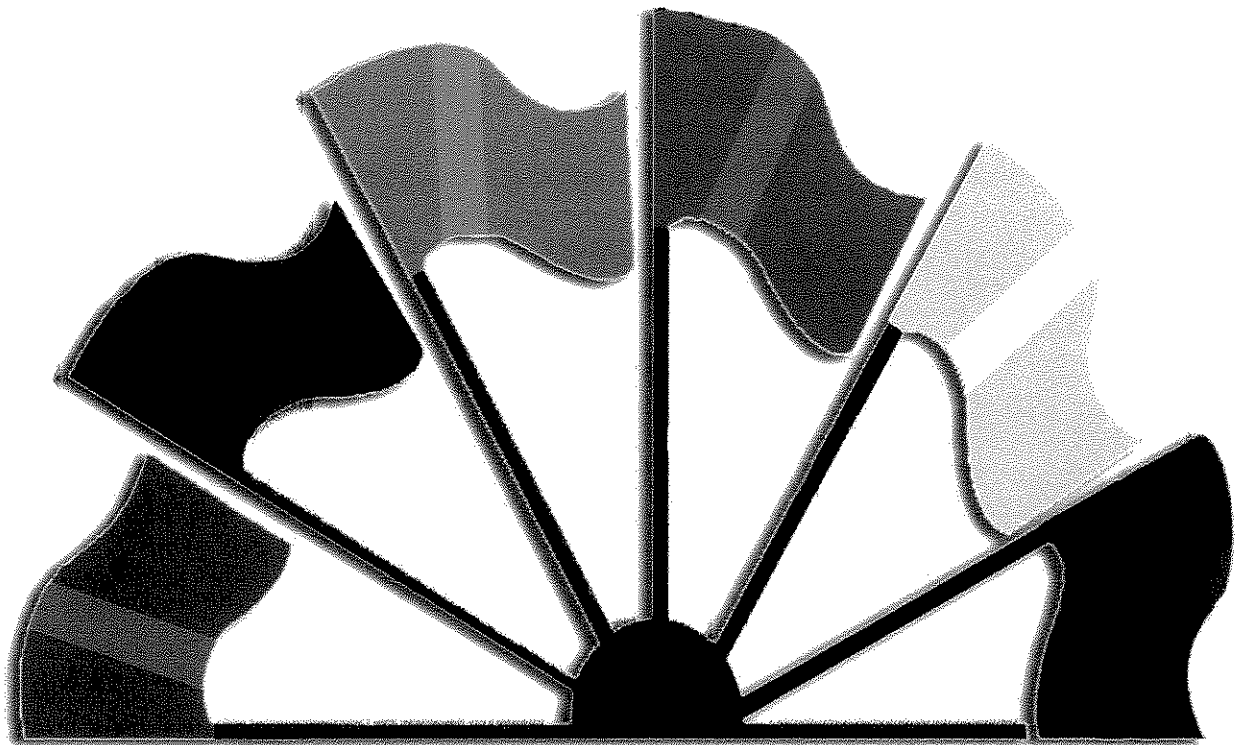


CITY OF INDIO CALIFORNIA



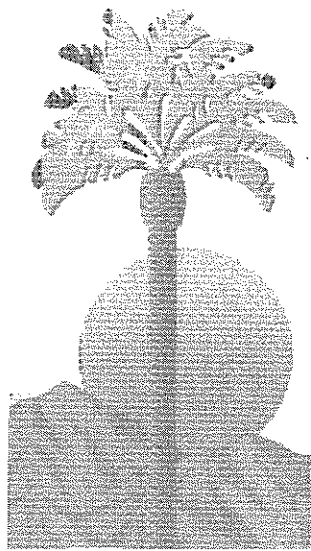
City Of Festivals

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED**

JUNE 30, 2007

CITY OF INDIO, CALIFORNIA
Comprehensive Annual Financial Report
Year Ended June 30, 2007

Prepared by the
MANAGEMENT SERVICES DEPARTMENT



CITY OF INDIO
Comprehensive Annual Financial Report
Year Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Listing of City Officials	ix
Organizational Chart	x
CSMFO Certificate of Award for Outstanding Financial Reporting	xi
FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
Statement of Net Assets	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	26
Statement of Cash Flows	27
Agency Funds:	
Statement of Assets and Liabilities	29
Notes to the Basic Financial Statements	30
Required Supplementary Information:	
General Fund:	
Schedule of Revenues – Budget and Actual	68
Schedule of Expenditures – Budget and Actual	69
Notes to Required Supplementary Information	70

CITY OF INDIO
 Comprehensive Annual Financial Report
 Year Ended June 30, 2007

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Supplementary Schedules:	
Non-Major Governmental Funds:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73
Non-Major Special Revenue Funds:	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
Gas Tax	83
Traffic Safety	84
Federal Grants	85
Public Safety	86
Supplemental Law Enforcement	87
Community Development Block Grant	88
Local Law Enforcement Block Grant	89
Homeland Security	90
Abandoned Vehicle	91
Unclaimed Property	92
Measure A	93
Article 3 (SB 821)	94
NPDES	95
Air Quality (AB2766/CMAQ)	96
Business Improvement District	97
Lighting and Landscape	98
Asset Forfeiture	99
Indian Gaming SB 621	100
Waste Recycling AB939	101
Community Facilities District	102
Low and Moderate Housing	103
Major and Non-Major Debt Service Funds:	
Non-Major Combining Balance Sheet	105
Non-Major Combining Statement of Revenues, Expenditures and Changes in Fund Balance	106
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
2002 Park COP's	107
General Debt Service	108
Redevelopment Agency	109

CITY OF INDIO
 Comprehensive Annual Financial Report
 Year Ended June 30, 2007

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Major and Non-Major Capital Projects Funds:	
Non-Major Combining Balance Sheet	111
Non-Major Combining Statement of Revenues, Expenditures and Changes in Fund Balances	112
Major and Non-Major Capital Projects Funds (Continued):	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
State Park Bond Act	113
2002 Park COP's	114
Capital Projects	115
Assessment District Capital Projects	116
Redevelopment Capital Projects	117
Internal Service Funds:	
Combining Statement of Net Assets	119
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	120
Combining Statement of Cash Flows	121
Agency Funds:	
Combining Statement of Assets and Liabilities	124
Combining Statement of Changes in Assets and Liabilities	125
 STATISTICAL SECTION:	
Net Assets by Component	127
Changes in Net Assets	128
Fund Balances of Governmental Funds	130
Changes in Fund Balances of Governmental Funds	131
Assessed Value and Estimated Actual Value of Taxable Property	132
Direct and Overlapping Property Tax Rates	133
Principal Property Tax Payers	134
Property Tax Levies and Collections	135
Ratios of Outstanding Debt by Type	136
Ratio of General Bonded Debt Outstanding	137
Direct and Overlapping Debt	138
Legal Debt Margin Information	139
Pledged-Revenue Coverage	140
Demographic and Economic Statistics	141
Principal Employers	142
Full-time and Part-time City Employees	143
Operating Indicators	144

CITY OF INDIO
Comprehensive Annual Financial Report
Year Ended June 30, 2007

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Capital Asset Statistics	145
Water Sold by Type of Customer	146
Water Rates	147
Ten Largest Water Customers	148

INTRODUCTORY SECTION



CITY OF INDIO

100 CIVIC CENTER MALL • INDIO, CA 92201
760.342.6500 • FAX 760.342.6556 • www.indio.org

December 14, 2007

To the Honorable Mayor and Member of the City Council and Citizens of the City of Indio:

We are pleased to submit the City of Indio's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. It is the policy of the Council that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. This report includes all funds of the City of Indio and its blended component units, the Indio Redevelopment Agency and the Indio Water Authority, for which the City is financially accountable.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. Management of the City has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Indio, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Management Services Department with any questions or comments concerning this report.

The City's financial statements have been audited by Mayer Hoffman McCann Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2007 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion which states that the City's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and

Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

This report is divided into three sections:

I. Introductory Section

- Letter of Transmittal
- Award for Outstanding Financial Reporting FY 2005-06
- City organization chart
- List of Officials

II. Financial Section

- Independent auditors' report
- Management's Discussion and Analysis
- Basic financial statements
- Required supplementary information
- Combining and individual fund financial statements and schedules

III. Statistical Section

1. Pertinent financial and non-financial data that presents historical trends and facts about the City

The Financial Section of this report has been structured as follows:

Basic Financial Statements – This level includes the Independent Auditors' Report, Management's Discussion and Analysis, the Government-Wide Financial Statements, Fund Financial Statements, and Notes thereto. The Government-Wide Financial Statements provide a summary of the city's financial position at June 30, 2007, and the results of its operations for the year then ended.

Required Supplementary Information – This level presents fund financial statements and supplemental schedules.

Combining, Individual Fund Financial Statements and Schedules – Also presented are separate sections for the various financial statements and schedules for each fund type. They reflect financial data on each generic fund type with separate columns for each non-major individual fund. Each separate column serves as a financial statement for that particular fund, and combining financial statements are presented in each instance where the City has more than one fund of a given fund type.

PROFILE OF THE CITY OF INDIO

Incorporated on May 16, 1930 as a general law city, the City of Indio operates under a Council-Manager form of government and provides municipal services that include public safety, public works, community development, and culture and leisure. With a population nearing 80,000 Indio covers approximately a 30 square-mile area.

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.

The Indio City Council consists of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The positions of Mayor and Mayor Pro Tem are chosen by the City Council through policy direction determined by the City Council. The Mayor conducts the Council meetings and represents the City on ceremonial occasions.

The City Council serves as the policy board for the municipality. As an elected Board of Directors, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, and all members of advisory boards and commissions.

Annual budgets are established by the City Council for the General Fund, Proprietary Funds, and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

ECONOMIC CONDITION AND OUTLOOK

The City of Indio is reclaiming its position as the "Hub of the Valley" and establishing itself as "The Place To Be". We have made noticeable progress in providing a more pleasant and enjoyable community for the residents of Indio. Our most impressive and immediate enhancements are reflected in the street improvements and park renovations. The aggressive street rehabilitation program is a three-year plan to restore damaged roads, improve circulation and provide safer driving conditions for residents and visitors. Most of the major arterial roads have been repaved creating an invitation to businesses to come to Indio.

As of June 30, 2007 the General Fund balance was \$34,878,392. Compared to the previous fiscal year, the General Fund balance has increased by \$4,523,676. This is due primarily to increases in property tax revenue as a result of the housing boom the City experienced in the prior two fiscal years. In fiscal year 2005-06, a General Fund Reserve was established in the amount of \$5.2 million. In fiscal year 2006-07, the Reserve was increase to \$14 million to meet the Council's goal of having a General Fund Reserve equal to 25% of operating expenditures.

In recent years, new development has added to the City's revenue base. Over the next few years, the pace of residential development is expected to slow. The City anticipates significant commercial growth in the next few years as retail expands to meet the demands of new residents.

Since 2005, the City has added seventy acres of park land. Several parks have been completely renovated, and the remaining will be renovated in the coming year. We have also constructed two water wells, which have increased the amount of water available as well as the amount of water in reservoirs. Additionally, we now control about 40 percent of the downtown area for redevelopment. The recent downtown land acquisitions give way for the Redevelopment Agency to solicit proposals to develop this area.

MAJOR INITIATIVES FOR THE FUTURE

The City's commitment for fiscal year 2007-08 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:

- **Infrastructure** – We will continue to aggressively improve our infrastructure by appropriating almost \$138 million for capital improvement projects. These projects include additional improvements to our water system, streets and storm drains.
- **Public Safety** – Our commitment to public safety remains a top priority. In the last year, the Police Department's response time to 911 calls dropped from six minutes to less than three minutes. In fiscal year 2007-08, five sworn and two civilian positions will be added to the Police Department and the new Terra Lago Fire Station will be built. Community cleanliness and beautification are vitally important to our success in attracting new residents and businesses. We will continue to address blight through graffiti removal, code enforcement, and demolition of unsafe/uninhabitable buildings. We will also continue to schedule neighborhood clean up events, which have proved to be enormously successful.
- **Land Use/Planning** – In April 2007, we annexed approximately 1,000 acres on the west side of the City from Avenue 36 south to I-10 and Jefferson west to Adams. During the first half of fiscal year 2007-08, we will annex approximately 1,556 acres on the City's east side (Citrus Ranch), west of Dillon Road and north of I-10. We are implementing a conceptual land use plan for west Hwy 111 to provide hospitality, shopping and offices for visitors, residents and businesses.
- **Economic Development** – During fiscal year 2007-08, we will see continuing commercial and retail construction. New commercial development will create a more stable and long term revenue source. Several national retailers are coming to Indio. Approximately 1.2 million square feet of retail has been approved on the four corners at Jackson and Avenue 42. Major projects, such as Polo Square, are moving through the development process. These types of developments are guaranteed to reshape the retail landscape in Indio.
- **Downtown Development** – The Downtown Land Use Conceptual Plan continues to be refined. We will develop an infrastructure plan that will allow us to solicit proposals from potential developers to transform this project from a concept to a reality. A transportation center, full-service hotel and a mixed-use (office/restaurant) project across the street from the Larson Justice Center are currently in the planning stages.

- **Park Development** – A total of \$3.1 million is proposed for new design and construction of existing parks, as well as acquisition of additional parcels for Police and Fire facilities at the Indio Sports Complex park site.
- **Water Infrastructure** – This is an exciting year for the Indio Water Authority as we invest \$11.7 million in development fees and \$36.4 million in bond proceeds to improve water facilities infrastructure and complete the Water Master Plan. We will also move ahead on numerous other projects including construction of a new 5 million gallon concrete reservoir and booster station at Avenue 45 and Jackson; a new 2 million gallon steel reservoir and booster station adjacent to Dr. Carreon Park; a new 10 million gallon concrete tank reservoir and related infrastructure at Monroe Street above Avenue 40; and a new 5 million gallon steel reservoir and infrastructure at the Terra Lago Golf Club. Water pressure will be more consistent following the separation of the water system into 4 pressure zones. We will add 3 new water wells, equip 5 wells to supply the new reservoirs and upgrade 3 wells with variable speed drives for zone stabilization.
- **Storm Drain Improvements** – We will install new manholes/storm drain curb inlets to decrease the amount of nuisance water. We will also continue cleaning and repairing storm drains, and will add a new drain line on Citrus and Arabia Streets to remove running or standing water from City streets.
- **Transportation** – The Redevelopment Agency is actively working with a private developer for the development of a transportation center at the northeast corner of Jackson Street and Indio Boulevard. Planned uses for the site include new Amtrak and Greyhound stations, charter bus stop, a Park & Ride lot, a SunLine bus stop, taxi service, rental car service and a restaurant. The City is working closely with SunLine Transit Agency, and actively pursuing grant money to create a downtown transit hub.
- **Facility Construction** – The Teen Center is under construction and will be completed in the spring of 2008. \$1.75 million has been set aside for the construction of the nearby \$6 million Senior Center. We will seek grant funding or use reserves from the General Capital Projects Fund to build the Senior Center.
- **Library and Post Office** – We have finalized the purchase of the Ralphs building where we plan to locate a state-of-the-art Library. Interior renovations will be complete in the summer of 2008. The Library, Indio High School, Teen Center and Senior Center, all within walking distance of each other, will make up Indio's Intergenerational Campus. Given the growth in the City, as well as the decrepit and undersized Post Office in Indio, we have successfully worked with representatives in Washington D.C. to secure funding for new and expanded postal facilities in Indio.
- **Public Art** – The Public Arts & Historical Preservation Commission recently began meeting. Public art for capital projects including the Senior and Teen Centers, the City Yard and Indio Sports Park, as well as private businesses, will be reviewed by the Commission.
- **Community Outreach** – This is the second year of our communication and outreach program. The City conducts quarterly Town Hall Meetings, produces a bi-monthly City newsletter, has increased the use of Council study sessions, provides access to

additional information and forms on the city's website, and provides a new customer online request management system.

- **Human Services** – It is essential to continue our efforts to acquire land for development and parks. We anticipate the renovation of all our existing parks to be completed during fiscal year 2007-08. The Teen Center is fully funded and will be open and operational in the spring of 2008. We will then focus on the Senior Center, looking for grant funding or to reserves for construction costs. Additionally, new and efficient lighting will be installed at the Municipal Golf Course.

FINANCIAL INFORMATION

Cash Management Policies and Practices – An Investment Committee consisting of one citizen, the elected City Treasurer and two council members has been 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, liquidity, and then yield.

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 fiscal year 2006-07, 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.

AWARDS AND ACKNOWLEDGEMENTS

The City of Indio received the California Society of Municipal Accountants "Outstanding Financial Reporting Award" for its submission of the fiscal year 2005-06 Comprehensive Annual Financial Report.

In order to receive this award, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one year. We believe that this report will again meet the program requirements to receive the award.

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.

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. While we believe the current slowdown in housing construction will continue to affect our local economy, we anticipate the City will experience significant commercial and retail opportunities in 2008.

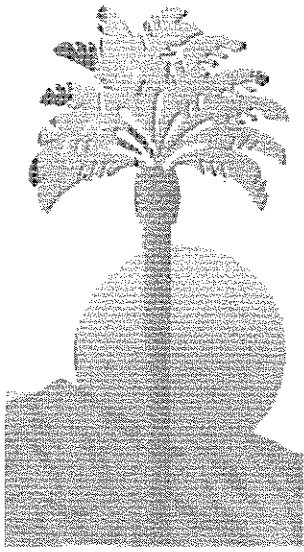
There is much work ahead of us in fiscal year 2007-08. This is the direct result of the energy, ideas, and dedication of the City Council, commissioners, staff, and citizens. A number of exciting projects designed to enhance the community's quality of life are currently underway. We are confident that these efforts will have a profound and positive impact on Indio for many years to come. On behalf of the City of Indio staff, we look forward to the challenges and the opportunity to serve the community.

