink that reads "M. P. Busch". The signature is written in a cursive style with a large, looping initial "M".

Michael P. Busch
Management Services Director



CITY OF INDIO
City Officials
June 30, 2006

CITY COUNCIL

Mayor Gene Gilbert

Mayor Pro Tem Ben Godfrey

Councilmember Melanie Fesmire

Councilmember Lupe Ramos Watson

Councilmember Michael Wilson

OTHER ELECTED OFFICIALS

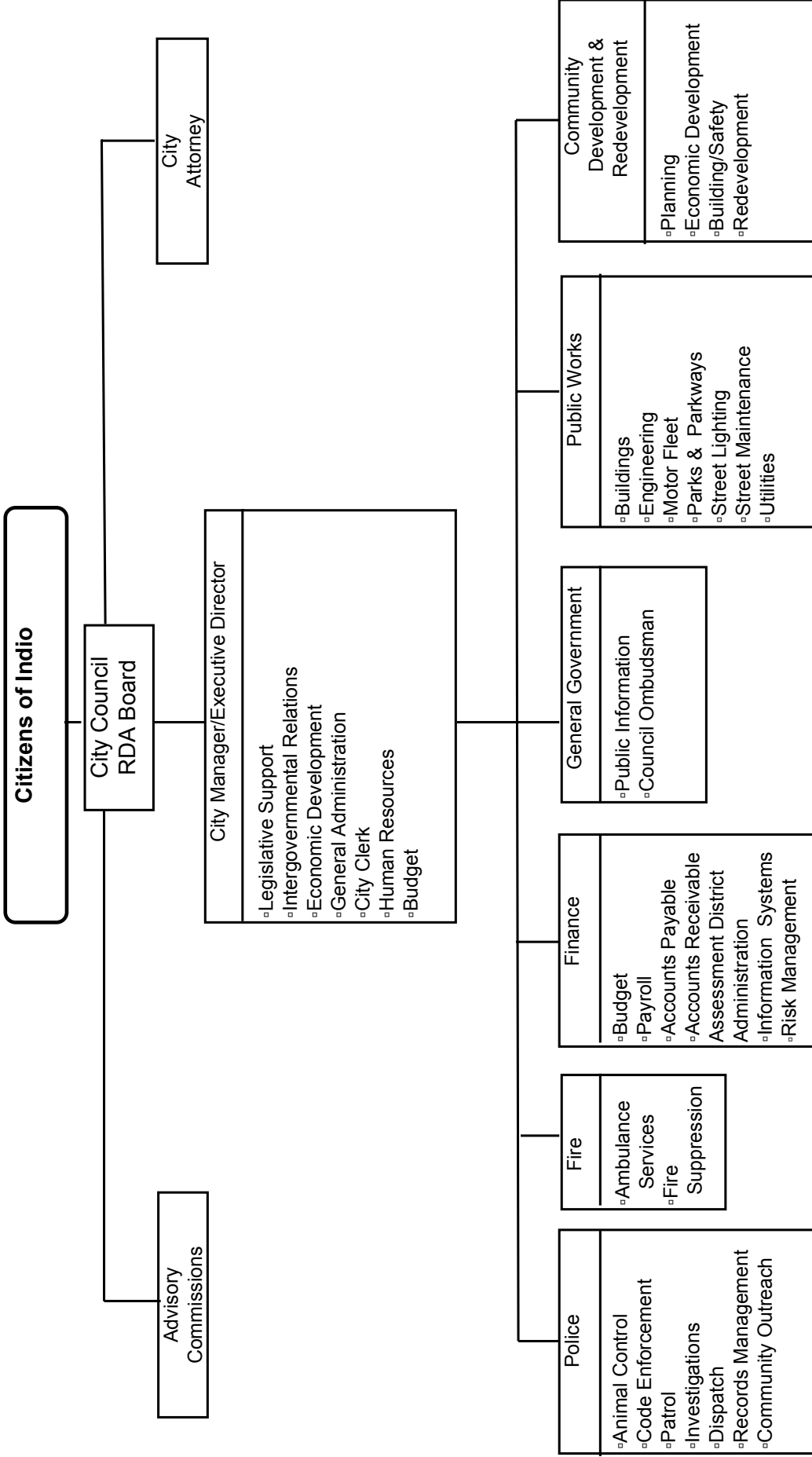
Cynthia Hernandez, City Clerk

Sharon Ellis, Treasurer

EXECUTIVE TEAM

City Manager Glenn Southard
Assistant City Manager Bridget Healy
Assistant City Manager Ken Weller
Director of Community Development Steve Copenhaver
Finance Director Michael P. Busch
Chief of Police Brad Ramos
Public Works Director Jim Smith

CITY OF INDIO ORGANIZATION CHART



Citizens of Indio

City Council
RDA Board

Advisory
Commissions

City
Attorney

City Manager/Executive Director

- Legislative Support
- Intergovernmental Relations
- Economic Development
- General Administration
- City Clerk
- Human Resources
- Budget

Police

- Animal Control
- Code Enforcement
- Patrol
- Investigations
- Dispatch
- Records Management
- Community Outreach

Fire

- Ambulance Services
- Fire Suppression

Finance

- Budget
- Payroll
- Accounts Payable
- Accounts Receivable
- Assessment District Administration
- Information Systems
- Risk Management

General Government

- Public Information
- Council Ombudsman

Public Works

- Buildings
- Engineering
- Motor Fleet
- Parks & Parkways
- Street Lighting
- Street Maintenance
- Utilities

Community Development & Redevelopment

- Planning
- Economic Development
- Building/Safety
- Redevelopment

FINANCIAL SECTION

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, 2006, 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. The prior year summarized comparative financial information has been derived from the City's 2005 financial statements which were audited by Conrad and Associates, L.L.P., who merged with Mayer Hoffman McCann P.C. as of January 1, 2006, and whose report dated October 6, 2005 expressed unqualified opinions on the respective 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.

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, 2006, 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.

City Council
City of Indio
Indio, California

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2006 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 considered in assessing the results of our audit.

Irvine, California
October 13, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS



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, 2006. 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 28 - 64 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 separate Statements of Fiduciary Net Assets. 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 (74 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 144,289,964	\$ 118,838,623	\$ 868,086	\$ 942,767	\$ 145,158,050	\$ 119,781,390
Noncurrent assets	316,272,005	237,928,697	542,187	557,440	316,814,192	238,486,137
Total assets	<u>460,561,969</u>	<u>356,767,320</u>	<u>1,410,273</u>	<u>1,500,207</u>	<u>461,972,242</u>	<u>358,267,527</u>
Long-term liabilities outstanding	53,414,659	46,554,130	-	-	53,414,659	46,554,132
Other liabilities	25,979,007	13,637,991	12,054	44,553	25,991,061	13,682,544
Total liabilities	<u>79,393,666</u>	<u>60,192,121</u>	<u>12,054</u>	<u>44,553</u>	<u>79,405,720</u>	<u>60,236,674</u>
Net assets:						
Invested in capital assets net of related debt	278,100,754	223,824,569	542,187	557,440	278,642,941	224,382,009
Restricted	79,377,409	52,936,310	-	-	79,377,409	52,936,310
Unrestricted	23,690,140	19,814,320	856,032	898,214	24,546,172	20,712,534
Total net assets	<u>\$ 381,168,303</u>	<u>\$ 296,575,199</u>	<u>\$ 1,398,219</u>	<u>\$ 1,455,654</u>	<u>\$ 382,566,522</u>	<u>\$ 298,030,853</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 \$64 million. The City's overall governmental program revenues totaled \$106 million. Total general revenues and transfers totaled approximately \$43 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	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for services	\$ 17,123,352	\$ 12,232,883	\$ 614,753	\$ 672,735	\$ 17,738,105	\$ 12,905,618
Operating grants and contributions	88,495,962	38,934,410	-	-	88,495,962	38,934,410
General revenues:						
Property taxes	20,011,587	11,907,675	-	-	20,011,587	11,907,675
Other taxes	16,918,525	15,285,355	-	-	16,918,525	15,285,355
Other	5,741,877	4,374,910	46,194	21,129	5,788,071	4,396,039
Total revenues	<u>148,291,303</u>	<u>82,735,233</u>	<u>660,947</u>	<u>693,864</u>	<u>148,952,250</u>	<u>83,429,097</u>
Expenses:						
General government	8,531,602	6,721,706	718,382	783,146	9,249,984	7,504,852
Public Safety	22,793,400	18,290,711	-	-	22,793,400	18,290,711
Public Works	17,073,505	16,951,649	-	-	17,073,505	16,951,649
Community development	10,255,008	7,639,238	-	-	10,255,008	7,639,238
Culture and leisure	1,776,300	3,730,832	-	-	1,776,300	3,730,832
Interest expenses and other charges	3,268,384	4,107,866	-	-	3,268,384	4,107,866
Total expenses	<u>63,698,199</u>	<u>57,442,002</u>	<u>718,382</u>	<u>783,146</u>	<u>64,416,581</u>	<u>58,225,148</u>
Change in net assets before transfers	84,593,104	25,293,231	(57,435)	(89,282)	84,535,669	25,203,949
Transfers	-	-	-	-	-	-
Change in net assets	<u>84,593,104</u>	<u>25,293,231</u>	<u>(57,435)</u>	<u>(89,282)</u>	<u>84,535,669</u>	<u>25,203,949</u>
Net assets – beginning of year	296,575,199	271,281,968	1,455,654	1,544,936	298,030,853	272,826,904
Net assets – end of year	<u>\$ 381,168,303</u>	<u>\$ 296,575,199</u>	<u>\$ 1,398,219</u>	<u>\$ 1,455,654</u>	<u>\$ 382,566,522</u>	<u>\$ 298,030,853</u>

BUSINESS TYPE ACTIVITIES

The cost of all business-type activities this year was approximately \$.7 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 \$.6 million.

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, was \$53,414,659 at the end of fiscal year 2005-06. Overall, outstanding debt increased by \$6,860,529 as a result of land acquisition for future auto center development. Fiscal year activity is represented in the chart below:

CITY OF INDIO'S Outstanding Debt

	2006	2005
Claims payable	\$ 855,886	\$ 284,630
RDA Bonds	39,845,000	40,270,000
Capital Lease	682,728	1,200,587
Certificates of Participation	3,325,000	3,540,000
Notes payable	7,000,000	-
Compensated absences	1,706,045	1,258,913
Total	<u>\$ 53,414,659</u>	<u>\$ 46,554,130</u>

CASH MANAGEMENT

To obtain flexibility in cash management, the City employs a pooled cash systems (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, 2006, net capital assets of the governmental activities totaled \$281,788,760 and the net capital assets of the business-type activities totaled \$542,187. Depreciation on capital assets is recognized in the Government-Wide financial statements.

CITY OF INDIO'S Capital Assets

	Governmental activities		Business-Type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 15,645,665	\$ 6,645,504	\$ 465,960	\$ 465,960	\$ 16,111,625	\$ 7,111,464
Right of way	47,001,283	47,001,283	-	-	47,001,283	47,001,283
Structures and improvements	3,954,555	3,954,555	-	-	3,954,555	3,954,555
Improvements other than buildings	1,507,559	-	-	-	1,507,559	-
Machinery, equipment and vehicles	9,884,214	8,173,789	207,450	207,450	10,091,664	8,381,239
Infrastructure	278,201,390	266,845,912	-	-	278,201,390	266,845,912
Construction in progress	44,004,469	5,285,253	-	-	44,004,469	5,285,253
Capital Assets	<u>400,199,135</u>	<u>337,906,296</u>	<u>673,410</u>	<u>673,410</u>	<u>400,872,545</u>	<u>338,579,706</u>
Accumulated depreciation	118,410,375	110,263,239	131,223	115,970	118,541,598	110,379,209
Net Capital Assets	<u>\$ 281,788,760</u>	<u>\$ 227,643,057</u>	<u>\$ 542,187</u>	<u>\$ 557,440</u>	<u>\$ 282,330,947</u>	<u>\$ 228,200,497</u>

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

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 2005-06. 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 2005-06 adopted General Fund expenditure budget amount of \$38,091,066 to the final budget amount of \$38,217,822, shows an increase of \$126,756. This increase is the result of unanticipated costs associated with code enforcement activities and capital costs associated with facility improvements to the Indio Animal Care Center.

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 2006-07, staff used the following criteria for our key assumptions:

- Sales tax revenues will increase by approximately 2.5% due to increased local sales and new outlets. In addition, Property tax revenues are expected to increase by 14% due to a steadily rising housing market and new development. Utility tax revenues are also expected to increase by 4% based on growth in water, telecommunications and natural gas use.
- Additional staffing and office space resources were included to meet current services needs and new demands for a fast growing city. Additionally, an aggressive Capital Improvement Program was developed to address needed capital improvement and public facility needs.
- With the adoption of Proposition 1A, the City and Agency will no longer pay into the State Educational Revenue Augmentation Fund II (ERAF) resulting in a net increase in revenues of \$735,000.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide 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 Management Services at 100 Civic Center Mall, Indio, California, 92202, phone (760) 391-4029.



BASIC FINANCIAL STATEMENTS

CITY OF INDIO
Statement of Net Assets
June 30, 2006

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2006	2005
Assets:				
Cash and investments (note 2)	\$ 101,776,645	862,720	102,639,365	73,777,072
Cash with fiscal agent (note 2)	37,109,767	-	37,109,767	35,421,845
Deposits with other agencies	51,573	-	51,573	3,239,019
Accounts receivable, net	2,293,583	1,009	2,294,592	2,743,960
Interest receivable	408,552	4,321	412,873	416,047
Notes receivable (note 4)	144,220	-	144,220	2,238,832
Due from other governments	2,352,067	-	2,352,067	3,959,122
Prepaid items	241,042	-	241,042	186,114
Inventory	56,735	36	56,771	38,211
Deferred charges	1,103,021	-	1,103,021	1,141,056
Land held for resale	33,236,004	-	33,236,004	6,905,752
Capital assets, not depreciated (note 5)	106,651,417	465,960	107,117,377	59,398,000
Capital assets, depreciated, net (note 5)	175,137,343	76,227	175,213,570	168,802,497
Total assets	<u>460,561,969</u>	<u>1,410,273</u>	<u>461,972,242</u>	<u>358,267,527</u>
Liabilities:				
Accounts payable	9,292,919	12,054	9,304,973	4,224,047
Accrued payroll	535,881	-	535,881	497,255
Deposits	5,604,256	-	5,604,256	5,637,941
Interest payable	1,851,393	-	1,851,393	1,720,495
Pass-through payable	1,819,886	-	1,819,886	1,223,983
Retentions payable	627,325	-	627,325	378,823
Unearned revenue	6,247,347	-	6,247,347	-
Long-term liabilities (notes 6 to 11):				
Portion due within one year	1,720,301	-	1,720,301	1,737,859
Portion due in more than one year	51,694,358	-	51,694,358	44,816,271
Total liabilities	<u>79,393,666</u>	<u>12,054</u>	<u>79,405,720</u>	<u>60,236,674</u>
Net assets:				
Invested in capital assets, net of related debt	278,100,754	542,187	278,642,941	224,382,009
Restricted for:				
Public works	10,527,116	-	10,527,116	7,616,255
Assessment districts	23,702,247	-	23,702,247	11,054,101
Low and moderate housing	4,553,706	-	4,553,706	2,961,248
Economic development	34,154,895	-	34,154,895	31,339,160
Other	6,439,445	-	6,439,445	595,610
Unrestricted	23,690,140	856,032	24,546,172	20,082,470
Total net assets	<u>\$ 381,168,303</u>	<u>1,398,219</u>	<u>382,566,522</u>	<u>298,030,853</u>

See accompanying notes to basic financial statements.

Component Unit	
Totals	
<u>2006</u>	<u>2005</u>
9,362,344	8,418,361
5,920,825	6,853,742
-	-
1,269,814	898,047
16,291	51,062
-	-
-	-
196	168
221,120	121,292
394,136	411,272
-	-
98,528	98,528
<u>145,644,010</u>	<u>140,371,964</u>
<u>162,927,264</u>	<u>157,224,436</u>
303,017	351,273
63,909	34,365
296,128	304,024
139,011	139,011
-	-
15,053	2,750
-	-
355,000	431,573
<u>11,303,068</u>	<u>11,559,559</u>
<u>12,475,186</u>	<u>12,822,555</u>
139,994,352	135,848,933
-	-
-	-
-	-
-	-
-	-
<u>10,457,726</u>	<u>8,552,948</u>
<u>150,452,078</u>	<u>144,401,881</u>

CITY OF INDIO
Statement of Activities
Year ended June 30, 2006

		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	\$ 8,531,602	1,635,791	-	1,535,889
Public safety	22,793,400	2,628,366	341,087	1,162,526
Public works	17,073,505	2,678,866	4,319,297	80,154,250
Community development	10,255,008	10,140,174	40	1,018,357
Culture and leisure	1,776,300	4,671	-	-
Interest expense and other charges	3,268,384	-	-	-
Total governmental activities	<u>63,698,199</u>	<u>17,087,868</u>	<u>4,660,424</u>	<u>83,871,022</u>
Business-type activities:				
Golf	718,382	614,753	-	-
Total business-type activities	<u>718,382</u>	<u>614,753</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 64,416,581</u>	<u>17,702,621</u>	<u>4,660,424</u>	<u>83,871,022</u>
Component unit:				
Water	\$ 11,346,161	8,181,902	-	8,481,613
Total component unit	<u>\$ 11,346,161</u>	<u>8,181,902</u>	<u>-</u>	<u>8,481,613</u>

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

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	2006	2005	Water Authority	
				2006	2005
(5,359,922)	-	(5,359,922)	(5,735,230)	-	-
(18,661,421)	-	(18,661,421)	(16,169,735)	-	-
70,078,908	-	70,078,908	22,730,955	-	-
903,563	-	903,563	138,795	-	-
(1,771,629)	-	(1,771,629)	(3,131,628)	-	-
(3,268,384)	-	(3,268,384)	(4,107,866)	-	-
<u>41,921,115</u>	<u>-</u>	<u>41,921,115</u>	<u>(6,274,709)</u>	<u>-</u>	<u>-</u>
-	(103,629)	(103,629)	(110,411)	-	-
-	(103,629)	(103,629)	(110,411)	-	-
<u>41,921,115</u>	<u>(103,629)</u>	<u>41,817,486</u>	<u>(6,385,120)</u>	<u>-</u>	<u>-</u>
-	-	-	-	<u>5,317,354</u>	<u>(389,656)</u>
-	-	-	-	<u>5,317,354</u>	<u>(389,656)</u>
20,011,587	-	20,011,587	11,907,675	-	-
9,514,121	-	9,514,121	8,878,980	-	-
1,331,090	-	1,331,090	1,220,242	-	-
1,337,273	-	1,337,273	1,089,845	-	-
4,736,041	-	4,736,041	4,096,288	-	-
2,957,381	31,204	2,988,585	1,787,448	479,583	295,843
432,842	-	432,842	387,402	-	-
<u>2,351,654</u>	<u>14,990</u>	<u>2,366,644</u>	<u>2,221,189</u>	<u>253,260</u>	<u>457,259</u>
<u>42,671,989</u>	<u>46,194</u>	<u>42,718,183</u>	<u>31,589,069</u>	<u>732,843</u>	<u>753,102</u>
84,593,104	(57,435)	84,535,669	25,203,949	6,050,197	363,446
<u>296,575,199</u>	<u>1,455,654</u>	<u>298,030,853</u>	<u>272,826,904</u>	<u>144,401,881</u>	<u>144,038,435</u>
<u>\$ 381,168,303</u>	<u>1,398,219</u>	<u>382,566,522</u>	<u>298,030,853</u>	<u>150,452,078</u>	<u>144,401,881</u>

CITY OF INDIO
Governmental Funds

Balance Sheet
June 30, 2006

	<u>General Fund</u>	<u>RDA Debt Service Fund</u>	<u>Capital Projects Fund</u>
<u>Assets</u>			
Cash and investments	\$ 27,693,715	4,633,162	52,861,929
Cash with fiscal agent	-	12,691,221	-
Accounts receivable	1,929,230	-	357,364
Due from other governments	884,845	216,702	-
Due from other funds (note 3)	4,545	-	-
Interest receivable	132,636	11,065	198,072
Notes receivable	-	-	-
Prepaid items	51,767	-	-
Advances to other funds (note 3)	2,259,842	-	-
Deposit	-	-	-
Land held for resale	7,025,543	-	-
Total assets	<u>\$ 39,982,123</u>	<u>17,552,150</u>	<u>53,417,365</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 3,983,854	1,300	2,234,671
Accrued liabilities	481,066	-	-
Due to other funds (note 3)	-	-	-
Advances from other funds (note 3)	-	-	-
Deferred revenue	-	-	357,364
Unearned revenue	-	-	6,247,347
Retentions payable	-	-	627,325
Pass-through payable	-	1,819,886	-
Deposits payable	5,162,487	-	421,900
Total liabilities	<u>9,627,407</u>	<u>1,821,186</u>	<u>9,888,607</u>
Fund balances:			
Reserved:			
Encumbrances	295,378	-	3,271,699
Deposits and prepaids	51,767	-	-
Notes receivable	-	-	-
Low and moderate housing	-	-	-
Advances	2,259,842	-	-
Land held for resale	7,025,543	-	-
Debt service	-	5,449,293	-
Construction projects	-	10,281,671	-
Unreserved, reported in:			
General fund	20,722,186	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	40,257,059
Total fund balances	<u>30,354,716</u>	<u>15,730,964</u>	<u>43,528,758</u>
Total liabilities and fund balances	<u>\$ 39,982,123</u>	<u>17,552,150</u>	<u>53,417,365</u>

See accompanying notes to basic financial statements.

Assessment Districts Fund	RDA Capital Projects Fund	Other Governmental Funds	Totals	
			2006	2005
-	115,040	13,237,872	98,541,718	69,022,234
23,702,247	-	716,299	37,109,767	35,421,845
-	-	-	2,286,594	2,743,960
-	-	1,250,520	2,352,067	3,959,122
-	-	-	4,545	412,023
-	5,424	52,198	399,395	394,551
-	-	144,220	144,220	2,238,832
-	163,901	-	215,668	163,379
-	-	-	2,259,842	2,600,000
-	-	-	-	3,206,000
-	26,210,461	-	33,236,004	6,905,752
<u>23,702,247</u>	<u>26,494,826</u>	<u>15,401,109</u>	<u>176,549,820</u>	<u>127,067,698</u>
-	353,919	2,137,409	8,711,153	4,025,901
-	7,841	3,065	491,972	468,291
-	-	4,545	4,545	412,023
-	2,259,842	-	2,259,842	2,600,000
-	-	-	357,364	2,535,000
-	-	-	6,247,347	-
-	-	-	627,325	378,823
-	-	-	1,819,886	1,223,983
-	-	19,869	5,604,256	5,637,941
-	2,621,602	2,164,888	26,123,690	17,281,962
-	29,776	235,473	3,832,326	594,405
-	163,901	-	215,668	3,369,379
-	-	144,220	144,220	2,238,832
-	-	4,409,486	4,409,486	2,704,962
-	-	-	2,259,842	2,600,000
-	26,210,461	-	33,236,004	6,905,752
-	-	794,310	6,243,603	8,239,301
23,702,247	-	-	33,983,918	17,447,007
-	-	-	20,722,186	16,186,824
-	-	7,649,479	7,649,479	8,089,633
-	(2,530,914)	3,253	37,729,398	41,409,641
<u>23,702,247</u>	<u>23,873,224</u>	<u>13,236,221</u>	<u>150,426,130</u>	<u>109,785,736</u>
<u>23,702,247</u>	<u>26,494,826</u>	<u>15,401,109</u>	<u>176,549,820</u>	<u>127,067,698</u>

CITY OF INDIO
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Fund balances of governmental funds \$ 150,426,130

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	390,314,921
Accumulated depreciation	(112,405,770)

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

Bonds payable	(39,845,000)
Certificates of participation	(3,325,000)
Capital lease obligations	(682,728)
Note payable	(7,000,000)
Claims payable	(450,224)
Compensated absences	(1,706,045)
Unamortized bond issuance costs	1,103,021

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (1,851,393)

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. 357,364

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	3,879,609
Long-term liabilities	(405,662)
Other assets and liabilities	<u>2,759,080</u>

Net assets of governmental activities \$ 381,168,303

See accompanying notes to basic financial statements.



CITY OF INDIO
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2006

	General Fund	RDA Debt Service Fund	Capital Projects Fund
Revenues:			
Taxes	\$ 21,559,645	7,180,824	-
Special assessments	-	-	-
Licenses and permits	7,871,160	-	-
Intergovernmental	6,295,535	-	2,484,832
Charges for services	9,160,205	-	-
Fines	581,032	-	-
Investment income	1,057,554	948,437	1,458,100
Developer fees	-	-	37,027,495
Miscellaneous	918,072	-	-
Contributions from property owners	-	-	-
Total revenues	<u>47,443,203</u>	<u>8,129,261</u>	<u>40,970,427</u>
Expenditures			
Current:			
General government	7,335,632	-	-
Public safety	20,905,166	-	-
Public works	2,021,714	-	30,951,866
Community development	7,042,523	3,204	-
Culture and leisure	1,722,302	-	-
Debt service:			
Principal	-	425,000	-
Interest and other charges	-	2,542,052	-
Payment to bond escrow agent	-	-	-
ERAF payment	-	-	-
Pass-through payments	-	2,068,019	-
Total expenditures	<u>39,027,337</u>	<u>5,038,275</u>	<u>30,951,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,415,866</u>	<u>3,090,986</u>	<u>10,018,561</u>
Other financing sources (uses):			
Payment to bond escrow agent	-	-	-
Interfund transfers in (note 3)	405,992	338,238	4,121,000
Interfund transfers out (note 3)	(4,324,273)	(12,590,421)	(2,791,118)
Issuance of debt	7,000,000	-	-
Total other financing sources (uses)	<u>3,081,719</u>	<u>(12,252,183)</u>	<u>1,329,882</u>
Net change in fund balances	11,497,585	(9,161,197)	11,348,443
Fund balances at beginning of year	<u>18,857,131</u>	<u>24,892,161</u>	<u>32,180,315</u>
Fund balances at end of year	<u>\$ 30,354,716</u>	<u>15,730,964</u>	<u>43,528,758</u>

See accompanying notes to basic financial statements.

Assessment Districts <u>Fund</u>	RDA Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
-	-	5,181,179	33,921,648	26,910,451
-	-	1,444,293	1,444,293	776,818
-	-	-	7,871,160	5,932,489
-	-	2,839,461	11,619,828	9,654,665
-	413,213	-	9,573,418	6,459,679
-	-	233,775	814,807	780,005
788,891	32,687	464,735	4,750,404	2,350,029
-	-	-	37,027,495	15,730,821
3,051,351	481,860	286,296	4,737,579	1,010,366
<u>35,964,462</u>	<u>-</u>	<u>-</u>	<u>35,964,462</u>	<u>10,921,056</u>
<u>39,804,704</u>	<u>927,760</u>	<u>10,449,739</u>	<u>147,725,094</u>	<u>80,526,379</u>
-	-	702,221	8,037,853	6,150,204
-	-	689,128	21,594,294	17,714,080
27,156,558	-	5,962,313	66,092,451	20,858,125
-	2,842,786	1,074,427	10,962,940	7,306,330
-	-	-	1,722,302	3,696,677
-	-	732,669	1,157,669	1,504,799
-	-	217,217	2,759,269	3,286,038
-	-	-	-	324,281
-	298,903	-	298,903	320,357
-	-	-	2,068,019	1,046,489
<u>27,156,558</u>	<u>3,141,689</u>	<u>9,377,975</u>	<u>114,693,700</u>	<u>62,207,380</u>
<u>12,648,146</u>	<u>(2,213,929)</u>	<u>1,071,764</u>	<u>33,031,394</u>	<u>18,318,999</u>
-	-	-	-	(2,335,037)
-	15,252,488	932,386	21,050,104	10,641,529
-	(103)	(735,189)	(20,441,104)	(10,641,529)
-	-	-	7,000,000	29,365,178
<u>-</u>	<u>15,252,385</u>	<u>197,197</u>	<u>7,609,000</u>	<u>27,030,141</u>
12,648,146	13,038,456	1,268,961	40,640,394	45,349,140
<u>11,054,101</u>	<u>10,834,768</u>	<u>11,967,260</u>	<u>109,785,736</u>	<u>64,436,596</u>
<u>23,702,247</u>	<u>23,873,224</u>	<u>13,236,221</u>	<u>150,426,130</u>	<u>109,785,736</u>

CITY OF INDIO
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement Activities
Year ended June 30, 2006

Changes in fund balances of governmental funds	\$ 40,640,394
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.	53,608,390
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	741,417
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	(7,000,000)
Bond issuance costs	38,035
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.	(130,898)
To record as an expense the net change in compensated absences in the statement of activities.	(447,132)
Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	(2,177,636)
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>(679,466)</u>
Changes in net assets of governmental activities	<u>\$ 84,593,104</u>

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds

Statement of Net Assets

June 30, 2006

	Business-Type Activities		Governmental Activities	
	Nonmajor - Golf Course		Internal Service Funds	
	2006	2005	2006	2005
Assets:				
Current assets:				
Cash and investments	\$ 862,720	936,771	3,234,927	3,818,067
Deposit with other agencies	-	-	51,573	33,019
Accounts receivable	1,009	-	6,989	-
Interest receivable	4,321	5,996	9,157	15,500
Prepaid items	-	-	25,374	22,735
Inventory	36	-	56,735	38,211
	868,086	942,767	3,384,755	3,927,532
Total current assets				
Noncurrent assets:				
Capital assets:				
Land	465,960	465,960	-	-
Machinery, equipment and furniture	207,450	207,450	9,884,214	8,173,789
Accumulated depreciation	(131,223)	(115,970)	(6,004,605)	(4,831,493)
	542,187	557,440	3,879,609	3,342,296
Total capital assets (net of accumulated depreciation)				
	542,187	557,440	3,879,609	3,342,296
Total assets	1,410,273	1,500,207	7,264,364	7,269,828
Liabilities				
Current liabilities				
Accounts payable	12,054	44,553	581,766	153,593
Accrued payroll	-	-	43,909	28,964
Claims payable	-	-	65,009	50,000
Noncurrent liabilities				
Claims payable	-	-	340,653	124,778
	12,054	44,553	1,031,337	357,335
Total liabilities				
	12,054	44,553	1,031,337	357,335
Net assets:				
Invested in capital assets	542,187	557,440	3,879,609	3,342,296
Unrestricted	856,032	898,214	2,353,418	3,570,197
	1,398,219	1,455,654	6,233,027	6,912,493
Total net assets	\$ 1,398,219	1,455,654	6,233,027	6,912,493

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, 2006

	Business-Type Activities		Governmental Activities	
	Nonmajor - Golf Course		Internal Service Funds	
	2006	2005	2006	2005
Operating revenues:				
Charges for services	\$ 614,753	672,735	5,080,705	4,014,893
Total operating revenues	614,753	672,735	5,080,705	4,014,893
Operating expenses:				
Personnel services	-	-	794,767	548,923
Contractual services	465,360	511,300	446,748	368,219
Depreciation	15,253	15,253	1,173,112	1,050,939
Repairs and maintenance	32,115	42,556	859,301	318,031
Supplies	205,654	214,037	1,798,468	1,146,944
Claims and judgments	-	-	1,912,366	1,887,683
Total operating expenses	718,382	783,146	6,984,762	5,320,739
Operating income (loss)	(103,629)	(110,411)	(1,904,057)	(1,305,846)
Nonoperating revenues (expenses):				
Investment income	31,204	19,580	177,594	46,630
Miscellaneous	14,990	1,549	120,108	5,374
Total nonoperating revenues (expenses)	46,194	21,129	297,702	52,004
Income (loss) before transfers and capital contributions	(57,435)	(89,282)	(1,606,355)	(1,253,842)
Interfund transfers and capital contributions:				
Interfund transfers out	-	-	(609,000)	-
Capital assets contributed	-	-	1,535,889	533,077
Changes in net assets	(57,435)	(89,282)	(679,466)	(720,765)
Net assets at beginning of year	1,455,654	1,544,936	6,912,493	7,633,258
Net assets at end of year	\$ 1,398,219	1,455,654	6,233,027	6,912,493

See accompanying notes to basic financial statements

CITY OF INDIO
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2006

	Business Type Activities		Governmental Activities	
	Nonmajor - Golf Course		Internal Service Funds	
	2006	2005	2006	2005
Cash flows from operating activities:				
Cash received from customers	\$ 613,708	678,592	-	-
Cash received from user departments	-	-	5,055,162	4,033,471
Cash payments to suppliers for for goods and services	(735,629)	(747,965)	(4,341,183)	(3,737,048)
Cash payments to employees for services	-	-	(786,884)	(544,161)
Miscellaneous receipts	14,990	1,549	89,364	5,374
Net cash provided by (used for) operating activities	(106,931)	(67,824)	16,459	(242,364)
Cash flows from non-capital and related financing activities:				
Cash received from other funds	-	-	-	750,000
Cash paid to other funds	-	-	(609,000)	-
Net cash provided by (used for) non-capital and related financing activities	-	-	(609,000)	750,000
Cash flows from capital and related activities:				
Acquisition of capital assets	-	(11,314)	(174,536)	(27,626)
Net cash provided by (used for) capital and related financing activities	-	(11,314)	(174,536)	(27,626)
Cash flows from investing activities:				
Interest received on investments	32,880	17,150	183,937	41,052
Net cash provided by (used for) investing activities	32,880	17,150	183,937	41,052
Net increase (decrease) in cash and cash equivalents	(74,051)	(61,988)	(583,140)	521,062
Cash and cash equivalents at beginning of year	936,771	998,759	3,818,067	3,297,005
Cash and cash equivalents at end of year	\$ 862,720	936,771	3,234,927	3,818,067

(Continued)

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	
	2006	2005	2006	2005
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (103,629)	(110,411)	(1,904,057)	(1,305,846)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	15,253	15,253	1,173,112	1,050,939
Miscellaneous nonoperating income (expense)	14,990	1,549	120,108	5,374
(Increase) decrease in deposits with other agencies	-	-	(18,554)	16,635
(Increase) decrease in accounts receivable	(1,009)	-	(6,989)	1,943
(Increase) decrease in prepaid items	-	-	(2,639)	1,970
(Increase) decrease in inventory	(36)	5,857	(18,524)	(3,339)
(Increase) decrease in other assets	-	-	-	-
Increase (decrease) in accounts payable	(32,499)	19,928	428,173	35,508
Increase (decrease) in accrued payroll	-	-	14,945	6,330
Increase (decrease) in claims and judgments payable	-	-	230,884	(51,878)
	-	-	230,884	(51,878)
Net cash provided by (used for) operating activities	\$ (106,930)	(67,824)	16,459	(242,364)
<u>Non-cash investing, capital and financing activities:</u>				
Contributed capital assets	\$ -	-	1,535,889	533,077

See accompanying notes to basic financial statements.