Respectfully submitted,


Glenn D. Southard
City Manager

Prepared by:


Susan Mahoney
Management Services Director



CITY OF INDIO
City Officials
June 30, 2007

CITY COUNCIL

Mayor Ben Godfrey

Mayor Pro Tem Lupe Ramos Watson

Councilmember Melanie Fesmire

Councilmember Gene Gilbert

Councilmember Michael Wilson

OTHER ELECTED OFFICIALS

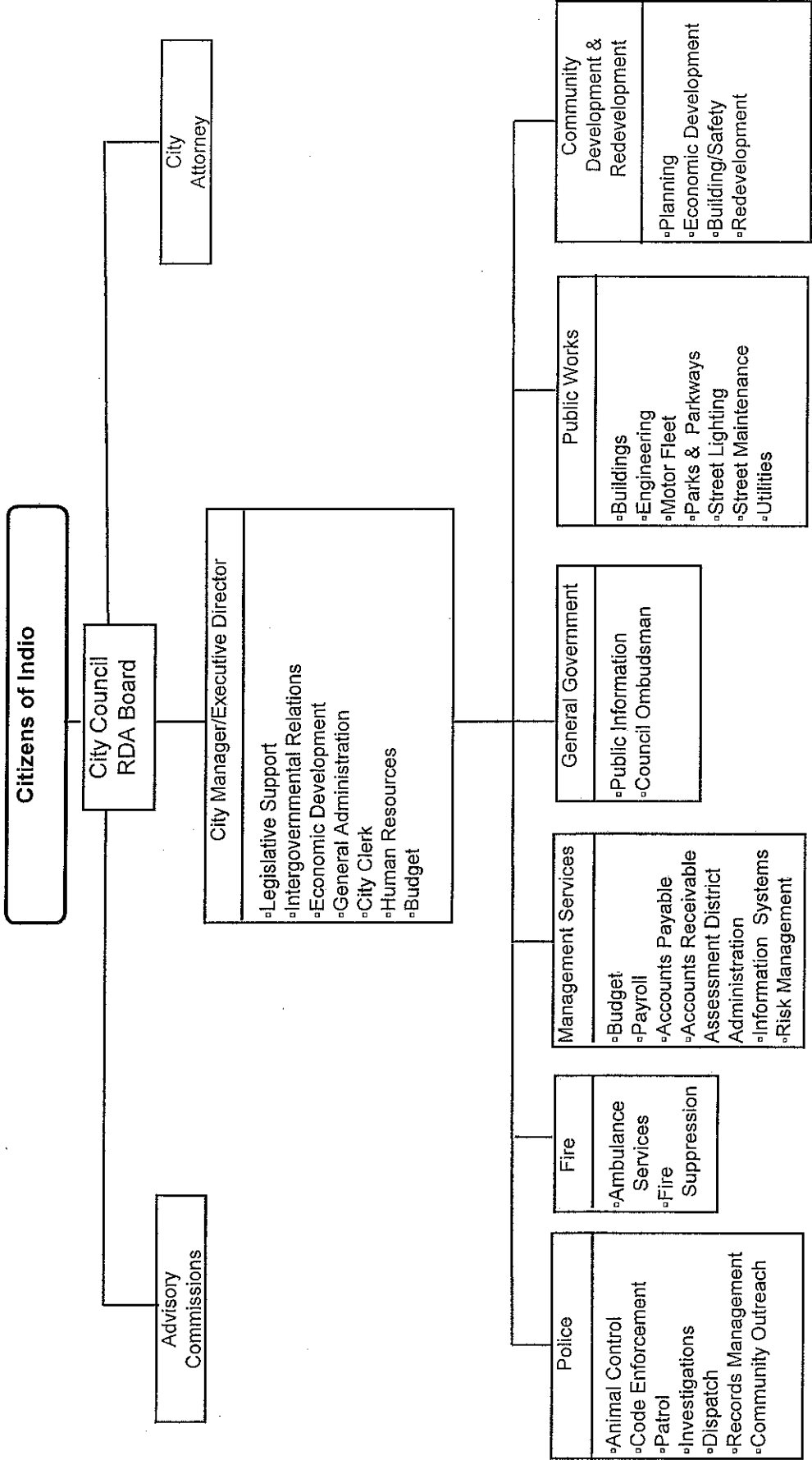
Cynthia Hernandez, City Clerk

Sharon Ellis, Treasurer

EXECUTIVE TEAM

City Manager Glenn Southard
Assistant City Manager Bridget Healy
Director of Community Development Steve Copenhaver
Director of Management Services..... Susan Mahoney
Chief of Police Brad Ramos
Director of Public Works..... Jim Smith

CITY OF INDIO ORGANIZATION CHART



*California Society of
Municipal Finance Officers*

Certificate of Award

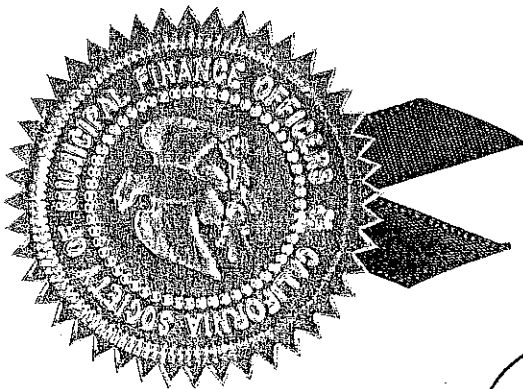
Outstanding Financial Reporting 2005-06

Presented to the

City of Indio

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

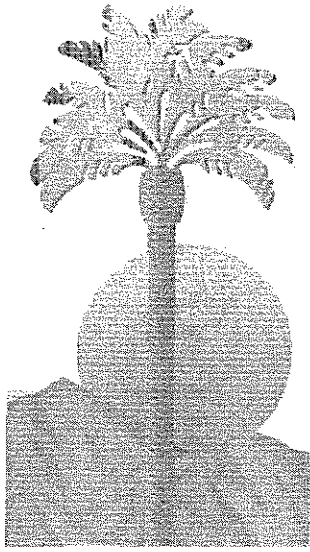
March 6, 2007



Jesse Takahashi

Jesse Takahashi
Professional and Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



FINANCIAL SECTION



Mayer Hoffman McCann P.C.
An Independent CPA Firm
Conrad Government Services Division
2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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, each major fund, and the aggregate remaining fund information of the City of Indio, California, as of and for the year ended June 30, 2007, 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 partial comparative information has been derived from the financial statements of the City of Indio for the year ended June 30, 2006 and, in our report dated October 13, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City of Indio, California, as of June 30, 2007, 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* is not a required part of the basic financial statements, but is 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 December 14, 2007 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.

Mayer Hoffman McCann P.C.

Irvine, California
December 14, 2007

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, 2007. Please read it in conjunction with the accompanying transmittal letter, basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

The overall financial position of the City of Indio has improved over the prior fiscal year.

The assets of the City of Indio exceeded its liabilities at the close of the most recent fiscal year by \$580,522,247 (net assets). Of this amount, \$22,356,247 may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$47,503,647. This increase is primarily due increases in capital assets.

As of the close of the current fiscal year, the City of Indio governmental funds reported a combined ending fund balance of \$163,210,476, an increase of \$12,784,346 in comparison with the prior year. Approximately one third of this total amount, \$57,157,978, is available for spending at the government's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$23,350,833, or 50% of total general fund expenditures. For FY 2007-08 the Council has set aside \$14,000,000 of the unreserved fund balance in a General Fund Reserve, \$5,000,000 in a Capital Projects Reserve, and \$1,000,000 in a Public Safety Reserve.

The City of Indio's total debt increased by \$93,875,947. This is primarily due to the issuance of new Water revenue bonds (approximately \$52 million) and the issuance of Lease Revenue Bonds by the General Fund (approximately \$40 million).

THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Indio's basic financial statements. The City of Indio's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 of or most of the cost of certain services it provides. The City’s water and golf 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 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 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 from the City's other programs and activities – such as the equipment replacement and the self insurance funds. The Internal Services funds are reported with governmental activities in the Government-Wide financial statements.

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.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the City's net assets (84 percent) reflects its investment in capital assets (e.g., land, building, 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.

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

CITY OF INDIO'S Net Assets

	Governmental activities		Business-Type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 158,368,285	\$ 144,289,964	\$ 67,597,248	\$ 17,658,676	\$ 225,965,533	\$ 161,948,640
Capital assets	339,842,549	281,788,760	168,957,619	146,284,725	508,800,168	428,073,485
Noncurrent assets	39,782,633	34,483,245	945,277	394,136	40,727,910	34,877,381
Total assets	537,993,467	460,561,969	237,500,144	164,337,537	775,493,611	624,899,506
Long-term liabilities outstanding	95,414,800	53,414,659	63,533,874	11,658,068	158,948,674	65,072,727
Other liabilities	31,897,389	25,979,007	4,125,301	829,172	36,022,690	26,808,179
Total liabilities	127,312,189	79,393,666	67,659,175	12,487,240	194,971,364	91,880,906
Net assets:						
Invested in capital assets, net of related debt	326,774,156	278,100,754	158,648,692	140,536,539	485,422,848	418,637,293
Restricted	72,743,152	79,377,409	-	-	72,743,152	79,377,409
Unrestricted	11,163,970	23,690,140	11,192,277	11,313,758	22,356,247	35,003,898
Total net assets	\$ 410,681,278	\$ 381,168,303	\$ 169,840,969	\$ 151,850,297	\$ 580,522,247	\$ 533,018,600

GOVERNMENTAL ACTIVITIES

Total expenses for the fiscal year for Governmental activities were approximately \$81 million. This is an increase of \$17 million over the prior fiscal year. This is primarily due to a 49 percent increase in Public Safety spending and a 46 percent increase in Public Works spending, reflecting the City's emphasis on police and fire activities and infrastructure improvements. The City's overall governmental program revenues totaled \$58 million. This is a decrease of \$48 million over the prior fiscal year. The majority of this decrease is due to a decline in the amount of capital contributions received from developers for infrastructure improvements; a direct reflection of the nation's slowdown in housing activity. Total general revenues and transfers are approximately \$53 million. The \$10 million increase over the prior year is primarily due to a 25 percent increase in property tax revenues as a result of significant housing growth in fiscal year 2005-06 and an increase in investment revenue of approximately \$3 million.

The City's programs include the General Government, Public Safety (police and fire), Public Works, Community Development, and Culture and Leisure. 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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$ 12,701,275	\$ 17,087,868	\$ 11,063,391	\$ 8,796,655	\$ 23,764,666	\$ 25,884,523
Operating grants and contributions	12,862,985	4,660,424	-	-	12,862,985	4,660,424
Capital grants and contributions	32,489,525	83,871,022	21,689,067	8,481,613	54,178,592	92,352,635
General Revenues:						
Property taxes	25,308,762	20,011,587	-	-	25,308,762	20,011,587
Other taxes	18,675,007	16,918,525	-	-	18,675,007	16,918,525
Other	8,861,544	5,741,877	2,484,528	779,037	11,346,072	6,520,914
Total revenues	110,899,098	148,291,303	35,236,986	18,057,305	146,136,084	166,348,608
Expenses:						
General government	8,947,455	8,531,602	793,600	718,382	9,741,055	9,249,984
Public Safety	33,986,229	22,793,400	-	-	33,986,229	22,793,400
Public Works	25,051,113	17,073,505	16,452,714	10,754,021	41,503,827	27,827,526
Community development	6,890,095	10,255,008	-	-	6,890,095	10,255,008
Culture and leisure	1,887,824	1,776,300	-	-	1,887,824	1,776,300
Interest expense and other charges	4,623,407	3,268,384	-	592,140	4,623,407	3,860,524
Total Expenses	81,386,123	63,698,199	17,246,314	12,064,543	98,632,437	75,762,742
Change in net assets before transfers	29,512,975	84,593,104	17,990,672	5,992,762	47,503,647	90,585,866
Transfers	-	-	-	-	-	-
Change in net assets	29,512,975	84,593,104	17,990,672	5,992,762	47,503,647	90,585,866
Net Assets - beginning of year	381,168,303	296,575,199	151,850,297	145,857,535	533,018,600	442,432,734
Net assets - end of year	\$ 410,681,278	\$ 381,168,303	\$ 169,840,969	\$ 151,850,297	\$ 580,522,247	\$ 533,018,600

BUSINESS TYPE ACTIVITIES

The cost of all business type activities this year was approximately \$17 million. The cost of Water activities was \$16,452,714. This increase of 45 percent over the prior year is due to infrastructure upgrades and increased pumping costs to meet the City's growing population. The costs for Golf activities increased to \$793,600 from \$718,382 in the prior year due to normal increases in operating costs.

Total revenue before interfund transfers and capital contributions for all business type activities this year was approximately \$13,547,919 up from \$9,575,692 in the prior year. Approximately half of this increase was due to additional charges for water service reflecting an increase in the City's customer base and an increase in the water rates charged to customers. The other half of

this increase is the result of additional investment earnings. Golf revenue increased only slightly from the prior year.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities, was \$95,414,800 at the end of fiscal year 2006-07. This is an increase of \$42 million over the prior year. The retirement of \$3,325,000 in COP's, an increase in notes payable of approximately \$4 million (advance of Measure A Local Roads funds), the issuance of Lease Revenue Bonds (\$39,325,000), and the recording of the post employment benefit liability (approximately \$2 million) make up this amount.

Debt considered a liability of business-type activities increased \$51,973,434 over the prior year primarily due to the issuance of additional water revenue bonds.

Fiscal year activity is represented in the chart below. Additional information on the City's long-term debt can be found in notes 6 and 7 on pages 47-48 and in notes 9 through 13 on pages 51-60.

CITY OF INDIOS Outstanding Debt

	Governmental activities		Business-Type activities		Total	
	2007	2006	2007	2006	2007	2006
Claims Payable	\$ 882,131	\$.855,886			\$ 882,131	\$ 855,886
RDA Bonds	39,400,000	39,845,000			39,400,000	39,845,000
Lease Revenue Bonds	39,325,000				39,325,000	-
Water Bonds			63,356,566	11,530,000	63,356,566	11,530,000
Capital Lease	725,755	682,728			725,755	682,728
Certificates of Participation	-	3,325,000			-	3,325,000
Notes payable	11,000,000	7,000,000			11,000,000	7,000,000
Post employment benefit liability	2,007,213	*			2,007,213	-
Compensated absences	2,074,701	1,706,045	177,308	128,068	2,252,009	1,834,113
Total	\$ 95,414,800	\$ 53,414,659	\$ 63,533,874	\$ 11,658,068	\$ 158,948,674	\$ 65,072,727

*The post employment benefit liability was calculated for the first time in FY 2006-07

CASH MANAGEMENT

To obtain flexibility in cash management, the City employs a pooled cash system (reference Note 2 in the Notes to the Financial Statements). Under the pooled 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's Investment Policy. The goals of the City's 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, 2007, net capital assets of the governmental activities totaled \$339,842,549 and the net capital assets of the business-type activities totaled \$168,957,619.

CITY OF INDIO'S Capital Assets

	Governmental activities		Business-Type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 35,356,527	\$ 15,645,665	\$ 721,577	\$ 564,488	\$ 36,078,104	\$ 16,210,153
Right of way	47,001,283	47,001,283			47,001,283	47,001,283
Structures and improvements	6,156,984	5,462,114	38,865	38,865	6,195,849	5,500,979
Machinery, equipment and vehicles	11,777,020	9,884,214	1,948,971	1,388,719	13,725,991	11,272,933
Infrastructure	310,751,581	278,201,390	221,955,872	200,272,906	532,707,453	478,474,296
Construction in progress	55,820,789	44,004,469	3,982,375	-	59,803,164	44,004,469
Capital Assets	466,864,184	400,199,135	228,647,660	202,264,978	695,511,844	602,464,113
Accumulated depreciation	127,021,635	118,410,375	59,690,041	55,980,253	186,711,676	174,390,628
Net Capital Assets	\$339,842,549	\$281,788,760	\$168,957,619	\$146,284,725	\$508,800,168	\$428,073,485

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 2006-07. 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 2006-07 adopted General Fund expenditure budget amount of \$47,250,788 to the final budget amount of \$47,943,375, shows an increase of \$692,587. This increase is the result of unanticipated costs associated with code enforcement activities, capital costs associated with facility improvements to the Indio Animal Care Center, and planning costs.

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 2007-08, staff used the following criteria for the key assumptions:

- Sales tax revenue will increase by approximately 9% due to increased local sales and new outlets.
- Utility tax revenue is expected to increase 10% based on growth in water, telecommunications and natural gas use.
- Property taxes and building permit/plan check fees are anticipated to reflect the current decline in the housing market, therefore, are projected to remain at the same levels as fiscal year 2006-07.
- Additional staffing in the Police Department was included to meet current service needs and the demands of a fast growing city.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

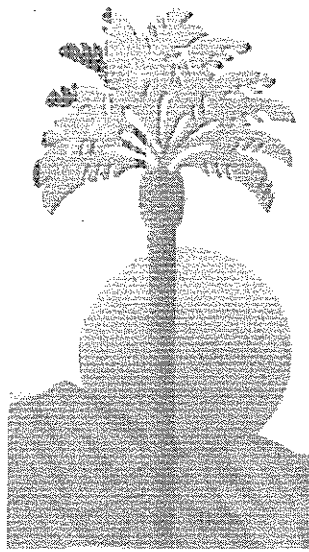
This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Management Services Department at 100 Civic Center Mall, Indio, California, 92202, phone (760) 391.4029, www.finance@indio.org.

BASIC FINANCIAL STATEMENTS

CITY OF INDIO
Statement of Net Assets
June 30, 2007

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2007	2006
Assets:				
Cash and investments (note 2)	\$ 93,481,242	12,681,044	106,162,286	112,001,709
Cash with fiscal agent (note 2)	58,191,606	52,838,097	111,029,703	43,030,592
Deposits with other agencies	48,997	-	48,997	51,573
Accounts receivable, net	1,333,158	1,685,263	3,018,421	3,564,406
Interest receivable	546,776	70,639	617,415	429,164
Notes receivable (note 4)	1,783,242	-	1,783,242	144,220
Due from other governments	3,906,045	-	3,906,045	2,352,067
Prepaid items	798,612	-	798,612	241,238
Inventory	61,849	322,205	384,054	277,891
Deferred charges	2,211,766	945,277	3,157,043	1,497,157
Land held for resale	35,787,625	-	35,787,625	33,236,004
Capital assets, not depreciated (note 5)	138,178,599	4,703,952	142,882,551	107,215,905
Capital assets, depreciated, net (note 5)	201,663,950	164,253,667	365,917,617	320,857,580
Total assets	<u>537,993,467</u>	<u>237,500,144</u>	<u>775,493,611</u>	<u>624,899,506</u>
Liabilities:				
Accounts payable	12,436,798	2,834,481	15,271,279	9,607,990
Accrued payroll	890,686	86,980	977,666	599,790
Deposits	5,216,799	256,390	5,473,189	5,900,384
Interest payable	2,758,300	735,734	3,494,034	1,990,404
Pass-through payable	2,282,370	-	2,282,370	1,819,886
Retentions payable	525,650	211,716	737,366	642,378
Unearned revenue	7,786,786	-	7,786,786	6,247,347
Long-term liabilities (notes 6 to 11):				
Portion due within one year	3,391,826	141,677	3,533,503	2,075,301
Portion due in more than one year	92,022,974	63,392,197	155,415,171	62,997,426
Total liabilities	<u>127,312,189</u>	<u>67,659,175</u>	<u>194,971,364</u>	<u>91,880,906</u>
Net assets:				
Invested in capital assets, net of related debt	326,774,156	158,648,692	485,422,848	418,637,293
Restricted for:				
Public works	5,862,472	-	5,862,472	10,527,116
Assessment districts	21,967,828	-	21,967,828	23,702,247
Low and moderate housing	6,738,894	-	6,738,894	4,553,706
Economic development	31,124,598	-	31,124,598	34,154,895
Other	7,049,360	-	7,049,360	6,439,445
Unrestricted	11,163,970	11,192,277	22,356,247	35,003,898
Total net assets	<u>\$ 410,681,278</u>	<u>169,840,969</u>	<u>580,522,247</u>	<u>533,018,600</u>

See accompanying notes to basic financial statements.