CITY OF INDIO
Fiduciary Funds

Statement of Assets and Liabilities

June 30, 2006

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash and investments (note 2)	\$ 3,459,005	2,558,119
Cash with fiscal agent (note 2)	8,691,477	4,610,317
Due from other governments	277,199	85,317
Interest receivable	<u>13,337</u>	<u>9,091</u>
Total assets	<u>\$ 12,441,018</u>	<u>7,262,844</u>
<u>Liabilities</u>		
Accounts payable	\$ 24,706	88,301
Deposits payable	266,589	313,203
Due to bondholders	<u>12,149,723</u>	<u>6,861,340</u>
Total liabilities	<u>\$ 12,441,018</u>	<u>7,262,844</u>

See accompanying notes to basic financial statements.

CITY OF INDIO

Notes to Basic Financial Statements

Year ended June 30, 2006

(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 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 – This fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

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 Capital Projects 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, 2006, 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 \$5,000 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.

(n) Deferred Charges

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which materially approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable whereas issuance costs are recorded as an asset, unamortized debt issuance costs.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 102,639,365
Cash and investments held by bond trustee	37,109,767
Fiduciary Funds:	
Cash and investments	3,459,005
Cash and investments held by bond trustee	<u>8,691,477</u>
 Total cash and investments	 <u>\$ 151,899,614</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 5,900
Deposits with financial institutions	47,543,575
Investments	<u>104,350,139</u>
 Total cash and investments	 <u>\$ 151,899,614</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:

Investment Type	Total	Remaining Maturing (in Months)			
		12 Months Or Less	13 to 36 Months	36 to 60 Months	More Than 60 Months
State Investment Pool	\$ 42,254,933	42,254,933	-	-	-
US Treasury Notes	6,313,963	3,992,761	2,321,202	-	-
Federal Agency Securities	7,476,049	1,828,589	4,413,866	1,233,594	-
Money Market Funds	143,581	143,581	-	-	-
Held by Bond Trustee:					
Money Market Funds	<u>48,161,613</u>	<u>48,161,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$104,350,139</u>	<u>96,381,477</u>	<u>6,735,068</u>	<u>1,233,594</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.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	Aa	Not Rated
State Investment Pool	\$ 42,254,933	N/A	-	-	-	42,254,933
US Treasury Notes	6,313,963	N/A	6,313,963	-	-	-
Federal Agency Securities	7,476,049	N/A	-	7,476,049	-	-
Money Market Funds	143,581	A	-	143,581	-	-
Held by Bond Trustee:						
Money Market Funds		627,596	AA	-	627,596	-
Money Market Funds	<u>47,957,124</u>	AAA	-	47,957,124	-	-
Total	<u>\$104,350,139</u>		<u>6,313,963</u>	<u>56,204,350</u>	<u>-</u>	<u>42,254,933</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.

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.

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 City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(3) Interfund Receivables, Payables and Transfers

Long-term interfund receivables and payables as of June 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Capital Projects	<u>\$2,259,842</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.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

Due to/due from other funds as of June 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Funds	\$ <u>4,545</u>
Total		\$ <u>4,545</u>

This short-term interfund borrowing was made to cover cash deficits at June 30, 2006.

Transfers in and out for the year ended June 30, 2006 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Capital Project Fund	\$ 3,512,000 (a)
Other Governmental Funds	Redevelopment Debt Service	338,238
Self Insurance Internal Service Fund	Capital Project Fund	609,000 (b)
Capital Project Fund	General Fund	35,037
Capital Project Fund	Redevelopment Capital Project	2,756,081 (c)
Other Governmental Funds	General Fund	276,838
General Fund	Redevelopment Capital Project	103
Redevelopment Debt Service	General Fund	94,014
General Fund	Other Governmental Funds	812,273
Redevelopment Debt Service	Redevelopment Capital Project	120,113
Redevelopment Debt Service	Redevelopment Capital Project	<u>12,496,407</u> (d)
	Total	<u>\$21,050,104</u>

Interfund transfers were principally used for the following purposes:

- (a) \$3,512,000 was transferred from the General Fund to the Capital Projects Fund for two budgeted items. The first transfer was for \$3,200,000 for budgeted capital improvement projects. The second transfer was for \$312,000 for the Animal Shelter.
- (b) \$609,000 was transferred from the Equipment and Facilities Internal Service Fund to the Capital Projects Fund for two separate items. The first was for a donation to the Coachella Valley Culture Art Museum, and the second was for the Senior Center.
- (c) \$2,756,081 was transferred from the Capital Project Fund to the RDA Capital Projects Fund for the purpose of acquiring two pieces of property. The first acquisition was for \$1,701,386 for Magnolia Court property and the second acquisition was for \$1,054,695 for Date Avenue property.
- (d) \$12,496,407 was transferred from RDA Debt Service Fund to RDA Capital Project Fund for the purpose of acquiring land held for resale for the RDA.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

<u>(4) Notes Receivable</u>		Outstanding at <u>June 30, 2006</u>
	Various first time home buyer notes were issued to homeowners in the amount of \$144,220.	\$ <u>144,220</u>
	Total	\$ <u><u>144,220</u></u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2006 is as follows:

Governmental Activities:

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2006</u>
Structures and improvements	\$ 3,954,555		-	3,954,555
Improvements other than building	-	1,507,559	-	1,507,559
Machinery, equipment and Vehicles	8,173,789	1,710,425	-	9,884,214
Infrastructure:				
Street network	<u>266,845,912</u>	<u>11,355,478</u>	<u>-</u>	<u>278,201,390</u>
Total cost of depreciable assets	<u>278,974,256</u>	<u>14,573,462</u>	<u>-</u>	<u>293,547,718</u>
Less accumulated depreciation:				
Structures and improvements	2,111,173	97,225	-	2,208,398
Improvements other than building	-	37,064	-	37,064
Machinery, equipment and vehicles	4,831,493	1,173,112	-	6,004,605
Infrastructure:				
Street network	<u>103,320,573</u>	<u>6,839,735</u>	<u>-</u>	<u>110,160,308</u>
Total accumulated depreciation	<u>110,263,239</u>	<u>8,147,136</u>	<u>-</u>	<u>118,410,375</u>
Net depreciable assets	168,711,017	6,426,326	-	175,137,343
Capital assets not depreciated:				
Construction in progress	5,285,253	38,719,216	-	44,004,469
Land	6,645,504	9,000,161	-	15,645,665
Right of way	<u>47,001,283</u>	<u>-</u>	<u>-</u>	<u>47,001,283</u>
Capital assets, net	<u>\$ 227,643,057</u>	<u>54,145,703</u>	<u>-</u>	<u>281,788,760</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(5) Capital Assets, (Continued)

Depreciation expense, including \$1,173,112 of internal service depreciation, was charged in the following functions in the Statement of Activities:

General government	\$ 246,354
Public works	7,558,363
Public safety	58,656
Community development	253,328
Culture and leisure	<u>30,435</u>
	<u>\$ 8,147,136</u>

Business-type activities:

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2006</u>
Machinery, equipment and vehicles	<u>\$207,450</u>	<u>-</u>	<u>-</u>	<u>207,450</u>
Total cost of depreciable assets	<u>207,450</u>	<u>-</u>	<u>-</u>	<u>207,450</u>
Less accumulated depreciation:				
Machinery, equipment and vehicles	<u>115,970</u>	<u>15,253</u>	<u>-</u>	<u>131,223</u>
Total accumulated depreciation	<u>115,970</u>	<u>15,253</u>	<u>-</u>	<u>131,223</u>
Net depreciable assets	91,480	(15,253)	-	76,227
Capital assets not depreciated:				
Land	<u>465,960</u>	<u>-</u>	<u>-</u>	<u>465,960</u>
Capital assets, net	<u>\$557,440</u>	<u>(15,253)</u>	<u>-</u>	<u>542,187</u>

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:

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2006</u>
Machinery, equipment and vehicles	\$ 1,166,605	53,529	-	1,220,134
Utility distribution system	<u>191,791,293</u>	<u>8,481,613</u>	<u>-</u>	<u>200,272,906</u>
Total cost of depreciable assets	<u>192,957,898</u>	<u>8,535,142</u>	<u>-</u>	<u>201,493,040</u>
Less accumulated depreciation:				
Machinery, equipment and vehicles	604,205	37,493	-	641,698
Utility distribution system	<u>51,981,729</u>	<u>3,225,603</u>	<u>-</u>	<u>55,207,332</u>
Total accumulated depreciation	<u>52,585,934</u>	<u>3,263,096</u>	<u>-</u>	<u>55,849,030</u>
Net depreciable assets	140,371,964	5,272,046	-	145,644,010
Capital assets not depreciated:				
Land	<u>98,528</u>	<u>-</u>	<u>-</u>	<u>98,528</u>
Capital assets, net	<u>\$140,470,492</u>	<u>5,272,046</u>	<u>-</u>	<u>145,742,538</u>

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

Water	<u>\$ 3,263,096</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, 2006 were as follows:

	Balance at June 30, 2005	Additions	Retirements	Balance at June 30, 2006	Amount Due Within One Year	Amount Due Beyond One Year
<u>Governmental activities:</u>						
Bonds payable:						
1997 Series A Bonds	\$ 915,000	-	(35,000)	880,000	40,000	840,000
1997 Series B Bonds	6,985,000	-	(160,000)	6,825,000	170,000	6,655,000
1999 Revenue Refunding Bonds	3,755,000	-	(135,000)	3,620,000	140,000	3,480,000
2004 A Tax Allocation Refunding Bonds	9,760,000	-	(95,000)	9,665,000	95,000	9,570,000
2004 B Tax Allocation Refunding Bonds	<u>18,855,000</u>	<u>-</u>	<u>-</u>	<u>18,855,000</u>	<u>-</u>	<u>18,855,000</u>
Subtotal	<u>40,270,000</u>	<u>-</u>	<u>(425,000)</u>	<u>39,845,000</u>	<u>445,000</u>	<u>39,400,000</u>
Capital lease obligations	1,200,587	-	(517,859)	682,728	246,521	436,207
Certificates of participation	3,540,000	-	(215,000)	3,325,000	220,000	3,105,000
Note payable	-	7,000,000	-	7,000,000	-	7,000,000
Compensated absences	1,258,913	1,053,824	(606,692)	1,706,045	600,000	1,106,045
Claims payable	<u>284,630</u>	<u>1,123,339</u>	<u>(552,083)</u>	<u>855,886</u>	<u>208,780</u>	<u>647,106</u>
Subtotal	<u>6,284,130</u>	<u>9,177,163</u>	<u>(1,891,634)</u>	<u>13,569,659</u>	<u>1,275,301</u>	<u>12,294,358</u>
Total	<u>\$46,554,130</u>	<u>9,177,163</u>	<u>(2,316,634)</u>	<u>53,414,659</u>	<u>1,720,301</u>	<u>51,694,358</u>
<u>Component Unit:</u>						
Bonds payable:						
2004 Water Enterprise Revenue Bond	\$11,800,000	-	(270,000)	11,530,000	280,000	11,250,000
Capital lease obligations	86,573	-	(86,573)	-	-	-
Compensated absences	<u>104,559</u>	<u>98,530</u>	<u>(75,021)</u>	<u>128,068</u>	<u>75,000</u>	<u>53,068</u>
Total	<u>\$11,991,132</u>	<u>98,530</u>	<u>(431,594)</u>	<u>11,658,068</u>	<u>355,000</u>	<u>11,303,068</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(7) Obligations under Capital Leases

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, 2006 on this contract was \$147,701.

Fire Truck – A seven year contract was entered into on March 1, 2005 for the purchase of Fire Truck. Annual payments of principal and interest are \$120,114. The balance at June 30, 2006 on this contract was \$535,027.

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		
	<u>Police Computer</u>	<u>Fire Truck</u>	<u>Totals</u>
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>(36,214)</u>	<u>(65,543)</u>	<u>(101,757)</u>
Present value of future lease payments\$	<u>\$147,701</u>	<u>535,027</u>	<u>682,728</u>

(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.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

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.

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, 2003 through June 30, 2006. 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.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

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

Purchased Insurance, (Continued)

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.

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 2005 and 2006 were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Prior Year Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2004-05	306,906	286,761	(309,037)	284,630
2005-06	284,630	1,123,339	(552,083)	855,886

(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.

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)

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, 2006 was \$880,000.

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, 2006 was \$6,825,000.

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, 2006, the actual reserve for Series B was \$289,342. 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, 2006 was \$3,620,000.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(9) Tax Increment Revenue Bonds, (Continued)

1999 Housing Set-Aside Revenue Refunding Bonds, (Continued)

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, 2006 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.

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, 2006, the reserve was fully funded and the outstanding balance of the Series 2004A and Series 2004B bonds was \$9,665,000 and \$18,855,000, respectively.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(9) Tax Increment Revenue Bonds, (Continued)

Debt Service Requirements to Maturity

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 39,845,000</u>	<u>42,001,986</u>

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, 2006, \$11,980,000 of bonds outstanding are considered defeased.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(9) Tax Increment Revenue Bonds, (Continued)

Prior Year Defeasance of Debt, (Continued)

In prior years, the City defeased the \$2,585,000 1997 Series C Tax Increment Revenue 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, 2006, \$2,330,000 of bonds outstanding are considered defeased.

(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, 2006 was \$3,325,000.

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, 2006, the actual reserve amount was \$378,102.

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 3,325,000</u>	<u>1,067,218</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(11) Note Payable

On March 16, 2006, the City of Indio obtained a \$7,000,000 note payable from PFF Bank and Trust. The proceeds from the note were used to acquire land held for resale for future City developments. The City is required to make semi-annual interest payments on the outstanding note balance at an interest rate of 6.450%. The note is due in full, plus any accrued interest, on March 16, 2011. The outstanding amount of the note as of June 30, 2006 was \$7,000,000.

(12) 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, 2006, the reserve was fully funded and the outstanding balance of the Series 2004 bonds was \$11,530,000.

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)

(12) Water Enterprise Revenue Bond, (Continued)

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
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>\$11,530,000</u>	<u>8,350,963</u>

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(13) 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, 2006 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, 2006 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, 2006 was \$8,500,000.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(13) 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</u>
					<u>Principal as of June 30, 2006</u>
A.D. No. 99-1	12/16/1999	\$3,160,000	7.125%	9/2/2020	\$ 2,735,000
A.D. No. 01-1	7/10/2001	\$4,840,143	6.500%	9/2/2026	\$ 4,550,000
A.D. No. 02-1	5/2/2002	\$4,403,000	5.25% to 6.375%	9/2/2027	\$ 4,220,000
A.D. No. 02-2	8/8/2002	\$2,761,000	2.75% to 6.125%	9/2/2027	\$ 2,595,000
A.D. No. 02-3	11/27/2002	\$5,319,050	4.00% to 6.35%	9/2/2027	\$ 4,960,050
A. D. No. 90-1	7/18/2002	\$2,260,000	4.700%	9/2/2013	\$ 1,755,000
A.D. No. 03-1	1/15/2004	\$2,450,500	2.375% to 6.10%	9/2/2014	\$ 2,395,000
A.D. No. 03-2	1/15/2004	\$1,965,000	2.375% to 6.10%	9/2/2014	\$ 1,920,000
A.D. No. 03-3	12/23/2003	\$5,654,000	2.25% to 6.125%	9/2/2014	\$ 5,525,000
A.D. No. 03-5	3/9/2004	\$1,890,000	2.20% to 5.875%	9/2/2022	\$ 1,845,000
A.D. No. 03-6	3/31/2004	\$2,301,600	2.35% to 5.50%	9/2/2018	\$ 2,250,000
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 (Desert Trace)	2/24/2005	\$7,350,000	2.90% to 5.50%	9/2/2030	\$ 7,350,000
C.F.D No. 04-3 (Terra Lago)	9/15/2005	\$26,330,000	3.35% to 5.15%	9/1/2035	\$ 26,330,000
C.F. D No. 05-1 (Talavera No. 1)	12/7/2005	\$10,170,000	3.5% to 5.25%	9/1/2036	\$ 10,170,000
C.F.D No. 05-1 (Talavera No. 2)	12/14/2005	\$9,145,000	4.00% to 5.25%	9/1/2036	\$ 9,145,000

(14) Defined Benefit Plan

The City of Indio contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer and a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. 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)

(14) 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, 2005 to June 30, 2006 has been determined by an actuarial valuation of the plan as of June 30, 2003. The contribution rate indicated for the period is 18.9160% of payroll and 11.120% for the Safety Plan and Miscellaneous Plan, respectively. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2006, this contribution rate, as modified by any amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2005 to June 30, 2006.

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

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2003	June 30, 2003
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	16 Years as of the Valuation Date	14 Years as of the Valuation Date
Asset Valuation Method	3 Year Smoothed Market	3 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% depending on Age, Service, and type of employment	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% 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 payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(14) Defined Benefit Plan, (Continued)

Assembly Bill 194, which added Sections 20840-20842 to the California Government Code allowed PERS to create risk pools and mandate public agency participation in those pools. Commencing with the valuation of June 30, 2003, mandatory pooling was established for plans with less than 100 active members. Henceforth, the City of Indio was required to participate in a risk pool of cities with less than 100 employees for the City's Safety Plan. The Safety Plan's valuation report as of June 30, 2003 contained three sections: 1) the specific information of the plan including the development of the pooled contribution rate, 2) the report of the Risk Pool Actuarial Valuation as of June 30, 2003, and 3) the Final Stand-Alone Actuarial Valuation of the City of Indio as of June 30, 2003 (to be removed in later years).