CITY OF INDIO
Statement of Activities
Year Ended June 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 8,947,455	87,080	-	-
Public safety	33,986,229	3,434,454	382,825	792,380
Public works	25,051,113	3,587,246	6,426,977	30,285,208
Community development	6,890,095	5,591,820	6,053,183	1,411,937
Culture and leisure	1,887,824	675	-	-
Interest expense and other charges	4,623,407	-	-	-
Total governmental activities	<u>81,386,123</u>	<u>12,701,275</u>	<u>12,862,985</u>	<u>32,489,525</u>
Business-type activities:				
Water	16,452,714	10,442,468	-	21,689,067
Golf	793,600	620,923	-	-
Total business-type activities	<u>17,246,314</u>	<u>11,063,391</u>	<u>-</u>	<u>21,689,067</u>
Total primary government	<u>\$ 98,632,437</u>	<u>23,764,666</u>	<u>12,862,985</u>	<u>54,178,592</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, as restated (note 15)

 Net assets at end of year

See accompanying notes to basic financial statements.

Net (Expenses) Revenues
and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	2007	2006
(8,860,375)	-	(8,860,375)	(5,359,922)
(29,376,570)	-	(29,376,570)	(18,661,421)
15,248,318	-	15,248,318	68,430,015
6,166,845	-	6,166,845	903,563
(1,887,149)	-	(1,887,149)	(1,771,629)
(4,623,407)	-	(4,623,407)	(3,268,384)
<u>(23,332,338)</u>	<u>-</u>	<u>(23,332,338)</u>	<u>40,272,222</u>
-	15,678,821	15,678,821	5,317,354
-	(172,677)	(172,677)	(103,629)
<u>-</u>	<u>15,506,144</u>	<u>15,506,144</u>	<u>5,213,725</u>
<u>(23,332,338)</u>	<u>15,506,144</u>	<u>(7,826,194)</u>	<u>45,485,947</u>
25,308,762	-	25,308,762	20,011,587
9,803,073	-	9,803,073	9,514,121
1,818,380	-	1,818,380	1,331,090
1,955,641	-	1,955,641	1,337,273
5,097,913	-	5,097,913	4,736,041
5,776,908	2,216,119	7,993,027	5,117,061
416,496	-	416,496	432,842
2,668,140	268,409	2,936,549	2,619,904
<u>52,845,313</u>	<u>2,484,528</u>	<u>55,329,841</u>	<u>45,099,919</u>
29,512,975	17,990,672	47,503,647	90,585,866
<u>381,168,303</u>	<u>151,850,297</u>	<u>533,018,600</u>	<u>442,432,734</u>
<u>\$ 410,681,278</u>	<u>169,840,969</u>	<u>580,522,247</u>	<u>533,018,600</u>

CITY OF INDIO
Governmental Funds
Balance Sheet
June 30, 2007

	<u>General Fund</u>	<u>RDA Debt Service Fund</u>	<u>Capital Projects Fund</u>
<u>Assets</u>			
Cash and investments	\$ 32,080,462	2,953,906	35,557,569
Cash with fiscal agent	-	9,292,199	24,000,355
Accounts receivable	1,149,901	-	17,467
Due from other governments	2,007,844	441,547	866,817
Due from other funds (note 3)	44,921	-	-
Interest receivable	173,855	58,357	213,985
Notes receivable	-	-	-
Prepaid items	20,432	-	-
Advances to other funds (note 3)	4,481,584	-	-
Land held for resale	7,025,543	-	-
Total assets	<u>\$ 46,984,542</u>	<u>12,746,009</u>	<u>60,656,193</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 6,496,952	-	4,596,363
Accrued liabilities	852,208	-	-
Due to other funds (note 3)	-	-	-
Advances from other funds (note 3)	-	-	2,600,000
Deferred revenue	-	-	-
Unearned revenue	-	-	7,786,786
Retentions payable	-	-	525,650
Pass-through payable	-	2,282,370	-
Deposits payable	4,756,990	-	421,900
Total liabilities	<u>12,106,150</u>	<u>2,282,370</u>	<u>15,930,699</u>
Fund balances:			
Reserved:			
Encumbrances	420,986	-	8,690,892
Prepaid items	20,432	-	-
Notes receivable	-	-	-
Low and moderate housing	-	-	-
Advances	4,481,584	-	-
Land held for resale	7,025,543	-	-
Debt service	-	3,368,806	-
Construction projects	-	7,094,833	24,000,355
Unreserved, reported in:			
General fund	22,929,847	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	12,034,247
Total fund balances	<u>34,878,392</u>	<u>10,463,639</u>	<u>44,725,494</u>
Total liabilities and fund balances	<u>\$ 46,984,542</u>	<u>12,746,009</u>	<u>60,656,193</u>

See accompanying notes to basic financial statements.

Assessment Districts Capital Projects Fund	RDA Capital Projects Fund	Other Governmental Funds	Totals	
			2007	2006
-	8,058,909	12,111,591	90,762,437	98,541,718
21,967,828	-	2,931,224	58,191,606	37,109,767
-	2,592	-	1,169,960	2,286,594
-	-	589,837	3,906,045	2,352,067
-	-	-	44,921	4,545
-	3	79,978	526,178	399,395
-	-	1,783,242	1,783,242	144,220
-	-	-	20,432	215,668
-	-	-	4,481,584	2,259,842
-	<u>28,762,082</u>	-	<u>35,787,625</u>	<u>33,236,004</u>
<u>21,967,828</u>	<u>36,823,586</u>	<u>17,495,872</u>	<u>196,674,030</u>	<u>176,549,820</u>
-	138,587	1,034,542	12,266,444	8,711,153
-	-	6,792	859,000	491,972
-	-	44,921	44,921	4,545
-	1,881,584	-	4,481,584	2,259,842
-	-	-	-	357,364
-	-	-	7,786,786	6,247,347
-	-	-	525,650	627,325
-	-	-	2,282,370	1,819,886
-	-	37,909	5,216,799	5,604,256
-	<u>2,020,171</u>	<u>1,124,164</u>	<u>33,463,554</u>	<u>26,123,690</u>
-	102,853	907,164	10,121,895	3,832,326
-	-	-	20,432	215,668
-	-	1,783,242	1,783,242	144,220
-	-	4,955,652	4,955,652	4,409,486
-	-	-	4,481,584	2,259,842
-	28,762,082	-	35,787,625	33,236,004
-	-	2,592,141	5,960,947	6,243,603
21,967,828	-	-	53,063,016	33,983,918
-	-	-	22,929,847	20,722,186
-	-	6,133,509	6,133,509	7,649,479
-	5,938,480	-	17,972,727	37,729,398
<u>21,967,828</u>	<u>34,803,415</u>	<u>16,371,708</u>	<u>163,210,476</u>	<u>150,426,130</u>
<u>21,967,828</u>	<u>36,823,586</u>	<u>17,495,872</u>	<u>196,674,030</u>	<u>176,549,820</u>

CITY OF INDIO
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

Fund balances of governmental funds \$ 163,210,476

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	455,087,164
Accumulated depreciation	(119,808,551)

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

Bonds payable	(78,725,000)
Capital lease obligations	(725,755)
Note payable	(11,000,000)
Claims payable	(143,222)
Compensated absences	(2,074,701)
Post employment benefit liability	(2,007,213)
Unamortized bond issuance costs	2,211,766

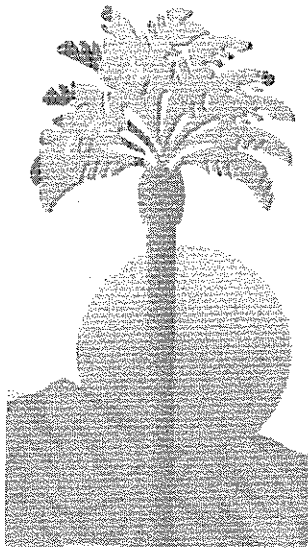
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (2,758,300)

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	4,563,936
Long-term liabilities	(738,909)
Other assets and liabilities	<u>3,589,587</u>

Net assets of governmental activities \$ 410,681,278

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, 2007

	General Fund	RDA Debt Service Fund	Capital Projects Fund
Revenues:			
Taxes	\$ 24,926,300	9,748,261	-
Special assessments	-	-	-
Licenses and permits	4,340,302	-	-
Intergovernmental	7,114,200	-	10,983,177
Charges for services	10,624,797	-	-
Fines	817,959	-	-
Investment income	1,405,947	842,552	2,178,617
Developer fees	-	-	15,986,795
Miscellaneous	1,292,504	-	-
Contributions from property owners	-	-	-
Total revenues	50,522,009	10,590,813	29,148,589
Expenditures			
Current:			
General government	7,648,213	-	-
Public safety	26,599,988	-	-
Public works	2,600,977	-	60,276,301
Community development	8,023,543	700	-
Culture and leisure	1,827,236	-	-
Debt service:			
Principal	-	445,000	-
Interest and other charges	-	2,431,792	-
Bond issuance costs	-	-	841,003
Payment to bond escrow agent	-	-	380,501
ERAF payment	-	-	-
Pass-through payments	-	2,646,155	-
Total expenditures	46,699,957	5,523,647	61,497,805
Excess (deficiency) of revenues over (under) expenditures	3,822,052	5,067,166	(32,349,216)
Other financing sources (uses):			
Payment to bond escrow agent	-	-	(2,811,026)
Original discount on bonds	-	-	(325,214)
Interfund transfers in (note 3)	1,861,659	327,904	380,855
Interfund transfers out (note 3)	(1,160,035)	(10,662,395)	(3,023,663)
Issuance of debt	-	-	39,325,000
Total other financing sources (uses)	701,624	(10,334,491)	33,545,952
Net change in fund balances	4,523,676	(5,267,325)	1,196,736
Fund balances at beginning of year	30,354,716	15,730,964	43,528,758
Fund balances at end of year	\$ 34,878,392	10,463,639	44,725,494

See accompanying notes to basic financial statements.

Assessment Districts Capital Projects Fund	RDA Capital Projects Fund	Other Governmental Funds	Totals	
			2007	2006
-	-	5,484,133	40,158,694	33,921,648
-	-	2,412,141	2,412,141	1,444,293
-	-	-	4,340,302	7,871,160
-	-	1,612,697	19,710,074	11,619,828
-	445,359	-	11,070,156	9,573,418
-	-	253,887	1,071,846	814,807
1,183,000	13,606	741,574	6,365,296	4,750,404
-	-	-	15,986,795	37,027,495
14,333	1,721,120	1,568,092	4,596,049	4,737,579
8,379,586	-	-	8,379,586	35,964,462
<u>9,576,919</u>	<u>2,180,085</u>	<u>12,072,524</u>	<u>114,090,939</u>	<u>147,725,094</u>
-	-	383,797	8,032,010	8,037,853
-	-	671,847	27,271,835	21,594,294
11,311,338	-	11,698,731	85,887,347	66,092,451
-	1,912,289	163,598	10,100,130	10,962,940
-	-	-	1,827,236	1,722,302
-	-	622,573	1,067,573	1,157,669
-	-	1,002,111	3,433,903	2,759,269
-	-	-	841,003	-
-	-	-	380,501	-
-	-	-	-	298,903
-	-	-	2,646,155	2,068,019
<u>11,311,338</u>	<u>1,912,289</u>	<u>14,542,657</u>	<u>141,487,693</u>	<u>114,693,700</u>
<u>(1,734,419)</u>	<u>267,796</u>	<u>(2,470,133)</u>	<u>(27,396,754)</u>	<u>33,031,394</u>
-	-	-	(2,811,026)	-
-	-	-	(325,214)	-
-	10,662,395	4,223,600	17,456,413	21,050,104
-	-	(2,617,980)	(17,464,073)	(20,441,104)
-	-	4,000,000	43,325,000	7,000,000
<u>-</u>	<u>10,662,395</u>	<u>5,605,620</u>	<u>40,181,100</u>	<u>7,609,000</u>
(1,734,419)	10,930,191	3,135,487	12,784,346	40,640,394
<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>21,967,828</u>	<u>34,803,415</u>	<u>16,371,708</u>	<u>163,210,476</u>	<u>150,426,130</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, 2007

Changes in fund balances of governmental funds \$ 12,784,346

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. 57,369,462

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. 2,294,504

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	(43,325,000)
Bond issuance costs	841,003

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. (906,907)

To record as an expense the net change in compensated absences in the statement of activities. (368,656)

Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting. (357,364)

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. 1,181,587

Changes in net assets of governmental activities \$ 29,512,975

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds
Statement of Net Assets
June 30, 2007

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund	Nonmajor Fund	2007	2006	2007	2006
	Water	Golf Course				
Assets:						
Current assets:						
Cash and investments	\$ 11,882,932	798,112	12,681,044	10,225,064	2,718,805	3,234,927
Cash with fiscal agent	52,838,097	-	52,838,097	5,920,825	-	-
Deposit with other agencies	-	-	-	-	48,997	51,573
Accounts receivable, net	1,685,263	-	1,685,263	1,270,823	163,198	6,989
Interest receivable	65,462	5,177	70,639	20,612	20,598	9,157
Prepaid items	-	-	-	196	778,180	25,374
Inventory	322,205	-	322,205	221,156	61,849	56,735
Deferred charges	945,277	-	945,277	394,136	-	-
Total current assets	67,739,236	803,289	68,542,525	18,052,812	3,791,627	3,384,755
Noncurrent assets:						
Capital assets:						
Land	255,617	465,960	721,577	564,488	-	-
Structures and improvements	-	38,865	38,865	38,865	-	-
Machinery and equipment	657,845	70,464	728,309	664,117	3,595,350	3,458,593
Vehicles	1,122,541	98,121	1,220,662	724,602	8,181,670	6,425,621
Utility distribution system	221,955,872	-	221,955,872	200,272,906	-	-
Construction in progress	3,982,375	-	3,982,375	-	-	-
Accumulated depreciation	(59,538,769)	(151,272)	(59,690,041)	(55,980,253)	(7,213,084)	(6,004,605)
Total capital assets (net of accumulated depreciation)	168,435,481	522,138	168,957,619	146,284,725	4,563,936	3,879,609
Total assets	236,174,717	1,325,427	237,500,144	164,337,537	8,355,563	7,264,364
Liabilities:						
Current liabilities:						
Accounts payable	2,776,592	57,889	2,834,481	315,071	170,354	581,766
Accrued liabilities	86,980	-	86,980	63,909	31,686	43,909
Deposits	256,390	-	256,390	296,128	-	-
Interest payable	735,734	-	735,734	139,011	-	-
Retention payable	211,716	-	211,716	15,053	-	-
Long-term liabilities, portion due within one year	141,677	-	141,677	355,000	197,114	65,009
Noncurrent liabilities:						
Long-term liabilities, portion due within more than one year	63,392,197	-	63,392,197	11,303,068	541,795	340,653
Total liabilities	67,601,286	57,889	67,659,175	12,487,240	940,949	1,031,337
Net assets:						
Invested in capital assets, net of related debt	158,126,554	522,138	158,648,692	140,536,539	4,563,936	3,879,609
Unrestricted	10,446,877	745,400	11,192,277	11,313,758	2,850,678	2,353,418
Total net assets	\$ 168,573,431	1,267,538	169,840,969	151,850,297	7,414,614	6,233,027

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, 2007

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund	Nonmajor Fund	2007	2006	2007	2006
	Water	Golf Course				
Operating revenues:						
Charges for services	\$ 10,442,468	620,923	11,063,391	8,796,655	7,169,446	5,080,705
Total operating revenues	<u>10,442,468</u>	<u>620,923</u>	<u>11,063,391</u>	<u>8,796,655</u>	<u>7,169,446</u>	<u>5,080,705</u>
Operating expenses:						
Personnel services	2,909,663	-	2,909,663	2,111,631	1,787,704	794,767
Contractual services	940,280	408,017	1,348,297	1,232,525	1,021,184	446,748
Utility	1,888,162	-	1,888,162	1,387,309	-	-
Depreciation	3,689,739	20,049	3,709,788	3,278,349	1,247,479	1,173,112
Rental and leases	1,235,647	-	1,235,647	1,099,219	-	-
Repairs and maintenance	3,020,028	112,734	3,132,762	1,290,800	753,983	859,301
Materials and supplies	454,726	252,800	707,526	1,072,570	2,367,342	1,798,468
Claims and judgments	-	-	-	-	909,217	1,912,366
Total operating expenses	<u>14,138,245</u>	<u>793,600</u>	<u>14,931,845</u>	<u>11,472,403</u>	<u>8,086,909</u>	<u>6,984,762</u>
Operating income (loss)	<u>(3,695,777)</u>	<u>(172,677)</u>	<u>(3,868,454)</u>	<u>(2,675,748)</u>	<u>(917,463)</u>	<u>(1,904,057)</u>
Nonoperating revenues (expenses):						
Investment income	2,174,123	41,996	2,216,119	510,787	156,259	177,594
Interest expense	(2,314,469)	-	(2,314,469)	(592,140)	-	-
Other income	268,409	-	268,409	268,250	3,325	120,108
Total nonoperating revenues (expenses)	<u>128,063</u>	<u>41,996</u>	<u>170,059</u>	<u>186,897</u>	<u>159,584</u>	<u>297,702</u>
Income (loss) before transfers and capital contributions	<u>(3,567,714)</u>	<u>(130,681)</u>	<u>(3,698,395)</u>	<u>(2,488,851)</u>	<u>(757,879)</u>	<u>(1,606,355)</u>
Interfund transfers and capital contributions:						
Interfund transfers in	-	-	-	-	7,660	-
Interfund transfers out	-	-	-	-	-	(609,000)
Capital assets contributed	<u>21,689,067</u>	<u>-</u>	<u>21,689,067</u>	<u>8,481,613</u>	<u>1,931,806</u>	<u>1,535,889</u>
Changes in net assets	18,121,353	(130,681)	17,990,672	5,992,762	1,181,587	(679,466)
Net assets at beginning of year, as restated (note 15)	<u>150,452,078</u>	<u>1,398,219</u>	<u>151,850,297</u>	<u>145,857,535</u>	<u>6,233,027</u>	<u>6,912,493</u>
Net assets at end of year	<u>\$ 168,573,431</u>	<u>1,267,538</u>	<u>169,840,969</u>	<u>151,850,297</u>	<u>7,414,614</u>	<u>6,233,027</u>

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund	Nonmajor Fund	2007	2006	2007	2006
	Water	Golf Course				
Cash flows from operating activities:						
Cash received from customers	\$ 9,987,281	621,969	10,609,250	8,381,675	-	-
Cash received from user departments	-	-	-	-	7,015,813	5,055,162
Cash payments to suppliers for for goods and services	(4,969,494)	(727,717)	(5,697,211)	(6,216,460)	(5,884,486)	(4,341,183)
Cash payments to employees for services	(2,837,352)	-	(2,837,352)	(2,058,578)	(1,803,252)	(786,884)
Miscellaneous receipts	268,409	-	268,409	268,250	3,325	89,364
Net cash provided by (used for) operating activities	<u>2,448,844</u>	<u>(105,748)</u>	<u>2,343,096</u>	<u>374,887</u>	<u>(668,600)</u>	<u>16,459</u>
Cash flows from non-capital and related financing activities:						
Cash received from other funds	-	-	-	-	7,660	-
Cash paid to other funds	-	-	-	-	-	(609,000)
Net cash provided by (used for) non- capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,660</u>	<u>(609,000)</u>
Cash flows from capital and related activities:						
Acquisition of capital assets	(4,693,615)	-	(4,693,615)	(87,801)	-	(174,536)
Principal payments on capital leases	-	-	-	(86,573)	-	-
Issuance of debt, net	63,356,566	-	63,356,566	-	-	-
Bond issuance costs	(551,141)	-	(551,141)	-	-	-
Interest payments on debt	(1,717,746)	-	(1,717,746)	(540,732)	-	-
Principal payments on bonds	(11,530,000)	-	(11,530,000)	(270,000)	-	-
Net cash provided by (used for) capital and related financing activities	<u>44,864,064</u>	<u>-</u>	<u>44,864,064</u>	<u>(985,106)</u>	<u>-</u>	<u>(174,536)</u>
Cash flows from investing activities:						
Interest received on investments	<u>2,124,952</u>	<u>41,140</u>	<u>2,166,092</u>	<u>547,234</u>	<u>144,818</u>	<u>183,937</u>
Net cash provided by (used for) investing activities	<u>2,124,952</u>	<u>41,140</u>	<u>2,166,092</u>	<u>547,234</u>	<u>144,818</u>	<u>183,937</u>
Net increase (decrease) in cash and cash equivalents	49,437,860	(64,608)	49,373,252	(62,985)	(516,122)	(583,140)
Cash and cash equivalents at beginning of year	<u>15,283,169</u>	<u>862,720</u>	<u>16,145,889</u>	<u>16,208,874</u>	<u>3,234,927</u>	<u>3,818,067</u>
Cash and cash equivalents at end of year	<u>\$ 64,721,029</u>	<u>798,112</u>	<u>65,519,141</u>	<u>16,145,889</u>	<u>2,718,805</u>	<u>3,234,927</u>

(Continued)

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds

Statement of Cash Flows

(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund	Nonmajor Fund	2007	2006	2007	2006
	Water	Golf Course				
Reconciliation of amounts reported on the Statement of Net Assets:						
Reported on the Statement of Net Assets:						
Cash and investments	\$ 11,882,932	798,112	12,681,044	10,225,064	2,718,805	3,234,927
Cash with fiscal agents	52,838,097	-	52,838,097	5,920,825	-	-
Cash and cash equivalents at end of year	<u>\$ 64,721,029</u>	<u>798,112</u>	<u>65,519,141</u>	<u>16,145,889</u>	<u>2,718,805</u>	<u>3,234,927</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (3,695,777)	(172,677)	(3,868,454)	(2,675,748)	(917,463)	(1,904,057)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	3,689,739	20,049	3,709,788	3,278,349	1,247,479	1,173,112
Miscellaneous nonoperating income (expense)	268,409	-	268,409	268,250	3,325	120,108
(Increase) decrease in deposits with other agencies	-	-	-	-	2,576	(18,554)
(Increase) decrease in accounts receivable	(415,449)	1,009	(414,440)	(372,776)	(156,209)	(6,989)
(Increase) decrease in prepaid items	196	-	196	(28)	(752,806)	(2,639)
(Increase) decrease in inventory	(101,085)	36	(101,049)	(99,864)	(5,114)	(18,524)
Increase (decrease) in accounts payable	2,473,575	45,835	2,519,410	(80,755)	(411,412)	428,173
Increase (decrease) in accrued payroll	23,071	-	23,071	29,544	(12,223)	14,945
Increase (decrease) in deposits payable	(39,738)	-	(39,738)	(7,896)	-	-
Increase (decrease) in retentions payable	196,663	-	196,663	12,303	-	-
Increase (decrease) in compensated absences	49,240	-	49,240	23,508	-	-
Increase (decrease) in claims and judgments payable	-	-	-	-	333,247	230,884
Net cash provided by (used for) operating activities	<u>\$ 2,448,844</u>	<u>(105,748)</u>	<u>2,343,096</u>	<u>374,887</u>	<u>(668,600)</u>	<u>16,459</u>
Non-cash investing, capital and financing activities:						
Contributed capital assets	<u>\$ 21,689,067</u>	<u>-</u>	<u>21,689,067</u>	<u>8,481,613</u>	<u>1,931,806</u>	<u>1,535,889</u>

See accompanying notes to basic financial statements.

CITY OF INDIO
Agency Funds

Statement of Assets and Liabilities

June 30, 2007

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash and investments (note 2)	\$ 5,392,489	3,459,005
Cash with fiscal agent (note 2)	8,838,800	8,691,477
Due from other governments	387,323	277,199
Interest receivable	<u>20,211</u>	<u>13,337</u>
Total assets	<u>\$ 14,638,823</u>	<u>12,441,018</u>
 <u>Liabilities</u>		
Accounts payable	\$ 52,316	24,706
Deposits payable	307,430	266,589
Due to bondholders	<u>14,279,077</u>	<u>12,149,723</u>
Total liabilities	<u>\$ 14,638,823</u>	<u>12,441,018</u>

See accompanying notes to basic financial statements.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(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

Year Ended June 30, 2007

(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. There was no activity in the Housing Authority in the current fiscal year.

- 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. There was no activity in the Industrial Development Authority in the current fiscal year.

- 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 majority governing board is comprised of City Council members, as well as, other citizens of the City of Indio, it is reported as a blended component unit. Separate financial statements of the Indio Water Authority are prepared and can be obtained at City Hall.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

Since the City Council serves as the majority 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.

(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.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

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

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.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

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

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.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

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

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.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

(c) Fund Classifications

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.

The City uses proprietary funds to report an activity for which a fee is charged to external users to recover the cost of operation. The City reports the following fund as a major fund.

Water Fund – The Water fund is an enterprise fund used to account for the activities associated with the transmission and distributions of potable water by the City and its users.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

(c) Fund Classifications, (Continued)

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, 2007, 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.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

(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	40 years
Equipment	3-25 years
Improvements	40 years
Infrastructure	40 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.

(h) Compensated Absences

Employees hired prior to 1991 carry forward, for use in subsequent years, earned but unused vacation and sick leave benefits. Upon termination, the City is obligated to compensate those employees for all earned but unused vacation days. Upon termination, those employees are reimbursed for 50% to 100% 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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

(h) Compensated Absences, (Continued)

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.

(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

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

(k) Property Taxes, (Continued)

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

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

(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) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(n) Deferred Charges

Bond premiums, 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 premiums and 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.

(o) Unamortized Loss on Refunding

Loss on refunding debt is deferred and amortized over the shorter of the term of the new debt or the refunded debt using the straight-line method, which materially approximates that effective interest method. Unamortized loss on refunding is presented as a reduction of the face amount of the bonds payable.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(2) Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 106,162,286
Cash and investments held by bond trustee	111,029,703
Fiduciary Funds:	
Cash and investments	5,392,489
Cash and investments held by bond trustee	<u>8,838,800</u>
 Total cash and investments	 <u>\$ 231,423,278</u>

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 5,900
Deposits with financial institutions	40,968,833
Investments	<u>190,448,545</u>
 Total cash and investments	 <u>\$ 231,423,278</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</u> <u>Authorized by State Law</u>	<u>Authorized by</u> <u>Investment</u> <u>Policy</u>	<u>Maximum</u> <u>Maturity*</u>	<u>Maximum</u> <u>Percentage</u> <u>of Portfolio*</u>	<u>Maximum</u> <u>Investment</u> <u>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

Year Ended June 30, 2007

(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

Year Ended June 30, 2007

(2) Cash and Investments, (Continued)

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 36 Months</u>	<u>36 to 60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool	\$ 52,123,363	52,123,363	-	-	-
US Treasury Notes	2,334,400	1,736,256	598,144	-	-
Federal Agency Securities	10,699,762	3,908,164	6,241,869	549,729	-
Money Market Funds	5,422,517	5,422,517	-	-	-
Held by Bond Trustee:					
Investment Contracts	76,879,405	-	-	-	76,879,405
Money Market Funds	<u>42,989,098</u>	<u>42,989,098</u>	-	-	-
Total	<u>\$190,448,545</u>	<u>106,179,398</u>	<u>6,840,013</u>	<u>549,729</u>	<u>76,879,405</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State Investment Pool	\$ 52,123,363	N/A	-	-	-	52,123,363
US Treasury Notes	2,334,400	N/A	2,334,400	-	-	-
Federal Agency Securities	10,699,762	N/A	-	10,699,762	-	-
Money Market Funds	5,422,517	A	-	5,422,517	-	-
Held by Bond Trustee:						
Investment Contracts	76,879,405	N/A	-	-	-	76,879,405
Money Market Funds	4,421,709	AA	-	4,421,709	-	-
Money Market Funds	<u>38,567,389</u>	AAA	-	<u>38,567,389</u>	-	-
Total	<u>\$190,448,545</u>		<u>2,343,400</u>	<u>59,111,377</u>	<u>-</u>	<u>129,002,768</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(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

Due to/due from other funds as of June 30, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	<u>\$44,921</u>
	Total	<u>\$44,921</u>

This short-term interfund borrowing was made to cover cash deficits at June 30, 2007.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

Long-term interfund receivables and payables as of June 30, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Redevelopment Capital Projects	\$1,881,584	(a)
General Fund	Capital Projects Fund	<u>2,600,000</u>	(b)
	Total	<u>\$4,481,584</u>	

- (a) 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.
- (b) In January 2007, the General Fund loaned the Capital Projects Fund \$2,600,000 to assist in payment of a settlement with a developer. The General Fund will be repaid through developer impact fees paid upon a future residential development project.

Transfers in and out for the year ended June 30, 2007 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 153,225
Equipment and Facilities		
Internal Service Fund	General Fund	7,660
Capital Projects Fund	Other Governmental Funds	380,855
Other Governmental Funds	General Fund	1,152,375 (a)
RDA Debt Service Fund	Other Governmental Funds	327,904
General Fund	Other Governmental Funds	1,708,434 (b)
RDA Capital Projects Fund	RDA Debt Service Fund	10,662,395 (c)
Other Governmental Funds	Capital Projects Fund	2,870,438 (d)
Other Governmental Funds	Other Governmental Funds	<u>200,787</u>
	Total	<u>\$17,464,073</u>

Interfund transfers were principally used for the following purposes:

- (a) \$754,616 and \$297,759 was transferred from the General Debt Service and 2002 Park COP's Fund's, respectively to the General Fund to reimburse the General Fund for payment of current year debt service payments.
- (b) \$1,176,761 was transferred from the Community Facilities District Fund to the General Fund to reimburse the General Fund for police and fire related expenditures.
- (c) \$10,662,395 was transferred from the RDA Debt Service Fund to the RDA Capital Project Fund for the purpose of acquiring property and land held for resale for the RDA.
- (d) \$2,879,438 was transferred from the Capital Projects Fund to the General Debt Service Fund to move debt interest, principal and reserve account monies from the issuance of debt.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

<u>(4) Notes Receivable</u>		<u>Outstanding at June 30, 2007</u>
	Various first time home buyer notes were issued to homeowners. Horizons at Indio senior apartments.	\$ 115,079 <u>1,668,163</u>
	Total	<u>\$1,783,242</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

Governmental Activities:

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
Structures and improvements	\$ 5,462,114	694,870	-	6,156,984
Machinery and equipment	3,458,593	136,757	-	3,595,350
Vehicles	6,425,621	1,795,049	(39,000)	8,181,670
Infrastructure:				
Street network	<u>278,201,390</u>	<u>32,550,191</u>	<u>-</u>	<u>310,751,581</u>
Total cost of depreciable assets	<u>293,547,718</u>	<u>35,176,867</u>	<u>(39,000)</u>	<u>328,685,585</u>
Less accumulated depreciation:				
Structures and improvements	2,245,462	147,483	-	2,392,945
Machinery and equipment	2,824,079	483,049	-	3,307,128
Vehicles	3,180,526	764,430	(39,000)	3,906,956
Infrastructure:				
Street network	<u>110,160,308</u>	<u>7,255,298</u>	<u>-</u>	<u>117,415,606</u>
Total accumulated depreciation	<u>118,410,375</u>	<u>8,650,260</u>	<u>(39,000)</u>	<u>127,021,635</u>
Net depreciable assets	175,137,343	26,526,607	-	201,663,950
Capital assets not depreciated:				
Construction in progress	44,004,469	28,770,451	(16,954,131)	55,820,789
Land	15,645,665	19,710,862	-	35,356,527
Rights of way	<u>47,001,283</u>	<u>-</u>	<u>-</u>	<u>47,001,283</u>
Capital assets, net	<u>\$281,788,760</u>	<u>75,007,920</u>	<u>(16,954,131)</u>	<u>339,842,549</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(5) Capital Assets, (Continued)

Depreciation expense, including \$1,247,479 of internal service depreciation, was charged in the following functions in the Statement of Activities:

General government	\$ 261,567
Public works	8,025,129
Public safety	62,278
Community development	268,972
Culture and leisure	<u>32,314</u>
	<u>\$ 8,650,260</u>

Business-type activities – Golf Course:

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
Structures and improvements	\$ 38,865	-	-	38,865
Machinery and equipment	70,464	-	-	70,464
Vehicles	<u>98,121</u>	<u>-</u>	<u>-</u>	<u>98,121</u>
Total cost of depreciable assets	<u>207,450</u>	<u>-</u>	<u>-</u>	<u>207,450</u>
Less accumulated depreciation:				
Structures and improvements	23,140	1,966	-	25,106
Machinery and equipment	38,986	10,066	-	49,052
Vehicles	<u>69,097</u>	<u>8,017</u>	<u>-</u>	<u>77,114</u>
Total accumulated depreciation	<u>131,223</u>	<u>20,049</u>	<u>-</u>	<u>151,272</u>
Net depreciable assets	76,227	(20,049)	-	56,178
Capital assets not depreciated:				
Land	<u>465,960</u>	<u>-</u>	<u>-</u>	<u>465,960</u>
Capital assets, net	<u>\$542,187</u>	<u>(20,049)</u>	<u>-</u>	<u>522,138</u>

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

Golf	<u>\$20,049</u>
------	-----------------

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(5) Capital Assets, (Continued)

Business-type activities – Water:

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
Machinery and equipment	\$ 593,653	64,192	-	657,845
Vehicles	626,481	496,060	-	1,122,541
Utility distribution system	<u>200,272,906</u>	<u>21,682,966</u>	<u>-</u>	<u>221,955,872</u>
Total cost of depreciable assets	<u>201,493,040</u>	<u>22,243,218</u>	<u>-</u>	<u>223,736,258</u>
Less accumulated depreciation:				
Machinery and equipment	198,760	55,912	-	254,672
Vehicles	442,938	83,514	-	526,452
Utility distribution system	<u>55,207,332</u>	<u>3,550,313</u>	<u>-</u>	<u>58,757,645</u>
Total accumulated depreciation	<u>55,849,030</u>	<u>3,689,739</u>	<u>-</u>	<u>59,538,769</u>
Net depreciable assets	145,644,010	18,553,479	-	164,197,489
Capital assets not depreciated:				
Land	98,528	157,089	-	255,617
Construction in progress	<u>-</u>	<u>3,982,375</u>	<u>-</u>	<u>3,982,375</u>
Capital assets, net	<u>\$ 145,742,538</u>	<u>22,692,943</u>	<u>-</u>	<u>168,435,481</u>

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

Water	<u>\$3,689,739</u>
-------	--------------------

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(6) Changes in Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2007 were as follows:

	Balance at June 30, 2006	Additions	Retirements	Balance at June 30, 2007	Amount Due Within One Year	Amount Due Beyond One Year
<u>Governmental activities:</u>						
Bonds payable:						
1997 Series A Bonds	\$ 880,000	-	(40,000)	840,000	40,000	800,000
1997 Series B Bonds	6,825,000	-	(170,000)	6,655,000	180,000	6,475,000
1999 Revenue Refunding Bonds	3,620,000	-	(140,000)	3,480,000	145,000	3,335,000
2004 A Tax Allocation Refunding Bonds	9,665,000	-	(95,000)	9,570,000	100,000	9,470,000
2004 B Tax Allocation Refunding Bonds	18,855,000	-	-	18,855,000	310,000	18,545,000
2007 A Lease Revenue Bonds	-	20,210,000	-	20,210,000	-	20,210,000
2007 B Lease Revenue Bonds	-	19,115,000	-	19,115,000	-	19,115,000
Subtotal	<u>39,845,000</u>	<u>39,325,000</u>	<u>(445,000)</u>	<u>78,725,000</u>	<u>775,000</u>	<u>77,950,000</u>
Capital lease obligations	682,728	445,600	(402,573)	725,755	258,805	466,950
Certificates of participation	3,325,000	-	(3,325,000)	-	-	-
Post employment benefit liability	-	2,819,700	(812,487)	2,007,213	915,474	1,091,739
Notes payable	7,000,000	4,000,000	-	11,000,000	-	11,000,000
Compensated absences	1,706,045	1,446,262	(1,077,606)	2,074,701	1,075,000	999,701
Claims payable	<u>855,886</u>	<u>270,247</u>	<u>(244,002)</u>	<u>882,131</u>	<u>367,547</u>	<u>514,584</u>
Subtotal	<u>13,569,659</u>	<u>8,981,809</u>	<u>(5,861,668)</u>	<u>16,689,800</u>	<u>2,616,826</u>	<u>14,072,974</u>
Total	<u>\$53,414,659</u>	<u>48,306,809</u>	<u>(6,306,668)</u>	<u>95,414,800</u>	<u>3,391,826</u>	<u>92,022,974</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(6) Changes in Long-Term Liabilities, (Continued)

Business-type activities:

	Balance at June 30, 2006	Additions	Retirements	Balance at June 30, 2007	Amount Due Within One Year	Amount Due Beyond One Year
Bonds payable:						
2004 Water Enterprise Revenue Bond	\$11,530,000	-	(11,530,000)	-	-	-
2006 Water Revenue bonds	<u>-</u>	<u>61,795,000</u>	<u>-</u>	<u>61,795,000</u>	<u>-</u>	<u>61,795,000</u>
Subtotal	<u>11,530,000</u>	<u>61,795,000</u>	<u>(11,530,000)</u>	<u>61,795,000</u>	<u>-</u>	<u>61,795,000</u>
Unamortized loss on refunding	-	(923,084)	18,462	(904,622)	(36,923)	(867,699)
Premium on bonds	<u>-</u>	<u>2,507,988</u>	<u>(41,800)</u>	<u>2,466,188</u>	<u>83,600</u>	<u>2,382,588</u>
Subtotal	<u>-</u>	<u>1,584,904</u>	<u>(23,338)</u>	<u>1,561,566</u>	<u>46,677</u>	<u>1,514,889</u>
Subtotal	<u>11,530,000</u>	<u>63,379,904</u>	<u>(11,553,338)</u>	<u>63,356,566</u>	<u>46,677</u>	<u>63,309,889</u>
Compensated absences	<u>128,068</u>	<u>144,917</u>	<u>(95,677)</u>	<u>177,308</u>	<u>95,000</u>	<u>82,308</u>
Total	<u>\$11,658,068</u>	<u>63,524,821</u>	<u>(11,649,015)</u>	<u>63,533,874</u>	<u>141,677</u>	<u>63,392,197</u>

(7) Obligations under Capital Leases

Governmental Activities:

Police Squad Car – A three-year contract was entered into on March 3, 2007 for the purchase of five police department squad cars. Annual payments consisting of principal and interest are \$156,052. The balance at June 30, 2007 on this contract was \$289,548.