At the time of joining the risk pool (valuation of June 30, 2003), a side fund was created to account for the differences between the funded status of the pool and funded status of the City's plan. The side fund will be credited, on an annual basis, with the actuarial investment return assumption. The side fund will also be subject to amortization on an annual basis.

A positive side fund meant that the employer will have to contribute less than the pool's required contribution rate while a negative side fund indicates the employer will have to contribute more than the pool's required contribution rate. As of June 30, 2004, the Safety Plan side fund was positive, which decreased the City's required contribution.

The most recent Miscellaneous Plan valuation report as of June 30, 2004 reflect the following balances:

<u>Miscellaneous Plan Side Fund</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>
Side Fund as of valuation date	\$729,394	187,856
Adjustments	-	-
Side Fund Payment	(576,157)	(321,835)
Side Fund one year later	\$187,856	(131,659)
Adjustments	-	-
Side Fund Payment	(321,835)	133,666
Side Fund two years later	\$(131,659)	-
Amortization Period	1	-
Side Fund Payment during the last year	\$136,666	-

For the Safety Plan, the City was overfunded for the year ended June 30, 2004. Amortization periods are not determined for overfunded plans.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(14) Defined Benefit Plan, (Continued)

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.

Annual Pension Cost

The valuation report of June 30, 2003 reflected both the final stand-alone and risk pool actuarial valuations for the City's Safety Plan. The funding status for both the City's Stand-alone Plan and Risk Pool Plan funding progress schedule is provided to phase out the City's Stand-alone Plan information and introduce the Risk Pool Plan information.

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$ 326,099	395,073	100%	-
6/30/05	282,270	297,578	100%	-
6/30/06	1,377,056	948,563	100%	-

Required Supplementary Information – Safety Plan

Stand Alone

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/02	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%)
6/30/04	No Longer Available					

Risk Pool

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/02	Not applicable					
6/30/03	\$1,218,082,935	1,083,690,137	134,392,798	89.0%	184,098,257	73.0%
6/30/04	996,203,370	885,549,650	110,653,720	88.9%	149,407,703	74.1%

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(14) Defined Benefit Plan, (Continued)

Information for the June 30, 2005 valuation date was not available for inclusion in the financial statements.

Required Supplementary Information – Miscellaneous Plan

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/02	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%)
6/30/04	24,248,377	23,388,399	859,978	96.5%	6,152,163	14.0%

Information is based on the most recent Actuarial Valuation.

(15) Post Retirement Health Care Benefits

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. Employees become eligible to retire and receive City paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or upon disability before age 50. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependants up to the age of 23. The cost of retiree health care benefits is recognized as an expense as claims are paid. For fiscal year 2005-06, those costs totaled \$686,719 for 110 such employees.

The Government Accounting Standards Board (GASB) has recently issued its final accrual accounting standards for retiree healthcare benefits, GASB 43 and GASB 45. GASB 43/45 requires public employess such as the City to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these benefits. The City is not required to implement GASB 43/45 until the year ended June 30, 2008.

The City contracted with a firm to perform an actuarial valuation of the retiree insurance program as of July 1, 2006. The valuation determined that the amount of actuarial liability for current and future retirees, as of July 1, 2006, is \$30,239,760. This represents the present value of all benefits expected to be paid by the City for its current and future retirees.

CITY OF INDIO

Notes to Basic Financial Statements

(Continued)

(16) Compliance with Budgetary Limitations

For the fiscal year ended June 30, 2006, the following funds reflected expenditures in excess of budgeted amounts:

	<u>Amount of Excess</u>
General Fund	
General Government:	
City council	\$ (15,541)
General administration	(507,076)
Public Safety:	
Police administration	(106,470)
Police field service	(194,923)
Police special services	(131,696)
Police traffic safety	(105,441)
Fire	(42,640)
Ambulance service	(747,786)
Other public safety	(16,198)
Public works:	
Street maintenance	(217,245)
Slurry seal program	(41,605)
Street cleaning	(159,233)
Community Development:	
Engineering	(138,335)
Culture and Leisure	
Parks and parkways	(66,983)
Other	(19,841)
Special Revenue Funds:	
Traffic Safety	(9,545)
Public Safety	(101)
Supplemental Law Enforcement	(2,629)
Community Development Block Grant	(1,016,980)
NPDES	(1,477)
Air Quality (AB2766)	(141,266)
Low and Moderate Housing	(47,447)
Debt Service Funds:	
2002 Park COP's	(326)
Redevelopment agency	(2,714,368)
Capital Projects Fund:	
Assessment Districts	(16,840,211)

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 2005-06, payment in the amount of \$589,340 was made to the County.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INDIO
General Fund
Schedule of Revenues - Budget and Actual
Year ended June 30, 2006

	Budget		Actual	Variance with Final Budget	Prior Year
	Original	Final		Positive (Negative)	Actual
Taxes:					
Property taxes	\$ 2,400,000	2,400,000	4,147,837	1,747,837	2,338,174
Document transfer tax	650,000	650,000	1,163,471	513,471	910,050
Sales tax	6,900,000	6,900,000	7,001,916	101,916	6,741,333
In-lieu sales tax	2,300,000	2,300,000	2,183,096	(116,904)	1,790,502
Utility taxes	3,500,000	3,500,000	4,418,874	918,874	3,836,559
Franchise taxes	936,090	936,090	1,313,361	377,271	1,061,307
Transient occupancy tax	1,200,000	1,200,000	1,331,090	131,090	1,220,242
Total taxes	<u>17,886,090</u>	<u>17,886,090</u>	<u>21,559,645</u>	<u>3,673,555</u>	<u>17,898,167</u>
Licenses and permits:					
Business licenses	500,000	500,000	478,860	(21,140)	492,615
Building permits	5,963,000	5,963,000	7,260,742	1,297,742	5,339,158
Other licenses and permits	174,500	174,500	131,558	(42,942)	100,716
Total licenses and permits	<u>6,637,500</u>	<u>6,637,500</u>	<u>7,871,160</u>	<u>1,233,660</u>	<u>5,932,489</u>
Intergovernmental:					
Motor vehicle license fees	1,225,324	1,225,324	432,842	(792,482)	387,402
In-lieu motor vehicle license fees	3,620,000	3,620,000	5,724,248	2,104,248	3,145,791
Grants	80,000	88,250	138,445	50,195	99,463
Total intergovernmental	<u>4,925,324</u>	<u>4,933,574</u>	<u>6,295,535</u>	<u>1,361,961</u>	<u>3,632,656</u>
Charges for services:					
Utility user fees	553,000	553,000	616,179	63,179	564,684
Plan checks and inspections	4,227,350	4,227,350	3,763,586	(463,764)	3,284,605
Facility rentals	1,326,727	1,326,727	1,315,920	(10,807)	1,327,138
Fire and ambulance	660,000	660,000	942,842	282,842	762,598
Other	375,000	375,000	2,521,678	2,146,678	454,654
Total charges for services	<u>7,142,077</u>	<u>7,142,077</u>	<u>9,160,205</u>	<u>2,018,128</u>	<u>6,393,679</u>
Fines:					
Vehicle fines	180,000	180,000	233,590	53,590	203,227
Parking fines	220,000	220,000	313,298	93,298	258,312
Other fines	12,000	12,000	34,144	22,144	146,466
Total fines	<u>412,000</u>	<u>412,000</u>	<u>581,032</u>	<u>169,032</u>	<u>608,005</u>
Investment income	400,000	400,000	1,057,554	657,554	859,441
Miscellaneous:					
Police	224,546	224,546	377,795	153,249	230,038
Other	480,300	580,300	540,277	(40,023)	471,448
Total miscellaneous	<u>704,846</u>	<u>804,846</u>	<u>918,072</u>	<u>113,226</u>	<u>701,486</u>
Total revenues	<u>\$ 38,107,837</u>	<u>38,216,087</u>	<u>47,443,203</u>	<u>9,227,116</u>	<u>36,025,923</u>

CITY OF INDIO
General Fund
Schedule of Expenditures - Budget and Actual
Year ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive	Prior Year Actual
	Original	Final		(Negative)	Actual
General Government:					
City council	\$ 231,213	231,213	246,754	(15,541)	343,328
City manager	3,449,501	3,487,321	3,421,664	65,657	2,722,702
Finance	1,161,359	1,113,883	1,083,509	30,374	982,952
General administration	1,436,841	1,294,502	1,801,578	(507,076)	1,167,539
City attorney	870,000	870,000	782,127	87,873	853,639
Total general government	<u>7,148,914</u>	<u>6,996,919</u>	<u>7,335,632</u>	<u>(338,713)</u>	<u>6,070,160</u>
Public Safety:					
Police administration	899,930	893,230	999,700	(106,470)	785,702
Police field services	8,313,919	8,424,986	8,619,909	(194,923)	6,624,557
Police special services	2,185,433	2,360,433	2,492,129	(131,696)	2,540,488
Police traffic safety	321,667	446,667	552,108	(105,441)	357,176
Fire	5,901,916	5,401,916	5,444,556	(42,640)	5,154,168
Ambulance service	1,483,000	1,483,000	2,230,786	(747,786)	1,511,702
Animal control	418,022	418,022	387,687	30,335	181,641
Other public safety	161,793	162,093	178,291	(16,198)	122,304
Total public safety	<u>19,685,680</u>	<u>19,590,347</u>	<u>20,905,166</u>	<u>(1,314,819)</u>	<u>17,277,738</u>
Public works:					
Street lighting	473,001	440,001	408,206	31,795	365,382
Street maintenance	967,393	1,003,143	1,220,388	(217,245)	1,053,712
Slurry seal program	-	-	41,605	(41,605)	40,744
Street cleaning	127,532	192,282	351,515	(159,233)	379,223
Total public works	<u>1,567,926</u>	<u>1,635,426</u>	<u>2,021,714</u>	<u>(386,288)</u>	<u>1,839,061</u>
Community development:					
Engineering	1,821,636	2,367,196	2,505,531	(138,335)	1,560,867
Building/safety	2,499,730	2,330,314	1,802,988	527,326	1,227,524
Code enforcement	831,213	879,713	820,545	59,168	662,472
Economic redevelopment	281,562	281,562	155,240	126,322	188,405
Planning	2,496,296	2,496,296	1,758,219	738,077	1,071,441
Total community development	<u>7,930,437</u>	<u>8,355,081</u>	<u>7,042,523</u>	<u>1,312,558</u>	<u>4,710,709</u>
Culture and leisure:					
Parks and parkways	1,297,072	1,290,572	1,357,555	(66,983)	573,842
Senior center	256,579	256,579	252,008	4,571	261,949
Other	204,458	92,898	112,739	(19,841)	118,393
Total culture and leisure	<u>1,758,109</u>	<u>1,640,049</u>	<u>1,722,302</u>	<u>(82,253)</u>	<u>954,184</u>
Total expenditures	<u>\$ 38,091,066</u>	<u>38,217,822</u>	<u>39,027,337</u>	<u>(809,515)</u>	<u>30,851,852</u>

CITY OF INDIO

Notes to the Required Supplementary Information

Year Ended June 30, 2006

(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, 2006, expenditures exceeded appropriations in the following:

	<u>Amount of Excess</u>
General Fund	
City council	\$ (15,541)
General administration	(507,076)
Police administration	(106,470)
Police field service	(194,923)
Police special services	(131,696)
Police traffic safety	(105,441)
Fire	(42,640)
Ambulance service	(747,786)
Other public safety	(16,198)
Street maintenance	(217,245)
Slurry seal program	(41,605)
Street cleaning	(159,233)
Engineering	(138,335)
Parks and parkways	(66,983)
Other	(19,841)

SUPPLEMENTARY SCHEDULES

CITY OF INDIO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Capital Projects <u>Funds</u>	<u>Totals</u>	
				<u>2006</u>	<u>2005</u>
<u>Assets</u>					
Cash and investments	\$ 12,813,963	420,661	3,248	13,237,872	10,726,665
Cash and investments with fiscal agent	338,105	378,194	-	716,299	711,483
Due from other governments	1,250,520	-	-	1,250,520	489,871
Interest receivable	52,193	-	5	52,198	68,937
Notes receivable	144,220	-	-	144,220	250,010
Prepaid items	-	-	-	-	120,114.00
Total assets	<u>\$ 14,599,001</u>	<u>798,855</u>	<u>3,253</u>	<u>15,401,109</u>	<u>12,367,080</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 2,137,409	-	-	2,137,409	126,505
Accrued liabilities	3,065	-	-	3,065	-
Due to other funds	-	4,545	-	4,545	267,199
Deposits payable	19,869	-	-	19,869	6,116
Total liabilities	<u>2,160,343</u>	<u>4,545</u>	<u>-</u>	<u>2,164,888</u>	<u>399,820</u>
Fund balances:					
Reserved:					
Encumbrances	235,473	-	-	235,473	6,276
Deposits and prepaids	-	-	-	-	120,114
Notes receivable	144,220	-	-	144,220	250,010
Low and moderate housing	4,409,486	-	-	4,409,486	2,704,962
Debt service	-	794,310	-	794,310	794,147
Unreserved:					
Designated for special projects and programs	7,649,479	-	1,146	7,650,625	8,089,721
Undesignated	-	-	2,107	2,107	2,030
Total fund balances	<u>12,438,658</u>	<u>794,310</u>	<u>3,253</u>	<u>13,236,221</u>	<u>11,967,260</u>
Total liabilities and fund balances	<u>\$ 14,599,001</u>	<u>798,855</u>	<u>3,253</u>	<u>15,401,109</u>	<u>12,367,080</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2006

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals	
				2006	2005
Revenues:					
Taxes	\$ 5,181,179	-	-	5,181,179	3,973,400
Special assessments	1,444,293	-	-	1,444,293	776,818
Intergovernmental	2,839,461	-	-	2,839,461	1,236,125
Fines	233,775	-	-	233,775	172,000
Investment income	445,937	17,663	1,135	464,735	249,358
Miscellaneous	286,296	-	-	286,296	198,144
Total revenues	<u>10,430,941</u>	<u>17,663</u>	<u>1,135</u>	<u>10,449,739</u>	<u>6,605,845</u>
Expenditures:					
Current:					
General government	702,221	-	-	702,221	80,044
Public safety - police	689,128	-	-	689,128	436,342
Culture and leisure	-	-	-	-	2,742,493
Public works	5,962,313	-	-	5,962,313	631,457
Community development	1,074,427	-	-	1,074,427	6,501
Debt service:					
Principal	-	732,669	-	732,669	1,144,799
Interest and other charges	-	217,217	-	217,217	237,641
Total expenditures	<u>8,428,089</u>	<u>949,886</u>	<u>-</u>	<u>9,377,975</u>	<u>5,279,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,002,852</u>	<u>(932,223)</u>	<u>1,135</u>	<u>1,071,764</u>	<u>1,326,568</u>
Other financing sources (uses):					
Interfund transfers in	-	932,386	-	932,386	653,673
Interfund transfers out	(735,189)	-	-	(735,189)	(2,180,324)
Total other financing sources (uses)	<u>(735,189)</u>	<u>932,386</u>	<u>-</u>	<u>197,197</u>	<u>(1,526,651)</u>
Net change in fund balances	1,267,663	163	1,135	1,268,961	(200,083)
Fund balances at beginning of year	<u>11,170,995</u>	<u>794,147</u>	<u>2,118</u>	<u>11,967,260</u>	<u>12,167,343</u>
Fund balances at end of year	<u>\$ 12,438,658</u>	<u>794,310</u>	<u>3,253</u>	<u>13,236,221</u>	<u>11,967,260</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.

Homeland Security Fund - 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 Fund - To account for grants to local agencies impacted by tribal gaming.