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, 2007 on this contract was \$436,207.

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		
	Police Squad Cars	Fire Truck	Totals
2008	\$156,052	\$120,114	\$276,166
2009	156,052	120,114	276,166
2010	-	120,114	120,114
2011	<u>-</u>	<u>120,114</u>	<u>120,114</u>
Less amount representing interest	<u>(22,556)</u>	<u>(44,249)</u>	<u>(66,805)</u>
Present value of future lease payments	<u>\$289,548</u>	<u>436,207</u>	<u>725,755</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(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 coverage's. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

Self-Insurance Programs of the Authority

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

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

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

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

Purchased Insurance, (Continued)

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

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

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

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

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 2006 and 2007 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Prior Year Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2005-06	\$284,630	1,123,339	(552,083)	855,886
2006-07	855,886	270,247	(244,002)	882,131

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(9) Revenue Bonds

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

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

The Series A bonds consist of \$1,105,000 of term bonds. These bonds accrue interest at a rate of 7.48% with the principal amount maturing on August 15, 2019. The Series A term bonds are subject to mandatory redemption from sinking account payments prior to their maturity in principal amounts ranging from \$20,000 to \$95,000, as outlined in the bond indenture. The outstanding balance at June 30, 2007 was \$840,000.

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, 2007 was \$6,655,000.

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 \$290,175. At June 30, 2007, the actual reserve for Series B was \$290,175. 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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(9) Revenue Bonds, (Continued)

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

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, 2007 was \$3,480,000.

As required in the official statement, a reserve fund is required to be maintained. The amount to be maintained in the reserve fund is an amount equal to or greater than the maximum annual debt service on the bonds. The required amount of the reserve fund was \$332,350. At June 30, 2007 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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(9) Revenue Bonds, (Continued)

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

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, 2007, the reserve was fully funded and the outstanding balance of the Series 2004A and Series 2004B bonds was \$9,570,000 and \$18,855,000, respectively.

Lease Revenue Bonds, Series 2007A and B

In February 2007, the City of Indio Public Financing Authority issued \$20,210,000 Lease Revenue Bonds Series 2007A and \$19,115,000 Variable Rate Lease Revenue Bonds Series 2007B. The proceeds were used to finance the acquisition and construction of certain capital improvements within the City and to advance refund Certificates of Participation 2002 Series A.

The 2007A bonds consist of \$11,380,000 of serial bonds and \$8,830,000 of term bonds. The serial bonds accrue interest at rates between 3.50% and 4.25% and the principal amounts mature between November 1, 2009 and November 1, 2032 in amounts ranging from \$385,000 to \$950,000. Term bonds of \$1,635,000 accrue interest at 4.375% and mature on November 1, 2029, bonds of \$1,780,000 accrue interest at 4.375% and mature on November 1, 2031, and bonds of \$5,415,000 accrue interest at 4.50% and mature on November 1, 2037.

The 2007B bonds consist of \$1,125,000 serial bonds and \$17,990,000 of term bonds. The serial bonds accrue interest at 3.50% and the principal amounts mature between November 1, 2009 and November 1, 2011 in amounts ranging from \$360,000 to \$390,000. Term bonds of \$17,990,000 accrue interest at 3.80% and mature on November 1, 2037.

The Series 2007A term bonds maturing in the years 2029, 2031, and 2037 are subject to mandatory sinking account redemption on each November 1, commencing on November 1, 2028, November 1, 2030, and November 1, 2033, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

The Series 2007B term bonds maturing in the years 2037 are subject to mandatory sinking account redemption on each November 1, commencing on November 1, 2012 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 2007A and Series 2007B are required to maintain a reserve in the amount of 10% of the original proceeds or 125% of the average annual debt service for that every subsequent bond year. At June 30, 2007, the reserves were fully funded and the outstanding balance of the Series 2007A and Series 2007B bonds was \$20,210,000 and \$19,115,000, respectively.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(9) Revenue Bonds, (Continued)

Lease Revenue Bonds, Series 2007A and B, (Continued)

A portion of the net proceeds of the Series 2007A bonds totaling \$2,811,026, plus an additional \$380,501 of the Certificates of Participation 2002 Series A sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Certificates of Participation 2002 Series A bonds. As a result, the Certificates of Participation 2002 Series A bonds are considered defeased and the liability for those bonds has been removed from the government-wide statements.

The advanced refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$219,373 and a reduction of total debt service payments of \$267,949.

Debt Service Requirements to Maturity

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

Year Ending June 30	Principal	Interest	Total
2008	\$ 775,000	3,497,048	4,272,048
2009	810,000	3,901,580	4,711,580
2010	1,600,000	3,863,518	5,463,518
2011	1,675,000	3,787,040	5,462,040
2012	1,755,000	3,708,773	5,463,773
2013-2017	10,125,000	17,191,242	27,316,242
2018-2022	12,635,000	14,391,713	27,026,713
2023-2027	14,290,000	11,042,897	25,332,897
2028-2032	18,035,000	7,044,881	25,079,881
2033-2037	14,760,000	2,234,004	16,994,004
2038	<u>2,265,000</u>	<u>94,330</u>	<u>2,359,330</u>
Total	<u>\$78,725,000</u>	<u>70,757,026</u>	<u>149,482,026</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, 2007, \$11,820,000 of bonds outstanding are considered defeased.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(9) 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, 2007, \$2,280,000 of bonds outstanding are considered defeased.

(10) Notes 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, 2007 was \$7,000,000.

On December 15, 2005, the City of Indio entered into an agreement with the Riverside County Transportation Commission (the "Commission") where the Commission would advance the City \$4,000,000 of the City's Measure A revenues to fund current capital projects of the City. Per the terms of the agreement, the City may repay the entire unpaid principal balance of the advance, plus accrued interest, no later than December 31, 2007. Other wise, the City shall repay the advance together with all accrued and unpaid interest in 120 monthly installments commencing on September 1, 2009. The note accrues interest on the unpaid portion of the advance at a rate of ½ percent over the interest rate of the Commission's funds outstanding under the 2005 Commercial Paper Program. The outstanding amount of the note as of June 30, 2007 was \$4,000,000.

(11) Post Employment Benefits

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. The postretirement medical plans are basically continuations of the plans for active employees and are single-employer defined benefit plans.

Active Employee Coverage: Integrated medical/prescription drug coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees can choose among the following options: Blue Shield HMO, Kaiser HMO, PORAC, PERSCare and PERSChoice. The City currently pays the full cost for the employee and/or dependent coverage under the above plans up to a stated dollar amount, currently set at \$1,200/month for active employees and retirees. These amounts are set annually by resolution of the City Council.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(11) Post Employment Benefits, (Continued)

Post-retirement Coverage: The City offers the same medical plans to its retirees as to its active employees, with the general exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payor. 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 dependents up to the age of 23.

It was 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.

This includes benefits for 109 retirees (including covered dependents) and survivors, as well as 184 active employees expected to retire and receive benefits in the future. It does not include employees hired after the date of the census (February, 2006).

If the above amount is apportioned into past service and future service components, under the projected unit credit cost method, the past service liability (or "Accrued Liability") component is \$22,428,071 as of July 1, 2006. This represents the present value of all benefits earned to date assuming that an employee earns retiree medical benefits ratably over his or her career. The \$22,428,071 is comprised of liabilities of \$7,312,349 for active employees and \$15,115,722 for retirees. Because the City currently has no fund set aside for the retiree benefits, the Unfunded Accrued Liability (also called the UAL, equal to the AL less Assets) is also \$22,428,071.

The annual expense for the fiscal year 2006-07 under accrual accounting is \$2,819,700. The amount is referred to as the "Annual Required Contributions", or "ARC", under GASB 45. The \$2,819,700 is comprised of the present value of benefits accruing in the current year (called the "Service Cost") and a 30-year amortization of the Unfunded Accrued Liability. Because the City paid \$812,487 (pay as you go) for the 2006-07 fiscal year in healthcare premiums on behalf of its retirees, the change to accrual accounting represents an increase in annual expense of \$2,074,213.

Actuarial Assumptions and Methods:

Valuation Date:	July 1, 2006
Actuarial Cost Method:	Projected unit credit
Amortization Method:	Level percent of payroll for next 20 years
Amortization Period:	Level contribution amount for next 20 years
Projected Salary Increases:	3% per year
Discount Rate:	6.0% per annum
Return on Assets:	5.0% per annum

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(11) Post Employment Benefits, (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.

Required Supplementary Information

Schedule of Funding Process

<u>Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/06	\$22,428,071	-	22,428,071	0.0%	15,289,423	146%

Schedule of Employer Contributions

<u>Date</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$2,819,700	812,487	28.8%	2,074,213

(12) Water Enterprise Revenue Bond

Enterprise Revenue Bonds, Series 2006

In October 2006, the Indio Water Authority issued \$61,795,000 Water Revenue Bonds Series 2006. The proceeds will be used to acquire and construct certain facilities for and improvements to the Water Enterprise and to advance refund the Enterprise Revenue Bonds, Series 2004.

The 2006 bonds consist of \$29,650,000 of serial bonds and \$32,145,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 5.00% and the principal amounts mature between April 1, 2010 and April 1, 2026 in amounts ranging from \$1,225,000 to \$2,450,000. Term bonds of \$14,125,000 accrue interest at 5.00% and mature on April 1, 2031, and bonds of \$18,020,000 accrue interest at 5.00% and mature on April 1, 2036.

The 2006 term bonds maturing in the years 2031 and 2036 are subject to mandatory sinking account redemption on each April 1, commencing on April 1, 2027 and April 1, 2032, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(12) Water Enterprise Revenue Bond, (Continued)

Enterprise Revenue Bonds, Series 2006, (Continued)

Per the terms of the bond indenture, the Series 2006 bonds are required to maintain a reserve in the amount of 10% of the original proceeds, 125% of the average annual debt service for then current or every subsequent bond year, or 100% of the maximum annual debt service for the current or every subsequent bond year. At June 30, 2007, the reserve was fully funded and the outstanding balance of the Series 2006 bonds was \$61,795,000.

The Authority and the City shall fix, prescribe, revise and collect rates, fees and charges for the services and improvements furnished by the Water Enterprise during each year which are sufficient to yield net revenues for the Water Enterprise, which are at least equal to 120% of the total debt service payments coming due and payable in the next fiscal year.

A portion of the net proceeds of the Enterprise Revenue Bonds, Series 2006 bonds totaling \$11,040,192, plus an additional \$1,018,755 of the Enterprise Revenue Bonds, Series 2004 sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Enterprise Revenue Bonds, Series 2004 bonds. As a result, the Enterprise Revenue Bonds, Series 2004 bonds are considered defeased and the liability for those bonds has been removed from the statement of net assets of the Water enterprise fund.

The advanced refunding resulted in an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$28,820 and a reduction of total debt service payments of \$1,069,484.

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

Year Ending June 30	Principal	Interest	Total
2008	\$ -	2,942,938	2,942,938
2009	-	2,942,938	2,942,938
2010	1,225,000	2,942,938	4,167,938
2011	1,280,000	2,893,937	4,173,937
2012	1,320,000	2,842,738	4,162,738
2013-2017	7,415,000	13,365,587	20,780,587
2018-2022	9,245,000	11,575,713	20,820,713
2023-2027	11,720,000	9,094,624	20,814,624
2028-2032	14,830,000	5,986,250	20,816,250
2033-2036	<u>14,760,000</u>	<u>1,890,000</u>	<u>16,650,000</u>
Total	<u>\$61,795,000</u>	<u>56,477,663</u>	<u>118,272,663</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(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, 2007 was \$1,715,000.

\$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, 2007 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, 2007 was \$8,500,000.

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.

CITY OF INDIO
Notes to Basic Financial Statements
Year Ended June 30, 2007

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

<u>Description</u>	<u>Issuance Date</u>	<u>Face Value</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding Principal as of June 30, 2007</u>
A.D. No. 99-1	12/16/1999	\$3,160,000	7.125%	9/2/2020	\$ 2,625,000
A.D. No. 01-1	7/10/2001	\$4,840,143	6.500%	9/2/2026	\$ 4,440,000
A.D. No. 02-1	5/2/2002	\$4,403,000	5.25% to 6.375%	9/2/2027	\$ 4,120,000
A.D. No. 02-2	8/8/2002	\$2,761,000	2.75% to 6.125%	9/2/2027	\$ 2,530,000
A.D. No. 02-3	11/27/2002	\$5,319,050	4.00% to 6.35%	9/2/2027	\$ 4,835,000
A. D. No. 90-1	7/18/2002	\$2,260,000	4.700%	9/2/2013	\$ 1,515,000
A.D. No. 03-1	1/15/2004	\$2,450,500	2.375% to 6.10%	9/2/2014	\$ 2,340,000
A.D. No. 03-2	1/15/2004	\$1,965,000	2.375% to 6.10%	9/2/2014	\$ 1,875,000
A.D. No. 03-3	12/23/2003	\$5,654,000	2.25% to 6.125%	9/2/2014	\$ 5,395,000
A.D. No. 03-5	3/9/2004	\$1,890,000	2.20% to 5.875%	9/2/2022	\$ 1,800,000
A.D. No. 03-6	3/31/2004	\$2,301,600	2.35% to 5.50%	9/2/2018	\$ 2,195,000
A.D. No. 04-1	9/30/2004	\$2,265,000	2.80% to 6.00%	9/2/2030	\$ 2,215,000
A.D. No. 04-2	11/4/2004	\$3,604,000	1.67% to 3.866%	9/2/2030	\$ 3,525,000
A.D. No. 04-3 (Desert Trace)	2/24/2005	\$7,350,000	2.90% to 5.50%	9/2/2030	\$ 7,185,000
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
C.F.D. No. 02-1 (Sonora Wells)	10/18/2006	\$10,225,000	3.90% to 5.125%	9/1/2036	\$ 10,225,000

(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.

Contributions

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 City contracts with employee bargaining groups.

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, 2006 to June 30, 2007 has been determined by an actuarial valuation of the plan as of June 30, 2004. The contribution rate indicated for the period is 15.475% of payroll and 11.617% for the Safety Plan and Miscellaneous Plan, respectively. The City's covered payroll for PERS was \$6,689,753 and \$8,599,670 for the Safety Plan and Miscellaneous Plan, respectively, for the year ended June 30, 2007. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2007, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2006 to June 30, 2007.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(14) Defined Benefit Plan, (Continued)

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

Miscellaneous Plan

Valuation Date	June 30, 2004
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	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%.

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 6% 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.

Annual Pension Cost

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>
6/30/05	\$ 282,270	297,578	100%	-
6/30/06	1,377,056	948,563	100%	-
6/30/07	1,474,881	1,292,642	100%	-

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>
6/30/04	\$24,248,377	23,388,399	859,978	96.5%	6,152,163	14.0%
6/30/05	26,904,871	24,974,127	1,930,744	92.8%	7,158,745	27.0%
6/30/06	30,376,806	27,643,007	2,733,799	91.0%	9,624,340	28.4%

Information is based on the most recent Actuarial Valuation.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(15) Restatement of Net Assets

During fiscal year 2006-2007, net assets were restated for the Proprietary Fund, the Business-Type Activities and the Discretely Presented Component Unit based on the following:

- (a) To present the Indio Water Authority as a blended component unit of the City, instead of as a discretely presented component unit.

The following schedules summarize the effects of the prior period adjustments to the Government-wide Statements.

Proprietary Funds:

	<u>Business-Type Activities - Enterprise</u>
Net assets at beginning of year, as previously reported	\$ 1,398,219
(a) Adjustment to present the Indio Water Authority as a blended component unit of the City	<u>150,452,078</u>
Net assets at beginning of year, as restated	<u>\$151,850,297</u>

Government-Wide Statements:

	<u>Business Type Activities</u>	<u>Component Unit</u>
Net assets at beginning of year, as previously reported	\$ 1,398,219	150,452,078
(a) Adjustment to present the Indio Water Authority as a blended component unit of the City	<u>150,452,078</u>	<u>(150,452,078)</u>
Net assets at beginning of year, as restated	<u>\$151,850,297</u>	<u>-</u>

(16) Compliance with Budgetary Limitations

For the fiscal year ended June 30, 2007, the following funds reflected expenditures in excess of budgeted amounts:

	<u>Amount of Excess</u>
General Fund	
General Government:	
Finance	\$ (78,299)

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(16) Compliance with Budgetary Limitations, (Continued)

	<u>Amount of Excess</u>
Public Safety:	
Police field service	(1,120,054)
Police special services	(431,499)
Ambulance service	(642,388)
Public works:	
Street maintenance	(133,894)
Community Development:	
Code enforcement	(15,904)
Economic redevelopment	(129,711)
Culture and Leisure:	
Parks and parkways	(105,740)
Special Revenue Funds:	
Traffic Safety	(7,599)
Public Safety	(834)
Supplemental Law Enforcement	(72,609)
Homeland Security	(17)
Abandoned Vehicle	(8,201)
NPDES	(15,156)
Community Facilities District	(58,661)
Debt Service Funds:	
2002 Park COP's	(293)
General Debt Service	(293,335)
Redevelopment Agency	(2,585,155)
Capital Projects Fund:	
Assessment District	(11,251,482)

(17) Deficit Fund Balances

As of June 30, 2007, a deficit fund balance was recorded in the following funds:

	<u>Fund Deficit</u>
Special Revenue Funds:	
Abandoned Vehicle	\$ (4,921)

(18) 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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2007

(18) Contingent Liabilities, (Continued)

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 25% of sales and use taxes derived from the annexed property to the County for the remainder of a thirty-year period ending in the year 2027. 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 2006-2007, payment in the amount of \$454,518 was made to the County.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INDIO
General Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2007

	Budget		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
Taxes:					
Property taxes	\$ 3,653,420	3,653,420	6,023,751	2,370,331	4,147,837
Document transfer tax	750,000	750,000	711,875	(38,125)	1,163,471
Sales tax	7,290,000	7,290,000	7,470,677	180,677	7,001,916
In-lieu sales tax	2,000,000	2,000,000	2,332,396	332,396	2,183,096
Utility taxes	3,800,000	3,800,000	4,645,944	845,944	4,418,874
Franchise taxes	1,732,000	1,732,000	1,923,277	191,277	1,313,361
Transient occupancy tax	1,300,000	1,300,000	1,818,380	518,380	1,331,090
Total taxes	<u>20,525,420</u>	<u>20,525,420</u>	<u>24,926,300</u>	<u>4,400,880</u>	<u>21,559,645</u>
Licenses and permits:					
Business licenses	525,000	699,000	779,044	80,044	478,860
Building permits	6,024,000	6,024,000	3,437,918	(2,586,082)	7,260,742
Other licenses and permits	146,545	146,545	123,340	(23,205)	131,558
Total licenses and permits	<u>6,695,545</u>	<u>6,869,545</u>	<u>4,340,302</u>	<u>(2,529,243)</u>	<u>7,871,160</u>
Intergovernmental:					
Motor vehicle license fees	351,000	351,000	416,496	65,496	432,842
In-lieu motor vehicle license fee	5,244,124	5,244,124	6,387,910	1,143,786	5,724,248
Grants	199,776	199,776	309,794	110,018	138,445
Total intergovernmental	<u>5,794,900</u>	<u>5,794,900</u>	<u>7,114,200</u>	<u>1,319,300</u>	<u>6,295,535</u>
Charges for services:					
Utility user fees	505,000	505,000	553,155	48,155	616,179
Plan checks and inspections	3,304,000	3,304,000	3,138,499	(165,501)	3,763,586
Facility rentals	1,335,140	1,371,140	1,419,705	48,565	1,315,920
Fire and ambulance	775,000	775,000	1,026,562	251,562	942,842
Other	6,951,200	6,951,200	4,486,876	(2,464,324)	2,521,678
Total charges for services	<u>12,870,340</u>	<u>12,906,340</u>	<u>10,624,797</u>	<u>(2,281,543)</u>	<u>9,160,205</u>
Fines:					
Vehicle fines	200,000	200,000	243,376	43,376	233,590
Parking fines	265,000	265,000	341,524	76,524	313,298
Other fines	14,661	14,661	233,059	218,398	34,144
Total fines	<u>479,661</u>	<u>479,661</u>	<u>817,959</u>	<u>338,298</u>	<u>581,032</u>
Investment income	500,000	500,000	1,405,947	905,947	1,057,554
Miscellaneous:					
Police	284,500	284,500	268,472	(16,028)	377,795
Other	530,300	530,300	1,024,032	493,732	540,277
Total miscellaneous	<u>814,800</u>	<u>814,800</u>	<u>1,292,504</u>	<u>477,704</u>	<u>918,072</u>
Total revenues	<u>\$ 47,680,666</u>	<u>47,890,666</u>	<u>50,522,009</u>	<u>2,631,343</u>	<u>47,443,203</u>

CITY OF INDIO
 General Fund
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2007

	Budget		Actual	Variance with Final Budget	Prior Year
	Original	Final		Positive (Negative)	Actual
General Government:					
City council	\$ 352,961	352,961	338,671	14,290	246,754
City manager	4,001,170	4,002,392	3,902,199	100,193	3,421,664
Finance	1,240,624	1,299,824	1,378,123	(78,299)	1,083,509
General administration	1,851,075	1,851,074	1,282,339	568,735	1,801,578
City attorney	749,312	749,312	746,881	2,431	782,127
Total general government	<u>8,195,142</u>	<u>8,255,563</u>	<u>7,648,213</u>	<u>607,350</u>	<u>7,335,632</u>
Public Safety:					
Police administration	1,305,165	1,312,585	1,310,561	2,024	999,700
Police field services	10,564,818	10,512,399	11,632,453	(1,120,054)	8,619,909
Police special services	2,637,948	2,649,948	3,081,447	(431,499)	2,492,129
Police traffic safety	618,695	618,695	552,735	65,960	552,108
Fire	6,046,846	6,046,846	5,709,703	337,143	5,444,556
Ambulance service	2,629,236	2,629,236	3,316,732	(687,496)	2,230,786
Animal control	646,407	948,777	782,790	165,987	387,687
Other public safety	226,366	224,366	213,567	10,799	178,291
Total public safety	<u>24,675,481</u>	<u>24,942,852</u>	<u>26,599,988</u>	<u>(1,657,136)</u>	<u>20,905,166</u>
Public works:					
Street lighting	502,971	504,971	464,420	40,551	408,206
Street maintenance	1,350,577	1,342,917	1,476,811	(133,894)	1,220,388
Slurry seal program	-	-	-	-	41,605
Street cleaning	628,907	672,207	659,746	12,461	351,515
Total public works	<u>2,482,455</u>	<u>2,520,095</u>	<u>2,600,977</u>	<u>(80,882)</u>	<u>2,021,714</u>
Community development:					
Engineering	3,495,423	3,495,423	2,752,452	742,971	2,505,531
Building/safety	2,420,345	2,420,345	1,830,752	589,593	1,802,988
Code enforcement	973,960	1,018,960	1,034,864	(15,904)	820,545
Economic redevelopment	528,053	528,053	657,764	(129,711)	155,240
Planning	2,660,709	2,942,864	1,747,711	1,195,153	1,758,219
Total community developmen	<u>10,078,490</u>	<u>10,405,645</u>	<u>8,023,543</u>	<u>2,382,102</u>	<u>7,042,523</u>
Culture and leisure:					
Parks and parkways	1,385,575	1,385,575	1,491,315	(105,740)	1,357,555
Senior center	320,959	320,959	313,919	7,040	252,008
Other	112,686	112,686	22,002	90,684	112,739
Total culture and leisure	<u>1,819,220</u>	<u>1,819,220</u>	<u>1,827,236</u>	<u>(8,016)</u>	<u>1,722,302</u>
Total expenditures	<u>\$ 47,250,788</u>	<u>47,943,375</u>	<u>46,699,957</u>	<u>1,243,418</u>	<u>39,027,337</u>

CITY OF INDIO

Notes to the Required Supplementary Information

Year Ended June 30, 2007

(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, 2007, expenditures exceeded appropriations in the following:

	<u>Amount of Excess</u>
General Fund	
Finance	\$ (78,299)
Police field service	(1,120,054)
Police special services	(431,499)
Ambulance service	(642,388)
Street maintenance	(133,894)
Code enforcement	(15,904)
Economic redevelopment	(129,711)
Parks and parkways	(105,740)

SUPPLEMENTARY SCHEDULES

CITY OF INDIO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals	
				<u>2007</u>	<u>2006</u>
<u>Assets</u>					
Cash and investments	\$ 12,111,591	-	-	12,111,591	13,237,872
Cash and investments with fiscal agent	339,083	2,592,141	-	2,931,224	716,299
Due from other governments	589,837	-	-	589,837	1,250,520
Interest receivable	79,978	-	-	79,978	52,198
Notes receivable	<u>1,783,242</u>	<u>-</u>	<u>-</u>	<u>1,783,242</u>	<u>144,220</u>
Total assets	<u>\$ 14,903,731</u>	<u>2,592,141</u>	<u>-</u>	<u>17,495,872</u>	<u>15,401,109</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 1,034,542	-	-	1,034,542	2,137,409
Accrued liabilities	6,792	-	-	6,792	3,065
Due to other funds	44,921	-	-	44,921	4,545
Deposits payable	<u>37,909</u>	<u>-</u>	<u>-</u>	<u>37,909</u>	<u>19,869</u>
Total liabilities	<u>1,124,164</u>	<u>-</u>	<u>-</u>	<u>1,124,164</u>	<u>2,164,888</u>
Fund balances:					
Reserved:					
Encumbrances	907,164	-	-	907,164	235,473
Notes receivable	1,783,242	-	-	1,783,242	144,220
Low and moderate housing	4,955,652	-	-	4,955,652	4,409,486
Debt service	-	2,592,141	-	2,592,141	794,310
Unreserved:					
Designated for special projects and programs	6,133,509	-	-	6,133,509	7,650,625
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,107</u>
Total fund balances	<u>13,779,567</u>	<u>2,592,141</u>	<u>-</u>	<u>16,371,708</u>	<u>13,236,221</u>
Total liabilities and fund balances	<u>\$ 14,903,731</u>	<u>2,592,141</u>	<u>-</u>	<u>17,495,872</u>	<u>15,401,109</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2007

	Special	Debt	Capital	Totals	
	Revenue Funds	Service Funds	Projects Funds	2007	2006
Revenues:					
Taxes	\$ 5,484,133	-	-	5,484,133	5,181,179
Special assessments	2,412,141	-	-	2,412,141	1,444,293
Intergovernmental	1,612,697	-	-	1,612,697	2,839,461
Fines	253,887	-	-	253,887	233,775
Investment income	656,665	84,780	129	741,574	464,735
Miscellaneous	1,568,092	-	-	1,568,092	286,296
Total revenues	11,987,615	84,780	129	12,072,524	10,449,739
Expenditures:					
Current:					
General government	383,797	-	-	383,797	702,221
Public safety - police	671,847	-	-	671,847	689,128
Public works	11,698,731	-	-	11,698,731	5,962,313
Community development	163,598	-	-	163,598	1,074,427
Debt service:					
Principal	-	622,573	-	622,573	732,669
Interest and other charges	-	1,002,111	-	1,002,111	217,217
Total expenditures	12,917,973	1,624,684	-	14,542,657	9,377,975
Excess (deficiency) of revenues over (under) expenditures	(930,358)	(1,539,904)	129	(2,470,133)	1,071,764
Other financing sources (uses):					
Interfund transfers in	-	4,223,600	-	4,223,600	932,386
Interfund transfers out	(1,728,733)	(885,865)	(3,382)	(2,617,980)	(735,189)
Issuance of debt	4,000,000	-	-	4,000,000	-
Total other financing sources (uses)	2,271,267	3,337,735	(3,382)	5,605,620	197,197
Net change in fund balances	1,340,909	1,797,831	(3,253)	3,135,487	1,268,961
Fund balances at beginning of year	12,438,658	794,310	3,253	13,236,221	11,967,260
Fund balances at end of year	\$ 13,779,567	2,592,141	-	16,371,708	13,236,221

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 program revenues and expenditures relating to 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.

Federal Grants Fund – To account for revenue and expenditures of federal grants.

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.

Abandoned Vehicle Fund – To account for cost associated with the removal and disposition of abandoned vehicles from private property and the State of California's partial reimbursement of those costs.

Unclaimed Property Fund – To account for revenues and expenditures associated with property seized during police activities.

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 48 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.

Waste Recycling AB939 - To account for revenues and expenditures related to compliance with State of California Assembly Bill 939, which requires cities to divert 50% of their waste away from landfills.

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, 2007

	<u>Gas Tax</u>	<u>Traffic Safety Fund</u>	<u>Federal Grants Fund</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcement</u>	<u>CDBG</u>	<u>LLEBG</u>
<u>Assets</u>							
Cash and investments	\$1,769,492	249,180	28,945	512,455	78,346	-	84,376
Cash with fiscal agent	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interest receivable	11,131	1,572	465	3,172	1,066	-	522
Notes receivable	-	-	-	-	-	-	-
Total assets	<u>\$1,780,623</u>	<u>250,752</u>	<u>29,410</u>	<u>515,627</u>	<u>79,412</u>	<u>-</u>	<u>84,898</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 377,509	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-	-
Total liabilities	<u>377,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved for:							
Encumbrances	284,508	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Low and moderate housing	-	-	-	-	-	-	-
Unreserved:							
Designated for special projects and programs	<u>1,118,606</u>	<u>250,752</u>	<u>29,410</u>	<u>515,627</u>	<u>79,412</u>	<u>-</u>	<u>84,898</u>
Total fund balances (deficits)	<u>1,403,114</u>	<u>250,752</u>	<u>29,410</u>	<u>515,627</u>	<u>79,412</u>	<u>-</u>	<u>84,898</u>
Total liabilities and fund balances	<u>\$1,780,623</u>	<u>250,752</u>	<u>29,410</u>	<u>515,627</u>	<u>79,412</u>	<u>-</u>	<u>84,898</u>

<u>Homeland Security</u>	<u>Abandoned Vehicle</u>	<u>Unclaimed Property</u>	<u>Measure A</u>	<u>Article 3</u>	<u>NPDES</u>	<u>Air Quality</u>	<u>Business Improvement District</u>	<u>Lighting and Landscape</u>
-	-	37,186	1,771,510	302	283,829	56,143	-	1,535,187
-	-	-	-	-	-	-	-	-
40,000	-	-	290,294	-	-	22,370	-	40,545
-	-	77	8,903	2	1,817	272	-	8,392
-	-	-	-	-	-	-	-	-
<u>40,000</u>	<u>-</u>	<u>37,263</u>	<u>2,070,707</u>	<u>304</u>	<u>285,646</u>	<u>78,785</u>	<u>-</u>	<u>1,584,124</u>
-	-	-	569,405	-	-	21,187	-	39,333
-	-	-	-	-	2,860	-	-	-
40,000	4,921	-	-	-	-	-	-	-
-	-	-	30,659	-	-	-	-	7,250
<u>40,000</u>	<u>4,921</u>	<u>-</u>	<u>600,064</u>	<u>-</u>	<u>2,860</u>	<u>21,187</u>	<u>-</u>	<u>46,583</u>
-	-	-	324,944	-	-	8,212	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>(4,921)</u>	<u>37,263</u>	<u>1,145,699</u>	<u>304</u>	<u>282,786</u>	<u>49,386</u>	<u>-</u>	<u>1,537,541</u>
<u>-</u>	<u>(4,921)</u>	<u>37,263</u>	<u>1,470,643</u>	<u>304</u>	<u>282,786</u>	<u>57,598</u>	<u>-</u>	<u>1,537,541</u>
<u>40,000</u>	<u>-</u>	<u>37,263</u>	<u>2,070,707</u>	<u>304</u>	<u>285,646</u>	<u>78,785</u>	<u>-</u>	<u>1,584,124</u>

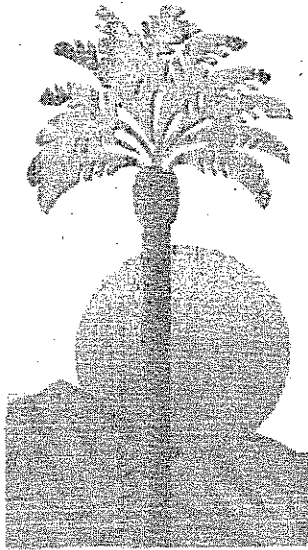
(Continued)

CITY OF INDIO
Combining Balance Sheet

Nonmajor Special Revenue Funds

(Continued)

	Asset <u>Forfeiture</u>	Indian Gaming <u>SB 621</u>	Waste Recycling <u>AB939</u>	Community Facilities <u>District</u>	Low and Moderate <u>Housing</u>	Totals	
						<u>2007</u>	<u>2006</u>
<u>Assets</u>							
Cash and investments	\$ 93,943	1,103,287	28,036	-	4,479,374	12,111,591	12,813,963
Cash with fiscal agents	-	-	-	-	339,083	339,083	338,105
Due from other governments	-	8,033	-	78,208	110,387	589,837	1,250,520
Interest receivable	815	5,091	-	5,410	31,271	79,978	52,193
Notes receivable	-	-	-	-	1,783,242	1,783,242	144,220
Total assets	<u>\$ 94,758</u>	<u>1,116,411</u>	<u>28,036</u>	<u>83,618</u>	<u>6,743,357</u>	<u>14,903,731</u>	<u>14,599,001</u>
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts payable	\$ 20,652	5,925	-	-	531	1,034,542	2,137,409
Accrued liabilities	-	-	-	-	3,932	6,792	3,065
Due to other funds	-	-	-	-	-	44,921	-
Deposits payable	-	-	-	-	-	37,909	19,869
Total liabilities	<u>20,652</u>	<u>5,925</u>	<u>-</u>	<u>-</u>	<u>4,463</u>	<u>1,124,164</u>	<u>2,160,343</u>
<u>Fund balances:</u>							
<u>Reserved for:</u>							
Encumbrances	9,500	280,000	-	-	-	907,164	235,473
Notes receivable	-	-	-	-	1,783,242	1,783,242	144,220
Low and moderate housing	-	-	-	-	4,955,652	4,955,652	4,409,486
<u>Unreserved:</u>							
Designated for special projects and programs	64,606	830,486	28,036	83,618	-	6,133,509	7,649,479
Total fund balances (deficits)	<u>74,106</u>	<u>1,110,486</u>	<u>28,036</u>	<u>83,618</u>	<u>6,738,894</u>	<u>13,779,567</u>	<u>12,438,658</u>
Total liabilities and fund balances	<u>\$ 94,758</u>	<u>1,116,411</u>	<u>28,036</u>	<u>83,618</u>	<u>6,743,357</u>	<u>14,903,731</u>	<u>14,599,001</u>



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

Nonmajor Special Revenue Funds

Year Ended June 30, 2007

	<u>Gas Tax</u>	<u>Traffic Safety Fund</u>	<u>Federal Grants Fund</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcement</u>	<u>CDBG</u>	<u>LLEBG</u>
Revenues:							
Taxes	\$ 1,325,840	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Intergovernmental	421,765	-	26,181	50,058	139,465	-	29,116
Fines	-	183,760	-	-	-	-	-
Investment income	133,448	19,532	3,229	25,324	6,220	86	3,351
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>1,881,053</u>	<u>203,292</u>	<u>29,410</u>	<u>75,382</u>	<u>145,685</u>	<u>86</u>	<u>32,467</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety - police	-	287,599	-	834	72,609	-	5,945
Public works	2,928,102	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total expenditures	<u>2,928,102</u>	<u>287,599</u>	<u>-</u>	<u>834</u>	<u>72,609</u>	<u>-</u>	<u>5,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,047,049)</u>	<u>(84,307)</u>	<u>29,410</u>	<u>74,548</u>	<u>73,076</u>	<u>86</u>	<u>26,522</u>
Other financing sources (uses):							
Interfund transfers out	-	-	-	-	-	(2,259)	-
Issuance of debt	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,259)</u>	<u>-</u>
Net change in fund balances	<u>(1,047,049)</u>	<u>(84,307)</u>	<u>29,410</u>	<u>74,548</u>	<u>73,076</u>	<u>(2,173)</u>	<u>26,522</u>
Fund balances (deficits) at beginning of year	<u>2,450,163</u>	<u>335,059</u>	<u>-</u>	<u>441,079</u>	<u>6,336</u>	<u>2,173</u>	<u>58,376</u>
Fund balances (deficits) at end of year	<u>\$ 1,403,114</u>	<u>250,752</u>	<u>29,410</u>	<u>515,627</u>	<u>79,412</u>	<u>-</u>	<u>84,898</u>