Community Facilities District Fund – 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, 2006

	<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	\$ 3,050,889	333,583	410,563	25,814	2,163	80,489
Cash with fiscal agent	-	-	-	-	-	-
Due from other governments	90,775	-	29,018	-	-	-
Interest receivable	14,168	1,476	2,490	351	10	383
Notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 3,155,832</u>	<u>335,059</u>	<u>442,071</u>	<u>26,165</u>	<u>2,173</u>	<u>80,872</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 705,669	-	992	19,829	-	22,496
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	<u>705,669</u>	<u>-</u>	<u>992</u>	<u>19,829</u>	<u>-</u>	<u>22,496</u>
Fund balances:						
Reserved for:						
Encumbrances	41,332	-	-	-	-	-
Deposits and prepaids	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Low and moderate housing	-	-	-	-	-	-
Unreserved:						
Designated for special projects and programs	<u>2,408,831</u>	<u>335,059</u>	<u>441,079</u>	<u>6,336</u>	<u>2,173</u>	<u>58,376</u>
Total fund balances (deficits)	<u>2,450,163</u>	<u>335,059</u>	<u>441,079</u>	<u>6,336</u>	<u>2,173</u>	<u>58,376</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,155,832</u>	<u>335,059</u>	<u>442,071</u>	<u>26,165</u>	<u>2,173</u>	<u>80,872</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>
6,837	3,071,580	1,458	398,394	20,412	4	1,017,791
-	-	-	-	-	-	-
-	270,028	-	-	-	-	57,149
32	15,677	7	1,885	62	2	4,629
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,869</u>	<u>3,357,285</u>	<u>1,465</u>	<u>400,279</u>	<u>20,474</u>	<u>6</u>	<u>1,079,569</u>
-	1,203,790	-	1,478	-	-	55,106
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>1,203,790</u>	<u>-</u>	<u>1,478</u>	<u>-</u>	<u>-</u>	<u>55,106</u>
-	174,681	-	19,460	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,869</u>	<u>1,978,814</u>	<u>1,465</u>	<u>379,341</u>	<u>20,474</u>	<u>6</u>	<u>1,024,463</u>
<u>6,869</u>	<u>2,153,495</u>	<u>1,465</u>	<u>398,801</u>	<u>20,474</u>	<u>6</u>	<u>1,024,463</u>
<u>6,869</u>	<u>3,357,285</u>	<u>1,465</u>	<u>400,279</u>	<u>20,474</u>	<u>6</u>	<u>1,079,569</u>

(Continued)

CITY OF INDIO
Combining Balance Sheet

Nonmajor Special Revenue Funds

(Continued)

	<u>Asset Forfeiture</u>	<u>Indian Gaming SB 621</u>	<u>Community Facilities District</u>	<u>Low and Moderate Housing</u>	<u>Totals</u>	
					<u>2006</u>	<u>2005</u>
<u>Assets</u>						
Cash and investments	\$ 70,918	162,871	137,491	4,022,706	12,813,963	10,308,341
Cash with fiscal agents	-	-	-	338,105	338,105	335,249
Due from other governments	-	717,866	39,841	45,843	1,250,520	489,871
Interest receivable	293	847	419	9,462	52,193	67,003
Notes receivable	-	-	-	144,220	144,220	250,010
Prepaid items	-	-	-	-	-	120,114
Total assets	<u>\$ 71,211</u>	<u>881,584</u>	<u>177,751</u>	<u>4,560,336</u>	<u>14,599,001</u>	<u>11,570,588</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 24	32,398	92,062	3,565	2,137,409	126,278
Accrued liabilities	-	-	-	3,065	3,065	-
Due to other funds	-	-	-	-	-	267,199
Deposits payable	19,869	-	-	-	19,869	6,116
Total liabilities	<u>19,893</u>	<u>32,398</u>	<u>92,062</u>	<u>6,630</u>	<u>2,160,343</u>	<u>399,593</u>
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	235,473	6,276
Deposits and prepaids	-	-	-	-	-	120,114
Notes receivable	-	-	-	144,220	144,220	250,010
Low and moderate housing	-	-	-	4,409,486	4,409,486	2,704,962
Unreserved:						
Designated for special projects and programs	51,318	849,186	85,689	-	7,649,479	8,089,633
Total fund balances	<u>51,318</u>	<u>849,186</u>	<u>85,689</u>	<u>4,553,706</u>	<u>12,438,658</u>	<u>11,170,995</u>
Total liabilities and fund balances (deficits)	<u>\$ 71,211</u>	<u>881,584</u>	<u>177,751</u>	<u>4,560,336</u>	<u>14,599,001</u>	<u>11,570,588</u>



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

Nonmajor Special Revenue Funds

Year ended June 30, 2006

	<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	\$ 1,230,989	-	329,109	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	301,710	-	148,555	101,255	1,018,357	45,342
Fines	-	233,775	-	-	-	-
Investment income	96,100	14,695	18,172	2,099	40	3,313
Miscellaneous	-	-	-	-	-	-
	<u>1,628,799</u>	<u>248,470</u>	<u>495,836</u>	<u>103,354</u>	<u>1,018,397</u>	<u>48,655</u>
Total revenues						
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety - police	-	385,428	29,514	101,829	-	74,234
Public works	856,201	-	-	-	-	-
Community development	-	-	-	-	1,016,980	-
Debt service:						
Principal	-	-	-	-	-	-
	<u>856,201</u>	<u>385,428</u>	<u>29,514</u>	<u>101,829</u>	<u>1,016,980</u>	<u>74,234</u>
Total expenditures						
Excess (deficiency) of revenues over (under) expenditures	<u>772,598</u>	<u>(136,958)</u>	<u>466,322</u>	<u>1,525</u>	<u>1,417</u>	<u>(25,579)</u>
Other financing sources (uses):						
Interfund transfers in	-	-	-	-	-	-
Interfund transfers out	-	-	(250,000)	-	-	-
	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)						
	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances:						
	772,598	(136,958)	216,322	1,525	1,417	(25,579)
Fund balances (deficits) at beginning 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>
Fund balances (deficits) at end of year						
	<u>\$ 2,450,163</u>	<u>335,059</u>	<u>441,079</u>	<u>6,336</u>	<u>2,173</u>	<u>58,376</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>
-	1,825,875	-	-	-	-	-
-	-	-	-	-	-	1,058,020
41,424	-	-	-	77,608	-	-
-	-	-	-	-	-	-
158	151,796	54	14,661	608	21	29,300
-	162,093	-	-	-	-	-
<u>41,582</u>	<u>2,139,764</u>	<u>54</u>	<u>14,661</u>	<u>78,216</u>	<u>21</u>	<u>1,087,320</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,367,775	-	1,477	141,266	-	595,594
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>4,367,775</u>	<u>-</u>	<u>1,477</u>	<u>141,266</u>	<u>-</u>	<u>595,594</u>
<u>41,582</u>	<u>(2,228,011)</u>	<u>54</u>	<u>13,184</u>	<u>(63,050)</u>	<u>21</u>	<u>491,726</u>
-	-	-	-	-	-	-
<u>-</u>	<u>(2,565)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(769)</u>	<u>-</u>
-	(2,565)	-	-	-	(769)	-
41,582	(2,230,576)	54	13,184	(63,050)	(748)	491,726
<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>6,869</u>	<u>2,153,495</u>	<u>1,465</u>	<u>398,801</u>	<u>20,474</u>	<u>6</u>	<u>1,024,463</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	
					2006	2005
Revenues:						
Taxes	\$ -	-	-	1,795,206	5,181,179	3,973,400
Special assessments	-	-	386,273	-	1,444,293	776,818
Intergovernmental	-	1,105,210	-	-	2,839,461	1,236,125
Fines	-	-	-	-	233,775	172,000
Investment income	2,352	15,734	1,375	95,459	445,937	194,401
Miscellaneous	3,221	-	-	120,982	286,296	189,377
Total revenues	<u>5,573</u>	<u>1,120,944</u>	<u>387,648</u>	<u>2,011,647</u>	<u>10,430,941</u>	<u>6,542,121</u>
Expenditures:						
Current:						
General government	-	702,221	-	-	702,221	80,044
Public safety - police	13,695	-	84,428	-	689,128	436,342
Public works	-	-	-	-	5,962,313	631,457
Community development	-	-	-	57,447	1,074,427	6,501
Debt service:						
Principal	-	-	-	-	-	120,114
Total expenditures	<u>13,695</u>	<u>702,221</u>	<u>84,428</u>	<u>57,447</u>	<u>8,428,089</u>	<u>1,274,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,122)</u>	<u>418,723</u>	<u>303,220</u>	<u>1,954,200</u>	<u>2,002,852</u>	<u>5,267,663</u>
Other financing sources (uses):						
Interfund transfers in	-	-	-	-	-	376,219
Interfund transfers out	-	(120,113)	-	(361,742)	(735,189)	(2,180,324)
Total other financing sources (uses)	<u>-</u>	<u>(120,113)</u>	<u>-</u>	<u>(361,742)</u>	<u>(735,189)</u>	<u>(1,804,105)</u>
Net change in fund balances:	<u>(8,122)</u>	<u>298,610</u>	<u>303,220</u>	<u>1,592,458</u>	<u>1,267,663</u>	<u>3,463,558</u>
Fund balances (deficits) at beginning of year	<u>59,440</u>	<u>550,576</u>	<u>(217,531)</u>	<u>2,961,248</u>	<u>11,170,995</u>	<u>7,707,437</u>
Fund balances (deficits) at end of year	<u>\$ 51,318</u>	<u>849,186</u>	<u>85,689</u>	<u>4,553,706</u>	<u>12,438,658</u>	<u>11,170,995</u>

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)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 1,090,000	1,230,989	140,989	1,127,604
Intergovernmental	251,840	301,710	49,870	-
Investment income	<u>15,000</u>	<u>96,100</u>	<u>81,100</u>	<u>22,788</u>
Total revenues	<u>1,356,840</u>	<u>1,628,799</u>	<u>271,959</u>	<u>1,150,392</u>
Expenditures:				
Current:				
Public works	<u>3,121,138</u>	<u>856,201</u>	<u>2,264,937</u>	<u>-</u>
Total expenditures	<u>3,121,138</u>	<u>856,201</u>	<u>2,264,937</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,764,298)</u>	<u>772,598</u>	<u>2,536,896</u>	<u>1,150,392</u>
Fund balance at beginning of year	<u>1,677,565</u>	<u>1,677,565</u>	<u>-</u>	<u>527,173</u>
Fund balance at end of year	<u>\$ (86,733)</u>	<u>2,450,163</u>	<u>2,536,896</u>	<u>1,677,565</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Fines	\$ 170,000	233,775	63,775	172,000
Investment income	<u>-</u>	<u>14,695</u>	<u>14,695</u>	<u>1,647</u>
 Total revenues	 <u>170,000</u>	 <u>248,470</u>	 <u>78,470</u>	 <u>173,647</u>
Expenditures:				
Current:				
Public safety - police	<u>375,883</u>	<u>385,428</u>	<u>(9,545)</u>	<u>-</u>
 Total expenditures	 <u>375,883</u>	 <u>385,428</u>	 <u>(9,545)</u>	 <u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(205,883)</u>	 <u>(136,958)</u>	 <u>68,925</u>	 <u>173,647</u>
Other financing sources (uses):				
Interfund transfers in	-	-	-	372,401
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,031)</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>298,370</u>
 Net change in fund balance	 (205,883)	 (136,958)	 68,925	 472,017
 Fund balance at beginning of year	 <u>472,017</u>	 <u>472,017</u>	 <u>-</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ 266,134</u>	 <u>335,059</u>	 <u>68,925</u>	 <u>472,017</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 300,000	329,109	29,109	347,145
Intergovernmental	-	148,555	148,555	121,965
Investment income	6,000	18,172	12,172	8,320
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,615</u>
Total revenues	<u>306,000</u>	<u>495,836</u>	<u>189,836</u>	<u>479,045</u>
Expenditures:				
Current:				
Public safety - police	<u>29,413</u>	<u>29,514</u>	<u>(101)</u>	<u>18,510</u>
Total expenditures	<u>29,413</u>	<u>29,514</u>	<u>(101)</u>	<u>18,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>276,587</u>	<u>466,322</u>	<u>189,735</u>	<u>460,535</u>
Other financing sources (uses):				
Interfund transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(470,993)</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(470,993)</u>
Net change in fund balances	26,587	216,322	189,735	(10,458)
Fund balance at beginning of year	<u>224,757</u>	<u>224,757</u>	<u>-</u>	<u>235,215</u>
Fund balance (deficit) at end of year	<u>\$ 251,344</u>	<u>441,079</u>	<u>189,735</u>	<u>224,757</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 125,000	101,255	(23,745)	100,000
Investment income	<u>1,000</u>	<u>2,099</u>	<u>1,099</u>	<u>1,425</u>
Total revenues	<u>126,000</u>	<u>103,354</u>	<u>(22,646)</u>	<u>101,425</u>
Expenditures:				
Current:				
Public safety - police	<u>99,200</u>	<u>101,829</u>	<u>(2,629)</u>	<u>5,114</u>
Total expenditures	<u>99,200</u>	<u>101,829</u>	<u>(2,629)</u>	<u>5,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,800</u>	<u>1,525</u>	<u>(25,275)</u>	<u>96,311</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,500)</u>
Net change in fund balances	26,800.00	1,525	(25,275)	4,811
Fund balance at beginning of year	<u>4,811</u>	<u>4,811</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 31,611</u>	<u>6,336</u>	<u>(25,275)</u>	<u>4,811</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	1,018,357	1,018,357	-
Investment income	<u>-</u>	<u>40</u>	<u>40</u>	<u>756</u>
Total revenues	<u>-</u>	<u>1,018,397</u>	<u>1,018,397</u>	<u>756</u>
Expenditures:				
Current:				
Community development	<u>-</u>	<u>1,016,980</u>	<u>(1,016,980)</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>1,016,980</u>	<u>(1,016,980)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,417</u>	<u>1,417</u>	<u>756</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,750)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,750)</u>
Net change in fund balances	-	1,417	1,417	(188,994)
Fund balance at beginning of year	<u>756</u>	<u>756</u>	<u>-</u>	<u>189,750</u>
Fund balance at end of year	<u>\$ 756</u>	<u>2,173</u>	<u>1,417</u>	<u>756</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 45,342	45,342	-	27,587
Investment income	<u>1,500</u>	<u>3,313</u>	<u>1,813</u>	<u>2,016</u>
Total revenues	<u>46,842</u>	<u>48,655</u>	<u>1,813</u>	<u>29,603</u>
Expenditures:				
Current:				
Public safety - police	<u>79,243</u>	<u>74,234</u>	<u>5,009</u>	<u>64,536</u>
Total expenditures	<u>79,243</u>	<u>74,234</u>	<u>5,009</u>	<u>64,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,401)</u>	<u>(25,579)</u>	<u>6,822</u>	<u>(34,933)</u>
Other financing sources (uses):				
Interfund transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065</u>
Net change in fund balances	(32,401)	(25,579)	6,822	(31,868)
Fund balance at beginning of year	<u>83,955</u>	<u>83,955</u>	<u>-</u>	<u>115,823</u>
Fund balance (deficit) at end of year	<u>\$ 51,554</u>	<u>58,376</u>	<u>6,822</u>	<u>83,955</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ -	41,424	41,424	110,586
Investment income	-	158	158	-
	<u>-</u>	<u>41,582</u>	<u>41,582</u>	<u>110,586</u>
Total revenues	<u>-</u>	<u>41,582</u>	<u>41,582</u>	<u>110,586</u>
Expenditures:				
Current:				
Public safety - police	-	-	-	145,299
	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,299</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>41,582</u>	<u>41,582</u>	<u>(34,713)</u>
Fund balance at beginning of year	<u>(34,713)</u>	<u>(34,713)</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (34,713)</u>	<u>6,869</u>	<u>41,582</u>	<u>(34,713)</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 1,058,000	1,825,875	767,875	1,238,930
Investment income	60,000	151,796	91,796	92,144
Miscellaneous	<u>6,800,000</u>	<u>162,093</u>	<u>(6,637,907)</u>	<u>-</u>
Total revenues	<u>7,918,000</u>	<u>2,139,764</u>	<u>(5,778,236)</u>	<u>1,331,074</u>
Expenditures:				
Current:				
Public works	<u>12,217,477</u>	<u>4,367,775</u>	<u>7,849,702</u>	<u>86,239</u>
Total expenditures	<u>12,217,477</u>	<u>4,367,775</u>	<u>7,849,702</u>	<u>86,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,299,477)</u>	<u>(2,228,011)</u>	<u>2,071,466</u>	<u>1,244,835</u>
Other financing sources (uses):				
Interfund transfers in	-	-	-	753
Interfund transfers out	<u>-</u>	<u>(2,565)</u>	<u>(2,565)</u>	<u>(1,187,252)</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,565)</u>	<u>(2,565)</u>	<u>(1,186,499)</u>
Net change in fund balance	(4,299,477)	(2,230,576)	2,068,901	58,336
Fund balance at beginning of year	<u>4,384,071</u>	<u>4,384,071</u>	<u>-</u>	<u>4,325,735</u>
Fund balance at end of year	<u>\$ 84,594</u>	<u>2,153,495</u>	<u>2,068,901</u>	<u>4,384,071</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	54	54	318
Total revenues	<u>-</u>	<u>54</u>	<u>54</u>	<u>318</u>
Excess (deficiency) of revenues over (under) expenditures	-	54	54	318
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,378)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,378)</u>
Net change in fund balance	-	54	54	(78,060)
Fund balance at beginning of year	<u>1,411</u>	<u>1,411</u>	<u>-</u>	<u>79,471</u>
Fund balance at end of year	<u>\$ 1,411</u>	<u>1,465</u>	<u>54</u>	<u>1,411</u>