<u>Homeland Security</u>	<u>Abandoned Vehicle</u>	<u>Unclaimed Property</u>	<u>Measure A</u>	<u>Article 3</u>	<u>NPDES</u>	<u>Air Quality</u>	<u>Business Improvement District</u>	<u>Lighting and Landscape</u>
-	-	-	1,721,228	-	-	-	-	-
-	-	-	-	-	-	-	-	1,068,433
120,811	3,280	-	-	44,000	-	106,452	-	-
-	-	37,097	-	-	-	-	-	-
98	-	166	117,545	32	18,601	1,873	-	59,650
-	-	-	1,428,182	-	-	-	-	-
<u>120,909</u>	<u>3,280</u>	<u>37,263</u>	<u>3,266,955</u>	<u>44,032</u>	<u>18,601</u>	<u>108,325</u>	<u>-</u>	<u>1,128,083</u>
-	8,201	-	-	45,193	-	-	-	-
125,056	-	-	-	-	-	-	-	-
-	-	-	7,949,807	-	134,616	71,201	-	615,005
-	-	-	-	-	-	-	-	-
<u>125,056</u>	<u>8,201</u>	<u>-</u>	<u>7,949,807</u>	<u>45,193</u>	<u>134,616</u>	<u>71,201</u>	<u>-</u>	<u>615,005</u>
<u>(4,147)</u>	<u>(4,921)</u>	<u>37,263</u>	<u>(4,682,852)</u>	<u>(1,161)</u>	<u>(116,015)</u>	<u>37,124</u>	<u>-</u>	<u>513,078</u>
(2,722)	-	-	-	-	-	-	(6)	-
-	-	-	4,000,000	-	-	-	-	-
<u>(2,722)</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
(6,869)	(4,921)	37,263	(682,852)	(1,161)	(116,015)	37,124	(6)	513,078
<u>6,869</u>	<u>-</u>	<u>-</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>-</u>	<u>(4,921)</u>	<u>37,263</u>	<u>1,470,643</u>	<u>304</u>	<u>282,786</u>	<u>57,598</u>	<u>-</u>	<u>1,537,541</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	Waste Recycling AB939	Community Facilities District	Low and Moderate Housing	Totals	
						2007	2006
Revenues:							
Taxes	\$ -	-	-	-	2,437,065	5,484,133	5,181,179
Special assessments	-	-	-	1,343,708	-	2,412,141	1,444,293
Intergovernmental	-	671,569	-	-	-	1,612,697	2,839,461
Fines	-	-	33,030	-	-	253,887	233,775
Investment income	6,217	35,255	-	19,840	206,198	656,665	445,937
Miscellaneous	106,483	-	-	-	33,427	1,568,092	286,296
Total revenues	112,700	706,824	33,030	1,363,548	2,676,690	11,987,615	10,430,941
Expenditures:							
Current:							
General government	-	325,409	4,994	-	-	383,797	702,221
Public safety - police	89,912	-	-	89,892	-	671,847	689,128
Public works	-	-	-	-	-	11,698,731	5,962,313
Community development	-	-	-	-	163,598	163,598	1,074,427
Total expenditures	89,912	325,409	4,994	89,892	163,598	12,917,973	8,428,089
Excess (deficiency) of revenues over (under) expenditures	22,788	381,415	28,036	1,273,656	2,513,092	(930,358)	2,002,852
Other financing sources (uses):							
Interfund transfers out	-	(120,115)	-	(1,275,727)	(327,904)	(1,728,733)	(735,189)
Issuance of debt	-	-	-	-	-	4,000,000	-
Total other financing sources (uses)	-	(120,115)	-	(1,275,727)	(327,904)	2,271,267	(735,189)
Net change in fund balances	22,788	261,300	28,036	(2,071)	2,185,188	1,340,909	1,267,663
Fund balances (deficits) at beginning of year	51,318	849,186	-	85,689	4,553,706	12,438,658	11,170,995
Fund balances (deficits) at end of year	\$ 74,106	1,110,486	28,036	83,618	6,738,894	13,779,567	12,438,658

CITY OF INDIO
Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 1,227,000	1,325,840	98,840	1,230,989
Intergovernmental	250,000	421,765	171,765	301,710
Investment income	<u>40,000</u>	<u>133,448</u>	<u>93,448</u>	<u>96,100</u>
Total revenues	<u>1,517,000</u>	<u>1,881,053</u>	<u>364,053</u>	<u>1,628,799</u>
Expenditures:				
Current:				
Public works	<u>3,884,457</u>	<u>2,928,102</u>	<u>956,355</u>	<u>856,201</u>
Total expenditures	<u>3,884,457</u>	<u>2,928,102</u>	<u>956,355</u>	<u>856,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,367,457)</u>	<u>(1,047,049)</u>	<u>1,320,408</u>	<u>772,598</u>
Fund balance at beginning of year	<u>2,450,163</u>	<u>2,450,163</u>	<u>-</u>	<u>1,677,565</u>
Fund balance at end of year	<u>\$ 82,706</u>	<u>1,403,114</u>	<u>1,320,408</u>	<u>2,450,163</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Fines	\$ 250,000	183,760	(66,240)	233,775
Investment income	-	19,532	19,532	14,695
	<u>250,000</u>	<u>203,292</u>	<u>(46,708)</u>	<u>248,470</u>
Expenditures:				
Current:				
Public safety - police	<u>280,000</u>	<u>287,599</u>	<u>(7,599)</u>	<u>385,428</u>
	<u>280,000</u>	<u>287,599</u>	<u>(7,599)</u>	<u>385,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,000)</u>	<u>(84,307)</u>	<u>(54,307)</u>	<u>(136,958)</u>
Fund balance at beginning of year	<u>335,059</u>	<u>335,059</u>	<u>-</u>	<u>472,017</u>
Fund balance at end of year	<u>\$ 305,059</u>	<u>250,752</u>	<u>(54,307)</u>	<u>335,059</u>

CITY OF INDIO
 Federal Grants Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 19,688,936	26,181	(19,662,755)	-
Investment income	<u>-</u>	<u>3,229</u>	<u>3,229</u>	<u>-</u>
Total revenues	<u>19,688,936</u>	<u>29,410</u>	<u>(19,659,526)</u>	<u>-</u>
Expenditures:				
Current:				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,688,936</u>	<u>29,410</u>	<u>(19,659,526)</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,688,936</u>	<u>29,410</u>	<u>(19,659,526)</u>	<u>-</u>

CITY OF INDIO
 Public Safety Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ -	-	-	329,109
Intergovernmental	64,940	50,058	(14,882)	148,555
Investment income	<u>5,000</u>	<u>25,324</u>	<u>20,324</u>	<u>18,172</u>
 Total revenues	 <u>69,940</u>	 <u>75,382</u>	 <u>5,442</u>	 <u>495,836</u>
 Expenditures:				
Current:				
Public safety - police	<u>-</u>	<u>834</u>	<u>(834)</u>	<u>29,514</u>
 Total expenditures	 <u>-</u>	 <u>834</u>	 <u>(834)</u>	 <u>29,514</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>69,940</u>	 <u>74,548</u>	 <u>4,608</u>	 <u>466,322</u>
 Other financing sources (uses):				
Interfund transfers out	<u>(64,900)</u>	<u>-</u>	<u>64,900</u>	<u>(250,000)</u>
 Total other financing sources (uses)	 <u>(64,900)</u>	 <u>-</u>	 <u>64,900</u>	 <u>(250,000)</u>
 Net change in fund balances	 5,040	 74,548	 69,508	 216,322
 Fund balance at beginning of year	 <u>441,079</u>	 <u>441,079</u>	 <u>-</u>	 <u>224,757</u>
 Fund balance at end of year	 <u>\$ 446,119</u>	 <u>515,627</u>	 <u>69,508</u>	 <u>441,079</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 100,000	139,465	39,465	101,255
Investment income	-	6,220	6,220	2,099
	<u>100,000</u>	<u>145,685</u>	<u>45,685</u>	<u>103,354</u>
Expenditures:				
Current:				
Public safety - police	-	72,609	(72,609)	101,829
	<u>-</u>	<u>72,609</u>	<u>(72,609)</u>	<u>101,829</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,000</u>	<u>73,076</u>	<u>(26,924)</u>	<u>1,525</u>
Other financing sources (uses):				
Interfund transfers out	<u>(100,000)</u>	-	100,000	-
	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	-	73,076	73,076	1,525
Fund balance at beginning of year	<u>6,336</u>	<u>6,336</u>	<u>-</u>	<u>4,811</u>
Fund balance at end of year	<u>\$ 6,336</u>	<u>79,412</u>	<u>73,076</u>	<u>6,336</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 459,000	-	(459,000)	1,018,357
Investment income	<u>200</u>	<u>86</u>	<u>(114)</u>	<u>40</u>
Total revenues	<u>459,200</u>	<u>86</u>	<u>(459,114)</u>	<u>1,018,397</u>
Expenditures:				
Current:				
Community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,016,980</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,016,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>459,200</u>	<u>86</u>	<u>(459,114)</u>	<u>1,417</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(2,259)</u>	<u>(2,259)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,259)</u>	<u>(2,259)</u>	<u>-</u>
Net change in fund balances	459,200	(2,173)	(461,373)	1,417
Fund balance at beginning of year	<u>2,173</u>	<u>2,173</u>	<u>-</u>	<u>756</u>
Fund balance at end of year	<u>\$ 461,373</u>	<u>-</u>	<u>(461,373)</u>	<u>2,173</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 25,000	29,116	4,116	45,342
Investment income	<u>-</u>	<u>3,351</u>	<u>3,351</u>	<u>3,313</u>
Total revenues	<u>25,000</u>	<u>32,467</u>	<u>7,467</u>	<u>48,655</u>
Expenditures:				
Current:				
Public safety - police	<u>5,946</u>	<u>5,945</u>	<u>1</u>	<u>74,234</u>
Total expenditures	<u>5,946</u>	<u>5,945</u>	<u>1</u>	<u>74,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,054</u>	<u>26,522</u>	<u>7,468</u>	<u>(25,579)</u>
Fund balance at beginning of year	<u>58,376</u>	<u>58,376</u>	<u>-</u>	<u>83,955</u>
Fund balance at end of year	<u>\$ 77,430</u>	<u>84,898</u>	<u>7,468</u>	<u>58,376</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 210,000	120,811	(89,189)	41,424
Investment income	<u>-</u>	<u>98</u>	<u>98</u>	<u>158</u>
Total revenues	<u>210,000</u>	<u>120,909</u>	<u>(89,091)</u>	<u>41,582</u>
Expenditures:				
Current:				
Public safety - police	<u>125,039</u>	<u>125,056</u>	<u>(17)</u>	<u>-</u>
Total expenditures	<u>125,039</u>	<u>125,056</u>	<u>(17)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>84,961</u>	<u>(4,147)</u>	<u>(89,108)</u>	<u>41,582</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(2,722)</u>	<u>(2,722)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,722)</u>	<u>(2,722)</u>	<u>-</u>
Net change in fund balance	84,961	(6,869)	(91,830)	41,582
Fund balance at beginning of year	<u>6,869</u>	<u>6,869</u>	<u>-</u>	<u>(34,713)</u>
Fund balance at end of year	<u>\$ 91,830</u>	<u>-</u>	<u>(91,830)</u>	<u>6,869</u>

CITY OF INDIO
 Abandoned Vehicle Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	3,280	3,280	-
Total revenues	-	3,280	3,280	-
Expenditures:				
Current:				
General government	-	8,201	(8,201)	-
Total expenditures	-	8,201	(8,201)	-
Excess (deficiency) of revenues over (under) expenditures	-	(4,921)	(4,921)	-
Fund balance at beginning of year	-	-	-	-
Fund balance (deficit) at end of year	\$ -	(4,921)	(4,921)	-

CITY OF INDIO
 Unclaimed Property Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Fines	\$ -	37,097	37,097	-
Investment income	-	166	166	-
Total revenues	-	37,263	37,263	-
Expenditures:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	37,263	37,263	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	37,263	37,263	-

CITY OF INDIO
Measure A Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 1,680,000	1,721,228	41,228	1,825,875
Investment income	80,000	117,545	37,545	151,796
Miscellaneous	<u>-</u>	<u>1,428,182</u>	<u>1,428,182</u>	<u>162,093</u>
 Total revenues	 <u>1,760,000</u>	 <u>3,266,955</u>	 <u>1,506,955</u>	 <u>2,139,764</u>
 Expenditures:				
Current:				
Public works	<u>9,125,602</u>	<u>7,949,807</u>	<u>1,175,795</u>	<u>4,367,775</u>
 Total expenditures	 <u>9,125,602</u>	 <u>7,949,807</u>	 <u>1,175,795</u>	 <u>4,367,775</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(7,365,602)</u>	 <u>(4,682,852)</u>	 <u>2,682,750</u>	 <u>(2,228,011)</u>
 Other financing sources (uses):				
Interfund transfers out	-	-	-	(2,565)
Issuance of debt	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>4,000,000</u>	 <u>4,000,000</u>	 <u>(2,565)</u>
 Net change in fund balance	 (7,365,602)	 (682,852)	 6,682,750	 (2,230,576)
 Fund balance at beginning of year	 <u>2,153,495</u>	 <u>2,153,495</u>	 <u>-</u>	 <u>4,384,071</u>
 Fund balance (defecit) at end of year	 <u>\$ (5,212,107)</u>	 <u>1,470,643</u>	 <u>6,682,750</u>	 <u>2,153,495</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 144,000	44,000	(100,000)	-
Investment income	<u>1,000</u>	<u>32</u>	<u>(968)</u>	<u>54</u>
 Total revenues	 <u>145,000</u>	 <u>44,032</u>	 <u>(100,968)</u>	 <u>54</u>
Expenditures:				
Current:				
General government	<u>144,000</u>	<u>45,193</u>	<u>98,807</u>	<u>-</u>
 Total expenditures	 <u>144,000</u>	 <u>45,193</u>	 <u>98,807</u>	 <u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	 1,000	 (1,161)	 (2,161)	 54
 Fund balance at beginning of year	 <u>1,465</u>	 <u>1,465</u>	 <u>-</u>	 <u>1,411</u>
 Fund balance at end of year	 <u>\$ 2,465</u>	 <u>304</u>	 <u>(2,161)</u>	 <u>1,465</u>

CITY OF INDIO
 NPDES Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 100,000	-	(100,000)	-
Investment income	<u>6,000</u>	<u>18,601</u>	<u>12,601</u>	<u>14,661</u>
Total revenues	<u>106,000</u>	<u>18,601</u>	<u>(87,399)</u>	<u>14,661</u>
Expenditures:				
Current:				
Public works	<u>119,460</u>	<u>134,616</u>	<u>(15,156)</u>	<u>1,477</u>
Total expenditures	<u>119,460</u>	<u>134,616</u>	<u>(15,156)</u>	<u>1,477</u>
Excess (deficiency) of revenues over (under) expenditures	(13,460)	(116,015)	(102,555)	13,184
Fund balance at beginning of year	<u>398,801</u>	<u>398,801</u>	<u>-</u>	<u>385,617</u>
Fund balance at end of year	<u>\$ 385,341</u>	<u>282,786</u>	<u>(102,555)</u>	<u>398,801</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 70,000	106,452	36,452	77,608
Investment income	<u>1,500</u>	<u>1,873</u>	<u>373</u>	<u>608</u>
 Total revenues	 <u>71,500</u>	 <u>108,325</u>	 <u>36,825</u>	 <u>78,216</u>
 Expenditures:				
Current:				
Public works	<u>74,750</u>	<u>71,201</u>	<u>3,549</u>	<u>141,266</u>
 Total expenditures	 <u>74,750</u>	 <u>71,201</u>	 <u>3,549</u>	 <u>141,266</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(3,250)</u>	 <u>37,124</u>	 <u>40,374</u>	 <u>(63,050)</u>
 Fund balance at beginning of year	 <u>20,474</u>	 <u>20,474</u>	 <u>-</u>	 <u>83,524</u>
 Fund balance at end of year	 <u>\$ 17,224</u>	 <u>57,598</u>	 <u>40,374</u>	 <u>20,474</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	-	-	21
Total revenues	-	-	-	21
Excess (deficiency) of revenues over (under) expenditures	-	-	-	21
Other financing sources (uses):				
Interfund transfers out	-	(6)	(6)	(769)
Total other financing sources (uses)	-	(6)	(6)	(769)
Net change in fund balance	-	(6)	(6)	(748)
Fund balance at beginning of year	6	6	-	754
Fund balance at end of year	<u>\$ 6</u>	<u>-</u>	<u>(6)</u>	<u>6</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Special assessments	\$ 1,064,832	1,068,433	3,601	1,058,020
Investment income	<u>8,228</u>	<u>59,650</u>	<u>51,422</u>	<u>29,300</u>
Total revenues	<u>1,073,060</u>	<u>1,128,083</u>	<u>55,023</u>	<u>1,087,320</u>
Expenditures:				
Current:				
Public works	<u>1,130,822</u>	<u>615,005</u>	<u>515,817</u>	<u>595,594</u>
Total expenditures	<u>1,130,822</u>	<u>615,005</u>	<u>515,817</u>	<u>595,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,762)</u>	<u>513,078</u>	<u>570,840</u>	<u>491,726</u>
Fund balance at beginning of year	<u>1,024,463</u>	<u>1,024,463</u>	<u>-</u>	<u>532,737</u>
Fund balance at end of year	<u>\$ 966,701</u>	<u>1,537,541</u>	<u>570,840</u>	<u>1,024,463</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	6,217	6,217	2,352
Miscellaneous	<u>75,000</u>	<u>106,483</u>	<u>31,483</u>	<u>3,221</u>
Total revenues	<u>75,000</u>	<u>112,700</u>	<u>37,700</u>	<u>5,573</u>
Expenditures:				
Current:				
Public safety - police	<u>99,438</u>	<u>89,912</u>	<u>9,526</u>	<u>13,695</u>
Total expenditures	<u>99,438</u>	<u>89,912</u>	<u>9,526</u>	<u>13,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,438)</u>	<u>22,788</u>	<u>47,226</u>	<u>(8,122)</u>
Fund balance at beginning of year	<u>51,318</u>	<u>51,318</u>	<u>-</u>	<u>59,440</u>
Fund balance at end of year	<u>\$ 26,880</u>	<u>74,106</u>	<u>47,226</u>	<u>51,318</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 424,615	671,569	246,954	1,105,210
Investment income	<u>13,000</u>	<u>35,255</u>	<u>22,255</u>	<u>15,734</u>
 Total revenues	 <u>437,615</u>	 <u>706,824</u>	 <u>269,209</u>	 <u>1,120,944</u>
Expenditures:				
Current:				
General government	<u>330,750</u>	<u>325,409</u>	<u>5,341</u>	<u>702,221</u>
 Total expenditures	 <u>330,750</u>	 <u>325,409</u>	 <u>5,341</u>	 <u>702,221</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>106,865</u>	 <u>381,415</u>	 <u>274,550</u>	 <u>418,723</u>
Other financing sources (uses):				
Interfund transfers out	<u>(120,115)</u>	<u>(120,115)</u>	<u>-</u>	<u>(120,113)</u>
 Total other financing sources (uses)	 <u>(120,115)</u>	 <u>(120,115)</u>	 <u>-</u>	 <u>(120,113)</u>
 Net change in fund balance	 (13,250)	 261,300	 274,550	 298,610
 Fund balance at beginning of year	 <u>849,186</u>	 <u>849,186</u>	 <u>-</u>	 <u>550,576</u>
 Fund balance at end of year	 <u>\$ 835,936</u>	 <u>1,110,486</u>	 <u>274,550</u>	 <u>849,186</u>