CITY OF INDIO
 NPDES Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ 5,000	14,661	9,661	7,565
Total revenues	<u>5,000</u>	<u>14,661</u>	<u>9,661</u>	<u>7,565</u>
Expenditures:				
Current:				
Public works	-	1,477	(1,477)	-
Total expenditures	<u>-</u>	<u>1,477</u>	<u>(1,477)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	5,000	13,184	8,184	7,565
Fund balance at beginning of year	<u>385,617</u>	<u>385,617</u>	-	<u>378,052</u>
Fund balance at end of year	<u>\$ 390,617</u>	<u>398,801</u>	<u>8,184</u>	<u>385,617</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ -	77,608	77,608	51,900
Investment income	-	608	608	1,868
	<u>-</u>	<u>78,216</u>	<u>78,216</u>	<u>53,768</u>
Total revenues	<u>-</u>	<u>78,216</u>	<u>78,216</u>	<u>53,768</u>
Expenditures:				
Current:				
Public works	-	141,266	(141,266)	65,238
	<u>-</u>	<u>141,266</u>	<u>(141,266)</u>	<u>65,238</u>
Total expenditures	<u>-</u>	<u>141,266</u>	<u>(141,266)</u>	<u>65,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(63,050)</u>	<u>(63,050)</u>	<u>(11,470)</u>
Fund balance at beginning of year	<u>83,524</u>	<u>83,524</u>	<u>-</u>	<u>94,994</u>
Fund balance at end of year	<u>\$ 83,524</u>	<u>20,474</u>	<u>(63,050)</u>	<u>83,524</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	21	21	14
Total revenues	<u>-</u>	<u>21</u>	<u>21</u>	<u>14</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>21</u>	<u>21</u>	<u>14</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(769)</u>	<u>(769)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(769)</u>	<u>(769)</u>	<u>-</u>
Net change in fund balance	-	(748)	(748)	14
Fund balance at beginning of year	<u>754</u>	<u>754</u>	<u>-</u>	<u>740</u>
Fund balance at end of year	<u>\$ 754</u>	<u>6</u>	<u>(748)</u>	<u>754</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Special assessments	\$ 1,009,120	1,058,020	48,900	776,818
Investment income	<u>-</u>	<u>29,300</u>	<u>29,300</u>	<u>8,080</u>
 Total revenues	 <u>1,009,120</u>	 <u>1,087,320</u>	 <u>78,200</u>	 <u>784,898</u>
Expenditures:				
Current:				
Public works	<u>763,392</u>	<u>595,594</u>	<u>167,798</u>	<u>479,980</u>
 Total expenditures	 <u>763,392</u>	 <u>595,594</u>	 <u>167,798</u>	 <u>479,980</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>245,728</u>	 <u>491,726</u>	 <u>245,998</u>	 <u>304,918</u>
 Fund balance at beginning of year	 <u>532,737</u>	 <u>532,737</u>	 <u>-</u>	 <u>227,819</u>
 Fund balance at end of year	 <u>\$ 778,465</u>	 <u>1,024,463</u>	 <u>245,998</u>	 <u>532,737</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	2,352	2,352	1,027
Miscellaneous	<u>-</u>	<u>3,221</u>	<u>3,221</u>	<u>35,122</u>
 Total revenues	 <u>-</u>	 <u>5,573</u>	 <u>5,573</u>	 <u>36,149</u>
Expenditures:				
Current:				
Public safety - police	<u>13,808</u>	<u>13,695</u>	<u>113</u>	<u>18,952</u>
 Total expenditures	 <u>13,808</u>	 <u>13,695</u>	 <u>113</u>	 <u>18,952</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(13,808)</u>	 <u>(8,122)</u>	 <u>5,686</u>	 <u>17,197</u>
 Fund balance at beginning of year	 <u>59,440</u>	 <u>59,440</u>	 <u>-</u>	 <u>42,243</u>
 Fund balance at end of year	 <u>\$ 45,632</u>	 <u>51,318</u>	 <u>5,686</u>	 <u>59,440</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 387,343	1,105,210	717,867.00	824,087
Investment income	<u>13,000</u>	<u>15,734</u>	<u>2,734</u>	<u>15,067</u>
Total revenues	<u>400,343</u>	<u>1,120,944</u>	<u>720,601</u>	<u>839,154</u>
Expenditures:				
Current:				
General government	849,630	702,221	147,409	80,044
Debt service:				
Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,114</u>
Total expenditures	<u>849,630</u>	<u>702,221</u>	<u>147,409</u>	<u>200,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(449,287)</u>	<u>418,723</u>	<u>868,010</u>	<u>638,996</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(120,113)</u>	<u>(120,113)</u>	<u>(88,420)</u>
Total other financing sources (uses)	<u>-</u>	<u>(120,113)</u>	<u>(120,113)</u>	<u>(88,420)</u>
Net change in fund balance	(449,287)	298,610	747,897	550,576
Fund balance at beginning of year	<u>550,576</u>	<u>550,576</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 101,289</u>	<u>849,186</u>	<u>747,897</u>	<u>550,576</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Special assessments	\$ -	386,273	386,273	-
Investment income	<u>-</u>	<u>1,375</u>	<u>1,375</u>	<u>-</u>
 Total revenues	 <u>-</u>	 <u>387,648</u>	 <u>387,648</u>	 <u>-</u>
Expenditures:				
Current:				
Public safety - police	<u>91,000</u>	<u>84,428</u>	<u>6,572</u>	<u>183,931</u>
 Total expenditures	 <u>91,000</u>	 <u>84,428</u>	 <u>6,572</u>	 <u>183,931</u>
 Excess (deficiency) of revenues over (under) expenditures	 (91,000)	 303,220	 394,220	 (183,931)
 Fund balance (deficit) at beginning of year	 <u>(217,531)</u>	 <u>(217,531)</u>	 <u>-</u>	 <u>(33,600)</u>
 Fund balance (deficit) at end of year	 <u>\$ (308,531)</u>	 <u>85,689</u>	 <u>394,220</u>	 <u>(217,531)</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 800,000	1,795,206	995,206	1,259,721
Investment income	15,000	95,459	80,459	31,366
Miscellaneous	<u>50,000</u>	<u>120,982</u>	<u>70,982</u>	<u>152,640</u>
 Total revenues	 <u>865,000</u>	 <u>2,011,647</u>	 <u>1,146,647</u>	 <u>1,443,727</u>
Expenditures:				
Current:				
Community development	<u>10,000</u>	<u>57,447</u>	<u>(47,447)</u>	<u>6,501</u>
 Total expenditures	 <u>10,000</u>	 <u>57,447</u>	 <u>(47,447)</u>	 <u>6,501</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>855,000</u>	 <u>1,954,200</u>	 <u>1,099,200</u>	 <u>1,437,226</u>
Other financing sources (uses):				
Interfund transfers out	<u>(454,268)</u>	<u>(361,742)</u>	<u>92,526</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(454,268)</u>	 <u>(361,742)</u>	 <u>92,526</u>	 <u>-</u>
 Net change in fund balance	 400,732	 1,592,458	 1,191,726	 1,437,226
 Fund balance at beginning of year	 <u>2,961,248</u>	 <u>2,961,248</u>	 <u>-</u>	 <u>1,524,022</u>
 Fund balance at end of year	 <u>\$ 3,361,980</u>	 <u>4,553,706</u>	 <u>1,191,726</u>	 <u>2,961,248</u>

DEBT SERVICE FUNDS

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

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, 2006

	2002	General	<u>Totals</u>	
	<u>Park COP's</u>	<u>Debt Service</u>	<u>2006</u>	<u>2005</u>
<u>Assets</u>				
Cash and investments	\$ -	420,661	420,661	415,991
Cash and investments with fiscal agent	378,194	-	378,194	376,234
Interest receivable	-	-	-	1,922
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,922</u>
 Total assets	 <u>\$ 378,194</u>	 <u>420,661</u>	 <u>798,855</u>	 <u>794,147</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	\$ 4,545	-	4,545	-
	<u>4,545</u>	<u>-</u>	<u>4,545</u>	<u>-</u>
 Total liabilities	 <u>4,545</u>	 <u>-</u>	 <u>4,545</u>	 <u>-</u>
 Fund balances:				
Reserved:				
Debt service	373,649	420,661	794,310	794,147
	<u>373,649</u>	<u>420,661</u>	<u>794,310</u>	<u>794,147</u>
 Total fund balances	 <u>373,649</u>	 <u>420,661</u>	 <u>794,310</u>	 <u>794,147</u>
 Total liabilities and fund balances	 <u>\$ 378,194</u>	 <u>420,661</u>	 <u>798,855</u>	 <u>794,147</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year ended June 30, 2006

	2002 Park COP's	General Debt Service	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Revenues:				
Investment income	\$ 14,916	2,747	17,663	20,155
Miscellaneous	<u> -</u>	<u> -</u>	<u> -</u>	<u>8,767</u>
Total revenues	<u>14,916</u>	<u>2,747</u>	<u>17,663</u>	<u>28,922</u>
Expenditures:				
Debt service:				
Principal	215,000	517,669	732,669	1,024,685
Interest and other charges	<u>159,314</u>	<u>57,903</u>	<u>217,217</u>	<u>237,641</u>
Total expenditures	<u>374,314</u>	<u>575,572</u>	<u>949,886</u>	<u>1,262,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(359,398)</u>	<u>(572,825)</u>	<u>(932,223)</u>	<u>(1,233,404)</u>
Other financing sources (uses):				
Interfund transfers in	<u>356,813</u>	<u>575,573</u>	<u>932,386</u>	<u>277,454</u>
Total other financing sources (uses)	<u>356,813</u>	<u>575,573</u>	<u>932,386</u>	<u>277,454</u>
Net change in fund balance	(2,585)	2,748	163	(955,950)
Fund balances at beginning of year	<u>376,234</u>	<u>417,913</u>	<u>794,147</u>	<u>1,750,097</u>
Fund balances at end of year	<u>\$ 373,649</u>	<u>420,661</u>	<u>794,310</u>	<u>794,147</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 7,000	14,916	7,916	7,165
Total revenues	<u>7,000</u>	<u>14,916</u>	<u>7,916</u>	<u>7,165</u>
Expenditures:				
Debt service:				
Principal	215,000	215,000	-	210,000
Interest and other charges	<u>158,988</u>	<u>159,314</u>	<u>(326)</u>	<u>163,890</u>
Total expenditures	<u>373,988</u>	<u>374,314</u>	<u>(326)</u>	<u>373,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(366,988)</u>	<u>(359,398)</u>	<u>7,590</u>	<u>(366,725)</u>
Other financing sources (uses):				
Interfund transfers in	<u>368,788</u>	<u>356,813</u>	<u>(11,975)</u>	<u>277,454</u>
Total other financing sources (uses)	<u>368,788</u>	<u>356,813</u>	<u>(11,975)</u>	<u>277,454</u>
Net change in fund balance	1,800	(2,585)	(4,385)	(89,271)
Fund balance at beginning of year	<u>376,234</u>	<u>376,234</u>	<u>-</u>	<u>465,505</u>
Fund balance at end of year	<u>\$ 378,034</u>	<u>373,649</u>	<u>(4,385)</u>	<u>376,234</u>

CITY OF INDIO
 General Debt Service Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 14,000	2,747	(11,253)	12,990
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,767</u>
Total revenues	<u>14,000</u>	<u>2,747</u>	<u>(11,253)</u>	<u>21,757</u>
Expenditures:				
Debt service:				
Principal	517,862	517,669	193	814,685
Interest and other charges	<u>57,905</u>	<u>57,903</u>	<u>2</u>	<u>73,751</u>
Total expenditures	<u>575,767</u>	<u>575,572</u>	<u>195</u>	<u>888,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(561,767)</u>	<u>(572,825)</u>	<u>(11,058)</u>	<u>(866,679)</u>
Other financing sources (uses):				
Interfund transfers in	<u>575,766</u>	<u>575,573</u>	<u>(193)</u>	<u>-</u>
Total other financing sources (uses)	<u>575,766</u>	<u>575,573</u>	<u>(193)</u>	<u>-</u>
Net change in fund balance	13,999	2,748	(11,251)	(866,679)
Fund balance at beginning of year	<u>417,913</u>	<u>417,913</u>	<u>-</u>	<u>1,284,592</u>
Fund balance at end of year	<u>\$ 431,912</u>	<u>420,661</u>	<u>(11,251)</u>	<u>417,913</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 4,000,000	7,180,824	3,180,824	5,038,884
Investment income	<u>50,000</u>	<u>948,437</u>	<u>898,437</u>	<u>424,448</u>
Total revenues	<u>4,050,000</u>	<u>8,129,261</u>	<u>4,079,261</u>	<u>5,463,332</u>
Expenditures:				
Current:				
Community development	-	3,204	(3,204)	8,861
Debt service:				
Principal	425,000	425,000	-	360,000
Interest and other charges	1,898,907	2,542,052	(643,145)	3,048,397
Payment to bond escrow agent	-	-	-	324,281
Pass-through payments	<u>-</u>	<u>2,068,019</u>	<u>(2,068,019)</u>	<u>1,046,489</u>
Total expenditures	<u>2,323,907</u>	<u>5,038,275</u>	<u>(2,714,368)</u>	<u>4,788,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,726,093</u>	<u>3,090,986</u>	<u>1,364,893</u>	<u>675,304</u>
Other financing sources (uses):				
Payment to bond escrow agent	-	-	-	(2,335,037)
Interfund transfer in	454,268	338,238	(116,030)	-
Interfund transfers out	(729,825)	(12,590,421)	(11,860,596)	(2,852,394)
Issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,615,000</u>
Total other financing sources (uses)	<u>(275,557)</u>	<u>(12,252,183)</u>	<u>(11,976,626)</u>	<u>23,427,569</u>
Net change in fund balance	1,450,536	(9,161,197)	(10,611,733)	24,102,873
Fund balance at beginning of year	<u>24,892,161</u>	<u>24,892,161</u>	<u>-</u>	<u>789,288</u>
Fund balance at end of year	<u>\$ 26,342,697</u>	<u>15,730,964</u>	<u>(10,611,733)</u>	<u>24,892,161</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, 2006

	State Park Bond Act	2002 Park COP's	<u>Total</u>	
			<u>2006</u>	<u>2005</u>
<u>Assets</u>				
Cash and investments	\$ 2,107	1,141	3,248	2,333
Interest receivable	<u>-</u>	<u>5</u>	<u>5</u>	<u>12</u>
Total assets	<u>\$ 2,107</u>	<u>1,146</u>	<u>3,253</u>	<u>2,345</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	-	-	<u>227</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>227</u>
Fund balances:				
Unreserved:				
Designated	-	1,146	1,146	88
Undesignated	<u>2,107</u>	<u>-</u>	<u>2,107</u>	<u>2,030</u>
Total fund balances (deficits)	<u>2,107</u>	<u>1,146</u>	<u>3,253</u>	<u>2,118</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,107</u>	<u>1,146</u>	<u>3,253</u>	<u>2,345</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
Year ended June 30, 2006

	State Park Bond Act	2002 Park COP's	<u>Total</u>	
			<u>2006</u>	<u>2005</u>
Revenues:				
Investment income	\$ 77	1,058	1,135	34,802
Total revenues	<u>77</u>	<u>1,058</u>	<u>1,135</u>	<u>34,802</u>
Expenditures:				
Current:				
Culture and leisure	-	-	-	2,742,493
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,742,493</u>
Excess (deficiency) of revenues over (under) expenditures	77	1,058	1,135	(2,707,691)
Fund balances at beginning of year	<u>2,030</u>	<u>88</u>	<u>2,118</u>	<u>2,709,809</u>
Fund balances at end of year	<u>\$ 2,107</u>	<u>1,146</u>	<u>3,253</u>	<u>2,118</u>

CITY OF INDIO
 State Park Bond Act Capital Projects Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	<u>77</u>	<u>77</u>	<u>40</u>
Total revenues	<u>-</u>	<u>77</u>	<u>77</u>	<u>40</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>77</u>	<u>77</u>	<u>40</u>
Fund balance at beginning of year	<u>2,030</u>	<u>2,030</u>	<u>-</u>	<u>1,990</u>
Fund balance at end of year	<u><u>\$ 2,030</u></u>	<u><u>2,107</u></u>	<u><u>77</u></u>	<u><u>2,030</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	1,058	1,058	34,762
Total revenues	<u>-</u>	<u>1,058</u>	<u>1,058</u>	<u>34,762</u>
Expenditures:				
Current:				
Culture and leisure	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,742,493</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,742,493</u>
Excess (deficiency) of revenues over (under) expenditures	-	1,058	1,058	(2,707,731)
Fund balance at beginning of year	<u>88</u>	<u>88</u>	<u>-</u>	<u>2,707,819</u>
Fund balance at end of year	<u>\$ 88</u>	<u>1,146</u>	<u>1,058</u>	<u>88</u>

CITY OF INDIO
 Capital Projects Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 12,417,248	2,484,832	(9,932,416)	4,785,884
Investment income	314,200	1,458,100	1,143,900	410,013
Developer fees	<u>27,125,000</u>	<u>37,027,495</u>	<u>9,902,495</u>	<u>15,730,821</u>
Total revenues	<u>39,856,448</u>	<u>40,970,427</u>	<u>1,113,979</u>	<u>20,926,718</u>
Expenditures:				
Current:				
Public works	<u>63,961,801</u>	<u>30,951,866</u>	<u>33,009,935</u>	<u>10,131,845</u>
Total expenditures	<u>63,961,801</u>	<u>30,951,866</u>	<u>33,009,935</u>	<u>10,131,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,105,353)</u>	<u>10,018,561</u>	<u>34,123,914</u>	<u>10,794,873</u>
Other financing sources (uses):				
Interfund transfers in	-	4,121,000	4,121,000	6,314,927
Interfund transfers out	<u>-</u>	<u>(2,791,118)</u>	<u>(2,791,118)</u>	<u>(138,302)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,329,882</u>	<u>1,329,882</u>	<u>6,176,625</u>
Net change in fund balance	(24,105,353)	11,348,443	35,453,796	16,971,498
Fund balance at beginning of year	<u>32,180,315</u>	<u>32,180,315</u>	<u>-</u>	<u>15,208,817</u>
Fund balance at end of year	<u>\$ 8,074,962</u>	<u>43,528,758</u>	<u>35,453,796</u>	<u>32,180,315</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 109,750	788,891	679,141	185,672
Miscellaneous	2,500	3,051,351	3,048,851	9,301
Contributions from property owners	<u>-</u>	<u>35,964,462</u>	<u>35,964,462</u>	<u>10,921,056</u>
 Total revenues	 <u>112,250</u>	 <u>39,804,704</u>	 <u>39,692,454</u>	 <u>11,116,029</u>
Expenditures:				
Current:				
Public works	<u>10,316,347</u>	<u>27,156,558</u>	<u>(16,840,211)</u>	<u>8,255,762</u>
 Total expenditures	 <u>10,316,347</u>	 <u>27,156,558</u>	 <u>(16,840,211)</u>	 <u>8,255,762</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(10,204,097)</u>	 <u>12,648,146</u>	 <u>22,852,243</u>	 <u>2,860,267</u>
 Fund balance at beginning of year	 <u>11,054,101</u>	 <u>11,054,101</u>	 <u>-</u>	 <u>8,193,834</u>
 Fund balance at end of year	 <u>\$ 850,004</u>	 <u>23,702,247</u>	 <u>22,852,243</u>	 <u>11,054,101</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, 2006

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Charges for services	\$ 21,105	413,213	392,108	66,000
Investment income	20,000	32,687	12,687	221,097
Miscellaneous	<u>-</u>	<u>481,860</u>	<u>481,860</u>	<u>101,435</u>
Total revenues	<u>41,105</u>	<u>927,760</u>	<u>886,655</u>	<u>388,532</u>
Expenditures:				
Current:				
Community development	17,017,068	2,842,786	14,174,282	2,580,259
Debt service:				
ERAF payment	<u>321,000</u>	<u>298,903</u>	<u>22,097</u>	<u>320,357</u>
Total expenditures	<u>17,338,068</u>	<u>3,141,689</u>	<u>14,196,379</u>	<u>2,900,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,296,963)</u>	<u>(2,213,929)</u>	<u>15,083,034</u>	<u>(2,512,084)</u>
Other financing sources (uses):				
Interfund transfers in	16,729,825	15,252,488	(1,477,337)	2,852,622
Interfund transfers out	<u>-</u>	<u>(103)</u>	<u>(103)</u>	<u>(32,829)</u>
Total other financing sources (uses)	<u>16,729,825</u>	<u>15,252,385</u>	<u>(1,477,440)</u>	<u>2,819,793</u>
Net change in fund balance	(567,138)	13,038,456	13,605,594	307,709
Fund balance at beginning of year	<u>10,834,768</u>	<u>10,834,768</u>	<u>-</u>	<u>10,527,059</u>
Fund balance at end of year	<u>\$ 10,267,630</u>	<u>23,873,224</u>	<u>13,605,594</u>	<u>10,834,768</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, 2006

	Self Insurance	Equipment and Facilities	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Assets:				
Current assets:				
Cash and investments	\$ 1,286,655	1,948,272	3,234,927	3,818,067
Deposit with other agencies	51,573	-	51,573	33,019
Accounts receivable	6,901	88	6,989	-
Interest receivable	4,755	4,402	9,157	15,500
Prepaid items	25,374	-	25,374	22,735
Inventory of materials	-	56,735	56,735	38,211
	<u>1,375,258</u>	<u>2,009,497</u>	<u>3,384,755</u>	<u>3,927,532</u>
Total current assets				
Noncurrent assets:				
Capital assets:				
Machinery, equipment and furniture	-	9,884,214	9,884,214	8,173,789
Accumulated depreciation	-	(6,004,605)	(6,004,605)	(4,831,493)
	<u>-</u>	<u>3,879,609</u>	<u>3,879,609</u>	<u>3,342,296</u>
Total capital assets (net of accumulated depreciation)				
	<u>-</u>	<u>3,879,609</u>	<u>3,879,609</u>	<u>3,342,296</u>
Total assets	<u>1,375,258</u>	<u>5,889,106</u>	<u>7,264,364</u>	<u>7,269,828</u>
Liabilities:				
Current liabilities:				
Accounts payable	75,199	506,567	581,766	153,593
Accrued payroll	21,966	21,943	43,909	28,964
Claims payable	65,009	-	65,009	50,000
Noncurrent liabilities:				
Claims payable	340,653	-	340,653	124,778
	<u>502,827</u>	<u>528,510</u>	<u>1,031,337</u>	<u>357,335</u>
Total liabilities				
Net assets:				
Invested in capital assets	-	3,879,609	3,879,609	3,342,296
Unrestricted	872,431	1,480,987	2,353,418	3,570,197
	<u>872,431</u>	<u>5,360,596</u>	<u>6,233,027</u>	<u>6,912,493</u>
Total net assets	<u>\$ 872,431</u>	<u>5,360,596</u>	<u>6,233,027</u>	<u>6,912,493</u>

CITY OF INDIO
Internal Service Funds

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

Year ended June 30, 2006

	Self <u>Insurance</u>	Equipment and Facilities	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Operating revenues:				
Charges for services	\$ <u>1,539,807</u>	<u>3,540,898</u>	<u>5,080,705</u>	<u>4,014,893</u>
 Total operating revenues	 <u>1,539,807</u>	 <u>3,540,898</u>	 <u>5,080,705</u>	 <u>4,014,893</u>
Operating expenses:				
Personnel services	-	794,767	794,767	548,923
Contractual services	-	446,748	446,748	368,219
Depreciation	-	1,173,112	1,173,112	1,050,939
Repairs and maintenance	-	859,301	859,301	318,031
Supplies	33,979	1,764,489	1,798,468	1,146,944
Claims and judgments	<u>1,912,366</u>	<u>-</u>	<u>1,912,366</u>	<u>1,887,683</u>
 Total operating expenses	 <u>1,946,345</u>	 <u>5,038,417</u>	 <u>6,984,762</u>	 <u>5,320,739</u>
 Operating income (loss)	 <u>(406,538)</u>	 <u>(1,497,519)</u>	 <u>(1,904,057)</u>	 <u>(1,305,846)</u>
Nonoperating revenues:				
Investment income	39,566	138,028	177,594	46,630
Miscellaneous	<u>89,364</u>	<u>30,744</u>	<u>120,108</u>	<u>5,374</u>
 Total nonoperating revenues	 <u>128,930</u>	 <u>168,772</u>	 <u>297,702</u>	 <u>52,004</u>
 Income before transfers and capital contributions	 <u>(277,608)</u>	 <u>(1,328,747)</u>	 <u>(1,606,355)</u>	 <u>(1,253,842)</u>
Transfers out	(609,000)	-	(609,000)	-
Capital contributions	<u>-</u>	<u>1,535,889</u>	<u>1,535,889</u>	<u>533,077</u>
 Net change in net assets	 <u>(886,608)</u>	 <u>207,142</u>	 <u>(679,466)</u>	 <u>(720,765)</u>
 Net assets at beginning of year	 <u>1,759,039</u>	 <u>5,153,454</u>	 <u>6,912,493</u>	 <u>7,633,258</u>
 Net assets at end of year	 <u>\$ 872,431</u>	 <u>5,360,596</u>	 <u>6,233,027</u>	 <u>6,912,493</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2006

	Self <u>Insurance</u>	Equipment <u>and Facilities</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Cash flows from operating activities:				
Cash received from user departments	\$ 1,514,352	3,540,810	5,055,162	4,033,471
Cash payments to suppliers of goods and services	(1,657,810)	(2,683,373)	(4,341,183)	(3,737,048)
Cash payments to employee for services	-	(786,884)	(786,884)	(544,161)
Miscellaneous receipts	<u>89,364</u>	<u>-</u>	<u>89,364</u>	<u>5,374</u>
Net cash provided by (used for) operating activities	<u>(54,094)</u>	<u>70,553</u>	<u>16,459</u>	<u>(242,364)</u>
Cash flows from non-capital financing activities:				
Cash paid to other funds	(609,000)	-	(609,000)	-
Cash received from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>
Net cash provided by (used for) non-capital and related activities	<u>(609,000)</u>	<u>-</u>	<u>(609,000)</u>	<u>750,000</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>-</u>	<u>(174,536)</u>	<u>(174,536)</u>	<u>(27,626)</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(174,536)</u>	<u>(174,536)</u>	<u>(27,626)</u>
Cash flows from investing activities:				
Interest received on investments	<u>45,505</u>	<u>138,432</u>	<u>183,937</u>	<u>41,052</u>
Net cash provided by (used for) investing activities	<u>45,505</u>	<u>138,432</u>	<u>183,937</u>	<u>41,052</u>
Net increase (decrease) in cash and cash equivalents	(617,589)	34,449	(583,140)	521,062
Cash and cash equivalents at beginning of year	<u>1,904,244</u>	<u>1,913,823</u>	<u>3,818,067</u>	<u>3,297,005</u>
Cash and cash equivalents at end of year	<u>\$ 1,286,655</u>	<u>1,948,272</u>	<u>3,234,927</u>	<u>3,818,067</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

(Continued)

	<u>Self</u> <u>Insurance</u>	<u>Equipment</u> <u>and Facilities</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (406,538)	(1,497,519)	(1,904,057)	(1,305,846)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	1,173,112	1,173,112	1,050,939
Miscellaneous nonoperating income	89,364	30,744	120,108	5,374
(Increase) decrease in deposits with other agencies	(18,554)	-	(18,554)	16,635
(Increase) decrease in accounts receivable	(6,901)	(88)	(6,989)	1,943
(Increase) decrease in prepaid items	(4,345)	1,706	(2,639)	1,970
(Increase) decrease in inventory	-	(18,524)	(18,524)	(3,339)
Increase (decrease) in accounts payable	54,934	373,239	428,173	35,508
Increase (decrease) in accrued payroll	7,062	7,883	14,945	6,330
Increase (decrease) in claims and judgments payable	<u>230,884</u>	<u>-</u>	<u>230,884</u>	<u>(51,878)</u>
Net cash provided by (used for) operating activities	<u>\$ (54,094)</u>	<u>70,553</u>	<u>16,459</u>	<u>(242,364)</u>



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, 2006

	Shadow Hills Assessment District	Assessment Districts	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
Assets:				
Cash and investments	\$ 479,796	2,979,209	3,459,005	2,558,119
Cash with fiscal agent	233,206	8,458,271	8,691,477	4,610,317
Due from other governments	11,351	265,848	277,199	85,317
Interest receivable	<u>2,026</u>	<u>11,311</u>	<u>13,337</u>	<u>9,091</u>
 Total assets	 <u>\$ 726,379</u>	 <u>11,714,639</u>	 <u>12,441,018</u>	 <u>7,262,844</u>
Liabilities:				
Accounts payable	\$ 2,309	22,397	24,706	88,301
Due to bondholders	724,070	11,425,653	12,149,723	6,861,340
Deposits payable	<u>-</u>	<u>266,589</u>	<u>266,589</u>	<u>313,203</u>
 Total liabilities	 <u>\$ 726,379</u>	 <u>11,714,639</u>	 <u>12,441,018</u>	 <u>7,262,844</u>

CITY OF INDIO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

June 30, 2006

	<u>Balance at</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2006</u>
<u>SHADOW HILLS A.D.</u>				
<u>Assets</u>				
Cash and investments	\$ 291,809	500,647	(312,660)	479,796
Cash with fiscal agent	231,114	4,583	(2,491)	233,206
Due from other governments	11,251	11,351	(11,251)	11,351
Interest receivable	1,247	2,026	(1,247)	2,026
Total assets	<u>\$ 535,421</u>	<u>518,607</u>	<u>(327,649)</u>	<u>726,379</u>
<u>Liabilities</u>				
Accounts payable	\$ 31,282	23,412	(52,385)	2,309
Due to bondholders	504,139	730,606	(510,675)	724,070
Total liabilities	<u>\$ 535,421</u>	<u>754,018</u>	<u>(563,060)</u>	<u>726,379</u>
 <u>ASSESSMENT DISTRICTS</u>				
<u>Assets</u>				
Cash and investments	\$ 2,266,310	4,158,614	(3,445,715)	2,979,209
Cash with fiscal agent	4,379,203	11,940,275	(7,861,207)	8,458,271
Due from other governments	74,066	265,848	(74,066)	265,848
Interest receivable	7,844	11,311	(7,844)	11,311
Total assets	<u>\$ 6,727,423</u>	<u>16,376,048</u>	<u>(11,388,832)</u>	<u>11,714,639</u>
<u>Liabilities</u>				
Accounts payable	\$ 57,019	360,854	(395,476)	22,397
Due to bondholders	6,357,201	13,837,350	(8,768,898)	11,425,653
Deposits payable	313,203	72,841	(119,455)	266,589
Total liabilities	<u>\$ 6,727,423</u>	<u>14,271,045</u>	<u>(9,283,829)</u>	<u>11,714,639</u>

STATISTICAL SECTION

STATISTICAL SECTION

CITY OF INDIO
Net Assets by Component
Last Four Fiscal Years
(Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 15,387	\$ 24,600	\$ 223,825	\$ 278,101
Restricted	19,952	23,003	53,566	79,377
Unrestricted	<u>10,613</u>	<u>24,277</u>	<u>19,814</u>	<u>23,690</u>
Total governmental activities net assets	<u>\$ 45,952</u>	<u>\$ 71,880</u>	<u>\$ 297,205</u>	<u>\$ 381,168</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 552	\$ 555	\$ 557	\$ 542
Restricted	-	-	-	-
Unrestricted	<u>922</u>	<u>984</u>	<u>899</u>	<u>856</u>
Total business-type activities net assets	<u>\$ 1,474</u>	<u>\$ 1,539</u>	<u>\$ 1,456</u>	<u>\$ 1,398</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 15,939	\$ 25,155	\$ 224,382	\$ 278,643
Restricted	19,952	23,003	53,566	79,377
Unrestricted	<u>11,535</u>	<u>25,261</u>	<u>20,713</u>	<u>24,546</u>
Total primary government net assets	<u>\$ 47,426</u>	<u>\$ 73,419</u>	<u>\$ 298,661</u>	<u>\$ 382,566</u>
Component unit activities				
Invested in capital assets, net of related debt	\$ 15,883	\$ 17,177	\$ 135,849	\$ 139,994
Restricted	-	-	-	-
Unrestricted	<u>2,016</u>	<u>3,208</u>	<u>8,553</u>	<u>10,458</u>
Total component unit activities net assets	<u>\$ 17,899</u>	<u>\$ 20,385</u>	<u>\$ 144,402</u>	<u>\$ 150,452</u>

*The City of Indio implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.*

Source: City of Indio Finance Department

CITY OF INDIO
Changes in Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
General government	\$ 3,973	\$ 4,855	\$ 6,722	\$ 8,532
Public safety	16,042	14,005	17,660	22,793
Public works	8,039	8,811	16,952	17,074
Community development	4,478	3,759	7,639	10,255
Culture and leisure	966	968	3,731	1,776
Interest expense and other charges	1,158	1,234	4,108	3,268
Total governmental activities expenses	<u>34,656</u>	<u>33,632</u>	<u>56,812</u>	<u>63,698</u>
Business-type activities:				
Golf	<u>655</u>	<u>587</u>	<u>783</u>	<u>718</u>
Total primary government expenses	<u>\$ 35,311</u>	<u>\$ 34,219</u>	<u>\$ 57,595</u>	<u>\$ 64,416</u>
Component unit activities:				
Water	<u>\$ 5,343</u>	<u>\$ 5,898</u>	<u>\$ 9,379</u>	<u>\$ 11,346</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 372	\$ 355	\$ 453	\$ 1,636
Public safety	1,926	1,504	1,692	2,628
Public works	926	1,117	1,712	2,679
Community development	4,484	6,984	7,777	10,140
Culture and leisure	386	598	599	5
Operating contributions and grants	3,237	2,843	6,272	4,660
Capital contributions and grants	<u>13,673</u>	<u>21,351</u>	<u>32,662</u>	<u>83,871</u>
Total governmental activities program revenues	<u>25,004</u>	<u>34,752</u>	<u>51,167</u>	<u>105,619</u>
Business-type activities:				
Charges for services:				
Golf	780	686	673	615
Total primary government program revenues	<u>25,784</u>	<u>35,438</u>	<u>51,840</u>	<u>106,234</u>

CITY OF INDIO
Changes in Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Component unit activities				
Water	\$ 7,719	\$ 6,279	\$ 6,233	\$ 8,182
Capital contributions and grants	-	1,805	2,756	8,482
Total component unit activities	<u>7,719</u>	<u>8,084</u>	<u>8,989</u>	<u>16,664</u>
Net revenues (expenses):				
Governmental activities	(9,652)	1,120	(5,645)	41,921
Business-type activities	<u>125</u>	<u>99</u>	<u>(110)</u>	<u>(103)</u>
Total primary government net expense	(9,527)	1,219	(5,755)	41,818
Component unit activities	2,376	2,186	(390)	5,318
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	5,112	5,497	11,908	20,012
Sales tax	6,390	7,198	8,879	9,514
Transient occupancy taxes	1,018	1,162	1,220	1,331
Other taxes	3,108	4,457	5,186	6,073
Investment income	934	727	1,768	2,957
Motor vehicle in lieu, unrestricted	3,040	2,503	387	433
Other general revenues	4,340	3,567	2,220	2,352
Transfers	<u>89</u>	<u>51</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>24,031</u>	<u>25,162</u>	<u>31,568</u>	<u>42,672</u>
Business-type activities:				
Investment income	18	14	19	31
Transfers	(89)	(51)	-	-
Other general revenues	<u>-</u>	<u>3</u>	<u>2</u>	<u>15</u>
Total business-type activities	(71)	(34)	21	46
Total primary government	<u>23,960</u>	<u>25,128</u>	<u>31,589</u>	<u>42,718</u>
Changes in net assets				
Governmental activities	14,379	26,282	25,923	84,593
Business-type activities	<u>54</u>	<u>65</u>	<u>(89)</u>	<u>(57)</u>
Total primary government	<u>\$ 14,433</u>	<u>\$ 26,347</u>	<u>\$ 25,834</u>	<u>\$ 84,536</u>

The City of Indio implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: City of Indio Finance Department

CITY OF INDIO
Fund Balances of Governmental Funds
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
General fund:				
Reserved	\$ 4,856	\$ 5,627	\$ 2,670	\$ 9,633
Unreserved	<u>6,856</u>	<u>11,923</u>	<u>16,187</u>	<u>20,722</u>
Total general fund	<u>\$ 11,712</u>	<u>\$ 17,550</u>	<u>\$ 18,857</u>	<u>\$ 30,355</u>
All other governmental funds:				
Reserved	\$ 8,924	\$ 10,738	\$ 52,484	\$ 74,693
Unreserved, reported in:				
Special revenue funds	5,906	5,682	8,090	7,649
Capital projects funds	<u>21,106</u>	<u>27,906</u>	<u>30,355</u>	<u>37,729</u>
Total all other governmental funds	<u>\$ 35,936</u>	<u>\$ 44,326</u>	<u>\$ 90,929</u>	<u>\$ 120,071</u>

The City of Indio has elected to show only four years of data for this schedule.

CITY OF INDIO
Changes in Fund Balances of Governmental Funds
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 18,440	\$ 24,011	\$ 26,910	\$ 33,922
Special assessments	2,181	497	777	1,444
Licenses and permits	4,787	5,093	5,932	7,871
Intergovernmental	7,858	6,618	9,655	11,620
Charges for services	4,042	5,711	6,460	9,573
Fines and forfeitures	737	662	780	815
Investment earnings	778	962	2,350	4,750
Developer fees	1,922	4,136	15,731	37,028
Contributions from property owners	6,434	11,485	10,921	35,964
Miscellaneous	2,415	952	1,010	4,738
Total revenues	<u>49,594</u>	<u>60,127</u>	<u>80,526</u>	<u>147,725</u>
Expenditures				
Current:				
General government	4,798	5,165	6,150	8,038
Public safety	15,249	14,142	17,714	21,594
Public works	19,659	15,964	20,859	66,092
Community development	5,255	5,623	7,306	10,963
Culture and leisure	891	955	3,697	1,722
Debt service:				
Principal retirement	4,120	1,452	1,505	1,158
Interest and fiscal charges	1,173	1,096	3,286	2,759
Other charges	705	1,198	1,690	2,367
Total expenditures	<u>51,850</u>	<u>45,595</u>	<u>62,207</u>	<u>114,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,256)</u>	<u>14,532</u>	<u>18,319</u>	<u>33,032</u>
Other financing sources (uses):				
Transfers in	7,513	6,683	10,642	21,050
Transfers out	(7,424)	(6,632)	(10,642)	(20,441)
Lease purchase and loan proceeds	943	-	-	-
Issuance of bonds	3,750	-	28,615	7,000
Payment to bond escrow agent	-	-	(2,335)	-
Total other financing sources (uses)	<u>4,782</u>	<u>51</u>	<u>26,280</u>	<u>7,609</u>
Net change in fund balances	<u>\$ 2,526</u>	<u>\$ 14,583</u>	<u>\$ 44,599</u>	<u>\$ 40,641</u>
Debt service as a percentage of noncapital expenditures	11.6%	8.2%	10.4%	5.5%

The City of Indio has elected to show only four years of data for this schedule.

Source: City of Indio Finance Department

CITY Of INDIO
 Assessed Value and Estimated Actual Value of Taxable Property
 (in thousands of dollars)

Fiscal Year Ended June 30	City			Taxable	Redevelopment Agency			Taxable	Total
	Secured	Unsecured	Less: Exemptions	Assessed Value (1)	Secured	Unsecured	Less: Exemptions	Assessed Value (1)	Direct Tax Rate (2)
2006	\$ 4,011,310	\$ 81,863	\$ (129,728)	\$ 4,222,901	\$ 1,160,074	\$ 80,098	\$ (81,364)	\$1,321,536	0.195%

The City of Indio has elected to show only the current year of data for this schedule.

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: (1) County of Riverside Assessor
 (2) HdL, Coren & Cone

CITY OF INDIO
 Assessed Value and Estimated Actual Value of Taxable Property - Redevelopment Agency
 Last Fiscal Year
 (in dollars)

Indio Centre Renewal Project						
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Base Year	Taxable Increment
2006	12,250,239	1,567,532	(111,927)	13,705,844	3,362,640	10,343,204

Indio Centre Renewal Project 83 Anx						
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Base Year	Taxable Increment
2006	167,159,536	13,882,581	(8,495,276)	172,546,841	57,467,359	115,079,482

Date Capital Project						
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Base Year	Taxable Increment
2006	567,821,124	44,857,090	(62,960,667)	549,717,547	166,662,026	383,055,521

Indio Merger Project						
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Base Year	Taxable Increment
2006	412,842,867	19,790,414	(9,795,688)	422,837,593	233,609,833	189,227,760

Source: County of Riverside Auditor Controller's Office

CITY OF INDIO
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 of assessed value)
 Last Four Fiscal Years

	2003	2004	2005	2006
City of Indio	0.21	0.21	0.20	0.20
Overlapping Rates:				
County	0.22	0.22	0.20	0.22
School Districts	0.37	0.37	0.41	0.41
Special Districts	0.20	0.20	0.19	0.17
Total Direct Rate	1.00	1.00	1.00	1.00

The City of Indio has elected to show only four years of data for this schedule.

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property

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

Taxpayer	2006		1997 ¹	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
A G Indio Fashion Mall	\$ 18,920,168	0.37%		
Cabazon Band of Mission Indians	14,110,012	0.28%		
KW PCCP Del Mar	13,821,150	0.27%		
J D G Properties	13,754,993	0.27%		
Calvin F Worth Trust	12,650,692	0.25%		
Seecon Partners	12,343,255	0.24%		
Richard K. Rifenbark Trust	12,340,895	0.24%		
Rich Development Indio III	9,762,404	0.19%		
Richard M Marsh	8,693,219	0.17%		
Dimare Enterprises Inc	8,064,478	0.16%		
American Stores Properties Inc	7,998,506	0.16%		
Polycal Realty NV	7,728,857	0.15%		
Orco Block Company Inc	7,182,580	0.14%		
Requa Associates	<u>6,841,802</u>	0.13%		
	<u>\$154,213,011</u>	3.01%		

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

¹ The information for 1997 is not available.

CITY OF INDIO
Property Tax Levies and Collections

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy Amount	Percent of Levy	Collections in Subsequent Years	Total Collections to Date Amount	Percent of Levy
2006	\$10,056,077	\$11,157,237	110.95%	\$ 1,966,630	\$13,123,867	130.51%

The City of Indio has elected to show only the current year of data for this schedule.

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

CITY OF INDIO
Ratios of Outstanding Debt by Type
(in dollars)

Governmental Activities (1)	Fiscal Year 2006
City Auto Center Property Loan	7,000,000
Compensated Absences	1,834,113
RDA 1997 A Revenue Refunding Bond	880,000
RDA 1997 B Revenue Refunding Bond	6,825,000
RDA 1999 Revenue Refunding Bond	3,620,000
RDA 2004 Tax Allocation Bond A	9,665,000
RDA 2004 Tax Allocation Bond B	18,855,000
2004 Water Bond	11,530,000
2002 COP Park Bond	3,325,000
Claims Payable	855,886
Unamortized Discount and Issuance Costs	(1,103,021)
 Total Government	 63,286,978
 <u>Business Type Activities (1)</u>	
Capital Leases	682,728
 Total Business Type Activities	 682,728
 Total Primary Government	 63,969,706
 Population (2)	71,654
Number of Households (3)	19,943
Median Household Income (3)	41,791
 Percent of Assessed Value	1.07%
Debt per Capita	763

The City of Indio has elected to show only the current year of data for this schedule.

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

Source: (1) City of Indio Finance Department
(2) State Department of Finance
(3) Desert Wheeler's Newsletter City Overview 05/06

CITY OF INDIO
Ratio of General Bonded Debt Outstanding
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Water Revenue Bond	Outstanding General Bonded Debt				Percent of Assessed Value ¹	Per Capita
		Revenue Refunding Bonds	Tax Allocation Bonds	Certificate of Participation Bonds	Total		
2006	\$ 11,530,000	\$ 11,325,000	\$ 28,520,000	\$ 3,325,000	\$ 54,700,000	1.07%	\$ 763

The City of Indio has elected to show only the current year of data for this schedule.

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

CITY OF INDIO
Direct and Overlapping Debt
June 30, 2006

City Assessed Valuation		\$ 3,963,444,787	
Redevelopment Agency Incremental Valuation		<u>1,158,807,825</u>	
Total Assessed Valuation (1)		<u>\$ 5,122,252,612</u>	
	Percentage	Outstanding	Estimated
	Applicable	Debt 9/1/06	Share of
			Overlapping
			Debt (2)
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	0.047%	\$ 29,613	\$ 14
Desert Sands Unified School District	0.087%	223,824	195
Desert Sands Unified School District Lease Tax Obligation	0.204%	39,872	81
City of Indio 1915 Act Bonds (3)	0.043%	47,969,050	20,627
Valley Sanitary District Assessment District No. 2004-VSD	15.360%	1,359,053	208,751
Coachella Valley Recreation and Park Reassessment District No.01-	0.627%	<u>25,456</u>	<u>160</u>
Total overlapping debt repaid with property taxes		<u>49,646,868</u>	<u>229,827</u>
Overlapping Other Debt:			
Riverside Country General Fund Obligations	0.019%	119,792	23
Riverside Country Pension Obligations	0.019%	75,401	14
Riverside County Board of Education Certificates of Participation	0.019%	2,136	-
Desert Sands Unified School District Certificates of Participation	0.204%	28,570	58
City of Indio Certificates of Participation	0.716%	23,807	170
Coachella Valley County Water District I.D. No. 71 Certificates Of I	0.149%	12,710	19
Coachella Valley Recreation and Park District Certificates of Participi	0.168%	<u>4,309</u>	<u>7</u>
Total overlapping other debt		<u>266,725</u>	<u>292</u>
Less: Riverside County self-supporting obligations		3,722	
Total overlapping debt		<u>\$ 49,909,871</u>	292
City direct debt			<u>50,176,596</u>
Total direct and overlapping debt			<u>\$ 50,176,888</u>

Notes:

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit' taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the resident and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ Based on 2005-06 ratios

Excludes Mello-Roos Act Bonds to be sold

Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: (1) Riverside County Auditor Controller's Office
(2) California Municipal Statistics, Inc.-overlapping debt
(3) City of Indio Finance Department

CITY OF INDIO
 Legal Debt Margin Information
 Last Four Fiscal Years

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed valuation	\$ 2,878,827,584	\$ 3,216,543,877	\$ 4,012,494,840	\$ 5,122,252,612
Debt limit percentage	15%	15%	15%	15%
Debt limit	431,824,138	482,481,582	601,874,226	768,337,892
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	\$ 431,824,138	\$ 482,481,582	\$ 601,874,226	\$ 768,337,892
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of assessed valuation of all real and personal property of the City.

The City of Indio has no general bonded indebtedness

Source: City of Indio Finance Department based upon the Assessed valuation received from the County of Riverside Auditor Controller's Office

CITY OF INDIO
Pledged-Revenue Coverage
(In Dollars)

Fiscal Year Ended June 30	Water Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	890,472	21,033	869,439	270,000	556,044	1.05

Fiscal Year Ended June 30	Certificate of Participation Bonds					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	371,729	5,526	366,203	215,000	153,788	0.99

Fiscal Year Ended June 30	RDA Tax Allocation Bonds				
	Tax Increment	Debt Service		Coverage	
		Principal	Interest		
2006	5,744,659	95,000	1,787,128	3.05	

Fiscal Year Ended June 30	RDA Revenue Refunding Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2006	3,231,371	375,000	775,001	2.81

The City of Indio has elected to show only the current year of data for this schedule.

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

Source: City of Indio Finance Department

CITY OF INDIO
 Demographic and Economic Statistics
 Last Three Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Median Household Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2006	71,654	\$ 41,791	\$ 16,325	5.3%
2005	66,118	39,021	15,243	5.2%

The City of Indio has elected to show only two years of data for this schedule.

- Sources:
- (1) State Department of Finance
 - (2) Wheeler's Demographic Profiles
 - (3) State of California Employment Development Department website

CITY OF INDIO
Principal Employers
Current Year and Nine Years Ago

<u>Employer (1)</u>	<u>2006</u>		<u>1997¹</u>	
	<u>Number of Employees (2)</u>	<u>Percent of Total Employment</u>	<u>Number of Employees (3)</u>	<u>Percent of Total Employment</u>
Fantasy Springs Casino	1141	4.75%	505	
Desert Sands Unified School District	969	4.04%	1,385	
County of Riverside	800	3.33%	900	
John F. Kennedy Memorial Hospital	700	2.92%	509	
Granite Construction	450	1.88%	100	
Kirkpatrick Landscaping Services	300	1.25%		
City of Indio	260	1.08%	142	
Mathis Brothers Furniture	195	0.81%		
Tidwell Concrete Construction	170	0.71%		
PHB Contracting Inc.	175	0.73%		
Total employment listed	5,160	21.50%		Not Available
Total City Employment (4)	24,000		Not Available	

"Total Employment" as used above represents the total employment of all employers located within City limits.

¹ The total City employment and % applicable for 1997 was not available

- Sources: (1) Selectory website
(2) City of Indio Finance Department
(3) Indio Chamber of Commerce
(4) State of California Employment Development Department website

CITY OF INDIO
 Full-time and Part-time City Employees
 by Function
 Last Four Fiscal Years

<u>Function</u>	Full-Time and Part-time Employees as of June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government	31	32	34	32
Police	104	99	97	121
Public works	48	41	43	41
Community development	17	20	21	39
Water	23	24	23	27
	223	216	218	260

The City of Indio has elected to show only four years of data for this schedule.

The City of Indio contracts with Riverside County for fire protection services.

CITY OF INDIO
Operating Indicators
by Function

Fiscal Year 2006

Police:	
Arrests	5,311
Parking citations issued	8,332
Fire:	
Number of emergency calls	9,896
Inspections	1,262
Public works:	
Street resurfacing (miles)	40.6
Water:	
New connections	2,196
Average daily consumption (millions of gallons)	22
Golf course:	
Golf rounds played	20,980

The City of Indio has elected to show only the current year of data for this schedule.

Source: City of Indio Finance Department

CITY OF INDIO
Capital Asset Statistics
by Function

	<u>Fiscal Year 2006</u>
Police:	
Stations	1
Fire:	
Fire stations	3
Public works:	
Paved Streets (miles)	190
Streetlights	2,544
Traffic signals	45
Recreation:	
Parks	14
Water:	
Water mains (miles)	174
Maximum daily capacity (millions of gallons)	67
Golf Course:	
Municipal golf courses	1

The City of Indio has elected to show only the current year of data for this schedule.

Source: City of Indio Finance Department

INDIO WATER AUTHORITY
 Water Sold by Type of Customer
 Last Two Fiscal Years
 (in hundred cubic feet)

	2005	2006
Type of Customer:		
Single-Family Residential	4,435,620	5,220,351
Multi-Family Residential	1,221,544	1,168,366
Commercial/Institutional	2,445,359	2,012,073
Industrial	139,514	102,982
Landscape Irrigation	541,712	664,680
Total	8,783,749	9,168,452
 Total direct rate per 100 cubic Feet	\$ 0.63	\$ 0.71

The City of Indio has elected to show only two years of data for this schedule.

Source: Indio Water Authority, Finance Department

INDIO WATER AUTHORITY
Water Rates
Last Four Fiscal Years

Meter Size	2003		2004		2005		2006	
	Monthly Rate	Rate per 100 Cubic Feet	Monthly Rate	Rate per 100 Cubic Feet	Monthly Rate	Rate per 100 Cubic Feet	Monthly Rate	Rate per 100 Cubic Feet
5/8 "	\$ 7.56	0.63	\$ 7.56	0.63	\$ 7.56	0.63	\$ 8.52	0.71
3/4"	7.56	0.63	7.56	0.63	7.56	0.63	8.52	0.71
1"	11.34	0.63	11.34	0.63	11.34	0.63	12.78	0.71
1-1/2"	18.90	0.63	18.90	0.63	18.90	0.63	21.30	0.71
2"	24.57	0.63	24.57	0.63	24.57	0.63	27.69	0.71
2 1/2"	34.02	0.63	34.02	0.63	34.02	0.63	38.34	0.71
3"	48.51	0.63	48.51	0.63	48.51	0.63	54.67	0.71
4"	74.97	0.63	74.97	0.63	74.97	0.63	84.49	0.71
6"	168.21	0.63	168.21	0.63	168.21	0.63	189.57	0.71
8"	224.91	0.63	224.91	0.63	224.91	0.63	253.47	0.71

The City of Indio has elected to show only four years of data for this schedule.

Source: Indio Water Authority, Finance Department

INDIO WATER AUTHORITY
Ten Largest Water Customers
Last Two Fiscal Years

Water Customer	Account Class	2005		2006	
		Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Cabazon Indian Reservation	Casino	\$ 121,103	1.94%	\$ 117,983	1.65%
Indio Housing Authority	Apartments	43,496	0.70%	66,824	0.94%
Pueblo Del Sol	Mobile Home	32,847	0.53%	51,715	0.72%
ACDW Properties Inc.	Apartments	31,885	0.51%	46,965	0.66%
Rancho Casa Blanca	Mobile Home	33,748	0.54%	29,035	0.41%
Desert Sands Unif Sch Dist - Indio High	School	33,226	0.53%	47,443	0.66%
Desert Air Homeowner's Association	RV Park	27,690	0.44%		0.00%
John F. Kennedy Memorial Hospital	Hospital	26,299	0.42%	41,635	0.58%
Casa Monroe Apartments	Apartments	24,999	0.40%	37,830	0.53%
Riverside County-Juvenile Hall	Government	24,422	0.39%		0.00%
Sunrise Point Apartments	Apartments			33,723	0.47%
Indio Housing Corporation	Apartments			38,326	0.54%
		<u>\$ 399,715</u>	6.41%	<u>\$ 473,153</u>	7.16%

The City of Indio has elected to show only two years of data for this schedule.

Source: Indio Water Authority, Finance Department

City of Indio
Finance Department
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