CITY OF INDIO
Waste Recycling AB939 Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Fines	\$ -	33,030	33,030	-
Total revenues	-	33,030	33,030	-
Expenditures:				
Current:				
General government	-	4,994	(4,994)	-
Total expenditures	-	4,994	(4,994)	-
Excess (deficiency) of revenues over (under) expenditures	-	28,036	28,036	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	28,036	28,036	-

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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Special assessments	\$ 777,000	1,343,708	566,708	386,273
Investment income	-	19,840	19,840	1,375
 Total revenues	<u>777,000</u>	<u>1,363,548</u>	<u>586,548</u>	<u>387,648</u>
 Expenditures:				
Current:				
Public safety - police	<u>31,231</u>	<u>89,892</u>	<u>(58,661)</u>	<u>84,428</u>
 Total expenditures	<u>31,231</u>	<u>89,892</u>	<u>(58,661)</u>	<u>84,428</u>
 Excess (deficiency) of revenues over (under) expenditures	745,769	1,273,656	527,887	303,220
 Other financing sources (uses):				
Interfund transfers out	<u>(762,000)</u>	<u>(1,275,727)</u>	<u>(513,727)</u>	<u>-</u>
 Total other financing sources (uses)	<u>(762,000)</u>	<u>(1,275,727)</u>	<u>(513,727)</u>	<u>-</u>
 Net change in fund balance	(16,231)	(2,071)	14,160	303,220
 Fund balance (deficit) at beginning of year	<u>85,689</u>	<u>85,689</u>	<u>-</u>	<u>(217,531)</u>
 Fund balance (deficit) at end of year	<u>\$ 69,458</u>	<u>83,618</u>	<u>14,160</u>	<u>85,689</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 1,584,000	2,437,065	853,065	1,795,206
Investment income	32,000	206,198	174,198	95,459
Miscellaneous	<u>-</u>	<u>33,427</u>	<u>33,427</u>	<u>120,982</u>
 Total revenues	 <u>1,616,000</u>	 <u>2,676,690</u>	 <u>1,060,690</u>	 <u>2,011,647</u>
 Expenditures:				
Current:				
Community development	<u>1,031,608</u>	<u>163,598</u>	<u>868,010</u>	<u>57,447</u>
 Total expenditures	 <u>1,031,608</u>	 <u>163,598</u>	 <u>868,010</u>	 <u>57,447</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>584,392</u>	 <u>2,513,092</u>	 <u>1,928,700</u>	 <u>1,954,200</u>
 Other financing sources (uses):				
Interfund transfers out	<u>(454,268)</u>	<u>(327,904)</u>	<u>126,364</u>	<u>(361,742)</u>
 Total other financing sources (uses)	 <u>(454,268)</u>	 <u>(327,904)</u>	 <u>126,364</u>	 <u>(361,742)</u>
 Net change in fund balance	 130,124	 2,185,188	 2,055,064	 1,592,458
 Fund balance at beginning of year	 <u>4,553,706</u>	 <u>4,553,706</u>	 <u>-</u>	 <u>2,961,248</u>
 Fund balance at end of year	 <u>\$ 4,683,830</u>	 <u>6,738,894</u>	 <u>2,055,064</u>	 <u>4,553,706</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, 2007

	2002	General	Totals	
	<u>Park COP's</u>	<u>Debt Service</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>				
Cash and investments	\$ -	-	-	420,661
Cash and investments with fiscal agent	<u>-</u>	<u>2,592,141</u>	<u>2,592,141</u>	<u>378,194</u>
 Total assets	 <u>\$ -</u>	 <u>2,592,141</u>	 <u>2,592,141</u>	 <u>798,855</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	\$ -	-	-	4,545
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>4,545</u>
 Fund balances:				
Reserved:				
Debt service	-	2,592,141	2,592,141	794,310
 Total fund balances	 <u>-</u>	 <u>2,592,141</u>	 <u>2,592,141</u>	 <u>794,310</u>
 Total liabilities and fund balances	 <u>\$ -</u>	 <u>2,592,141</u>	 <u>2,592,141</u>	 <u>798,855</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2007

	2002 <u>Park COP's</u>	General <u>Debt Service</u>	<u>Totals</u>	
			<u>2007</u>	<u>2006</u>
Revenues:				
Investment income	\$ -	84,780	84,780	17,663
Total revenues	<u>-</u>	<u>84,780</u>	<u>84,780</u>	<u>17,663</u>
Expenditures:				
Debt service:				
Principal	220,000	402,573	622,573	732,669
Interest and other charges	<u>151,581</u>	<u>850,530</u>	<u>1,002,111</u>	<u>217,217</u>
Total expenditures	<u>371,581</u>	<u>1,253,103</u>	<u>1,624,684</u>	<u>949,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(371,581)</u>	<u>(1,168,323)</u>	<u>(1,539,904)</u>	<u>(932,223)</u>
Other financing sources (uses):				
Interfund transfers in	378,433	3,845,167	4,223,600	932,386
Interfund transfers out	<u>(380,501)</u>	<u>(505,364)</u>	<u>(885,865)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,068)</u>	<u>3,339,803</u>	<u>3,337,735</u>	<u>932,386</u>
Net change in fund balance	(373,649)	2,171,480	1,797,831	163
Fund balances at beginning of year	<u>373,649</u>	<u>420,661</u>	<u>794,310</u>	<u>794,147</u>
Fund balances at end of year	<u>\$ -</u>	<u>2,592,141</u>	<u>2,592,141</u>	<u>794,310</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ 8,000	-	(8,000)	14,916
Total revenues	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>	<u>14,916</u>
Expenditures:				
Debt service:				
Principal	220,000	220,000	-	215,000
Interest and other charges	<u>151,288</u>	<u>151,581</u>	<u>(293)</u>	<u>159,314</u>
Total expenditures	<u>371,288</u>	<u>371,581</u>	<u>(293)</u>	<u>374,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(363,288)</u>	<u>(371,581)</u>	<u>(8,293)</u>	<u>(359,398)</u>
Other financing sources (uses):				
Interfund transfers in	369,788	378,433	8,645	356,813
Interfund transfers out	<u>-</u>	<u>(380,501)</u>	<u>(380,501)</u>	<u>-</u>
Total other financing sources (uses)	<u>369,788</u>	<u>(2,068)</u>	<u>(371,856)</u>	<u>356,813</u>
Net change in fund balance	6,500	(373,649)	(380,149)	(2,585)
Fund balance at beginning of year	<u>373,649</u>	<u>373,649</u>	<u>-</u>	<u>376,234</u>
Fund balance (defecit) at end of year	<u>\$ 380,149</u>	<u>-</u>	<u>(380,149)</u>	<u>373,649</u>

CITY OF INDIO
 General Debt Service Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 15,000	84,780	69,780	2,747
Total revenues	<u>15,000</u>	<u>84,780</u>	<u>69,780</u>	<u>2,747</u>
Expenditures:				
Debt service:				
Principal	414,372	402,573	11,799	517,669
Interest and other charges	<u>599,195</u>	<u>850,530</u>	<u>(251,335)</u>	<u>57,903</u>
Total expenditures	<u>1,013,567</u>	<u>1,253,103</u>	<u>(239,536)</u>	<u>575,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(998,567)</u>	<u>(1,168,323)</u>	<u>(169,756)</u>	<u>(572,825)</u>
Other financing sources (uses):				
Interfund transfers in	875,515	3,845,167	2,969,652	575,573
Interfund transfers out	<u>-</u>	<u>(505,364)</u>	<u>(505,364)</u>	<u>-</u>
Total other financing sources (uses)	<u>875,515</u>	<u>3,339,803</u>	<u>2,464,288</u>	<u>575,573</u>
Net change in fund balance	(123,052)	2,171,480	2,294,532	2,748
Fund balance at beginning of year	<u>420,661</u>	<u>420,661</u>	<u>-</u>	<u>417,913</u>
Fund balance at end of year	<u>\$ 297,609</u>	<u>2,592,141</u>	<u>2,294,532</u>	<u>420,661</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 4,224,000	9,748,261	5,524,261	7,180,824
Investment income	<u>200,000</u>	<u>842,552</u>	<u>642,552</u>	<u>948,437</u>
Total revenues	<u>4,424,000</u>	<u>10,590,813</u>	<u>6,166,813</u>	<u>8,129,261</u>
Expenditures:				
Current:				
Community development	700	700	-	3,204
Debt service:				
Principal	455,000	445,000	10,000	425,000
Interest and other charges	2,482,088	2,431,792	50,296	2,542,052
Pass-through payments	<u>-</u>	<u>2,646,155</u>	<u>(2,646,155)</u>	<u>2,068,019</u>
Total expenditures	<u>2,937,788</u>	<u>5,523,647</u>	<u>(2,585,859)</u>	<u>5,038,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,486,212</u>	<u>5,067,166</u>	<u>3,580,954</u>	<u>3,090,986</u>
Other financing sources (uses):				
Interfund transfer in	454,268	327,904	(126,364)	338,238
Interfund transfers out	<u>-</u>	<u>(10,662,395)</u>	<u>(10,662,395)</u>	<u>(12,590,421)</u>
Total other financing sources (uses)	<u>454,268</u>	<u>(10,334,491)</u>	<u>(10,788,759)</u>	<u>(12,252,183)</u>
Net change in fund balance	1,940,480	(5,267,325)	(7,207,805)	(9,161,197)
Fund balance at beginning of year	<u>15,730,964</u>	<u>15,730,964</u>	<u>-</u>	<u>24,892,161</u>
Fund balance at end of year	<u>\$ 17,671,444</u>	<u>10,463,639</u>	<u>(7,207,805)</u>	<u>15,730,964</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, 2007

	State Park Bond Act	2002 Park COP's	<u>Total</u>	
			<u>2007</u>	<u>2006</u>
<u>Assets</u>				
Cash and investments	\$ -	-	-	3,248
Interest receivable	-	-	-	5
Total assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>3,253</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved:				
Designated	-	-	-	1,146
Undesignated	-	-	-	2,107
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,253</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>3,253</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2007

	State Park Bond Act	2002 Park COP's	<u>Total</u>	
			<u>2007</u>	<u>2006</u>
Revenues:				
Investment income	\$ 83	46	129	1,135
Total revenues	<u>83</u>	<u>46</u>	<u>129</u>	<u>1,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83</u>	<u>46</u>	<u>129</u>	<u>1,135</u>
Other financing sources (uses):				
Interfund transfers out	<u>(2,190)</u>	<u>(1,192)</u>	<u>(3,382)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,190)</u>	<u>(1,192)</u>	<u>(3,382)</u>	<u>-</u>
Net change in fund balances	(2,107)	(1,146)	(3,253)	1,135
Fund balances at beginning of year	<u>2,107</u>	<u>1,146</u>	<u>3,253</u>	<u>2,118</u>
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>3,253</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	83	83	77
Total revenues	<u>-</u>	<u>83</u>	<u>83</u>	<u>77</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>83</u>	<u>83</u>	<u>77</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(2,190)</u>	<u>(2,190)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,190)</u>	<u>(2,190)</u>	<u>-</u>
Net change in fund balance	-	(2,107)	(2,107)	77
Fund balance at beginning of year	<u>2,107</u>	<u>2,107</u>	<u>-</u>	<u>2,030</u>
Fund balance at end of year	<u>\$ 2,107</u>	<u>-</u>	<u>(2,107)</u>	<u>2,107</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ 500	46	(454)	1,058
Total revenues	<u>500</u>	<u>46</u>	<u>(454)</u>	<u>1,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>500</u>	<u>46</u>	<u>(454)</u>	<u>1,058</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(1,192)</u>	<u>(1,192)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,192)</u>	<u>(1,192)</u>	<u>-</u>
Net change in fund balance	500	(1,146)	(1,646)	1,058
Fund balance at beginning of year	<u>1,146</u>	<u>1,146</u>	<u>-</u>	<u>88</u>
Fund balance at end of year	<u>\$ 1,646</u>	<u>-</u>	<u>(1,646)</u>	<u>1,146</u>

CITY OF INDIO
 Capital Projects Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	\$ 657,450	10,983,177	10,325,727	2,484,832
Investment income	658,000	2,178,617	1,520,617	1,458,100
Developer fees	<u>43,557,800</u>	<u>15,986,795</u>	<u>(27,571,005)</u>	<u>37,027,495</u>
Total revenues	<u>44,873,250</u>	<u>29,148,589</u>	<u>(15,724,661)</u>	<u>40,970,427</u>
Expenditures:				
Current:				
Public works	116,287,535	60,276,301	56,011,234	30,951,866
Bond issuance costs	-	841,003	(841,003)	-
Payment to bond escrow agent	<u>-</u>	<u>380,501</u>	<u>(380,501)</u>	<u>-</u>
Total expenditures	<u>116,287,535</u>	<u>61,497,805</u>	<u>54,789,730</u>	<u>30,951,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,414,285)</u>	<u>(32,349,216)</u>	<u>39,065,069</u>	<u>10,018,561</u>
Other financing sources (uses):				
Payment to bond escrow agent	-	(2,811,026)	(2,811,026)	-
Original discount on bonds	-	(325,214)	(325,214)	-
Interfund transfers in	-	380,855	380,855	4,121,000
Interfund transfers out	-	(3,023,663)	(3,023,663)	(2,791,118)
Issuance of debt	<u>-</u>	<u>39,325,000</u>	<u>39,325,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>33,545,952</u>	<u>33,545,952</u>	<u>1,329,882</u>
Net change in fund balance	(71,414,285)	1,196,736	72,611,021	11,348,443
Fund balance at beginning of year	<u>43,528,758</u>	<u>43,528,758</u>	<u>-</u>	<u>32,180,315</u>
Fund balance (deficit) at end of year	<u>\$ (27,885,527)</u>	<u>44,725,494</u>	<u>72,611,021</u>	<u>43,528,758</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	1,183,000	1,183,000	788,891
Miscellaneous	-	14,333	14,333	3,051,351
Contributions from property owners	-	8,379,586	8,379,586	35,964,462
	<u>-</u>	<u>9,576,919</u>	<u>9,576,919</u>	<u>39,804,704</u>
Expenditures:				
Current:				
Public works	<u>59,856</u>	<u>11,311,338</u>	<u>(11,251,482)</u>	<u>27,156,558</u>
	<u>59,856</u>	<u>11,311,338</u>	<u>(11,251,482)</u>	<u>27,156,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,856)</u>	<u>(1,734,419)</u>	<u>(1,674,563)</u>	<u>12,648,146</u>
Fund balance at beginning of year	<u>23,702,247</u>	<u>23,702,247</u>	<u>-</u>	<u>11,054,101</u>
Fund balance at end of year	<u>\$ 23,642,391</u>	<u>21,967,828</u>	<u>(1,674,563)</u>	<u>23,702,247</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Charges for services	\$ 305,000	445,359	140,359	413,213
Investment income	25,000	13,606	(11,394)	32,687
Miscellaneous	<u>30,000</u>	<u>1,721,120</u>	<u>1,691,120</u>	<u>481,860</u>
Total revenues	<u>360,000</u>	<u>2,180,085</u>	<u>1,820,085</u>	<u>927,760</u>
Expenditures:				
Current:				
Community development	8,465,777	1,912,289	6,553,488	2,842,786
Debt service:				
ERAF payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,903</u>
Total expenditures	<u>8,465,777</u>	<u>1,912,289</u>	<u>6,553,488</u>	<u>3,141,689</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,105,777)</u>	<u>267,796</u>	<u>8,373,573</u>	<u>(2,213,929)</u>
Other financing sources (uses):				
Interfund transfers in	6,000,000	10,662,395	4,662,395	15,252,488
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103)</u>
Total other financing sources (uses)	<u>6,000,000</u>	<u>10,662,395</u>	<u>4,662,395</u>	<u>15,252,385</u>
Net change in fund balance	(2,105,777)	10,930,191	13,035,968	13,038,456
Fund balance at beginning of year	<u>23,873,224</u>	<u>23,873,224</u>	<u>-</u>	<u>10,834,768</u>
Fund balance at end of year	<u>\$ 21,767,447</u>	<u>34,803,415</u>	<u>13,035,968</u>	<u>23,873,224</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, 2007

	<u>Self Insurance</u>	<u>Equipment and Facilities</u>	<u>Totals</u>	
			<u>2007</u>	<u>2006</u>
Assets:				
Current assets:				
Cash and investments	\$ 575,025	2,143,780	2,718,805	3,234,927
Deposit with other agencies	48,997	-	48,997	51,573
Accounts receivable	23,801	139,397	163,198	6,989
Interest receivable	5,501	15,097	20,598	9,157
Prepaid items	778,180	-	778,180	25,374
Inventory of materials	-	61,849	61,849	56,735
	<u>1,431,504</u>	<u>2,360,123</u>	<u>3,791,627</u>	<u>3,384,755</u>
Total current assets				
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	3,595,350	3,595,350	3,458,593
Vehicles	-	8,181,670	8,181,670	6,425,621
Accumulated depreciation	-	(7,213,084)	(7,213,084)	(6,004,605)
	<u>-</u>	<u>4,563,936</u>	<u>4,563,936</u>	<u>3,879,609</u>
Total capital assets (net of accumulated depreciation)				
	<u>1,431,504</u>	<u>6,924,059</u>	<u>8,355,563</u>	<u>7,264,364</u>
Total assets				
Liabilities:				
Current liabilities:				
Accounts payable	4,457	165,897	170,354	581,766
Accrued payroll	-	31,686	31,686	43,909
Claims payable	197,114	-	197,114	65,009
Noncurrent liabilities:				
Claims payable	541,795	-	541,795	340,653
	<u>743,366</u>	<u>197,583</u>	<u>940,949</u>	<u>1,031,337</u>
Total liabilities				
Net assets:				
Invested in capital assets	-	4,563,936	4,563,936	3,879,609
Unrestricted	688,138	2,162,540	2,850,678	2,353,418
	<u>\$ 688,138</u>	<u>6,726,476</u>	<u>7,414,614</u>	<u>6,233,027</u>
Total net assets				

CITY OF INDIO
Internal Service Funds

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

Year Ended June 30, 2007

	Self Insurance	Equipment and Facilities	Totals	
			<u>2007</u>	<u>2006</u>
Operating revenues:				
Charges for services	\$ 1,993,684	5,175,762	7,169,446	5,080,705
 Total operating revenues	 <u>1,993,684</u>	 <u>5,175,762</u>	 <u>7,169,446</u>	 <u>5,080,705</u>
 Operating expenses:				
Personnel services	774,618	1,013,086	1,787,704	794,767
Contractual services	533,024	488,160	1,021,184	446,748
Depreciation	-	1,247,479	1,247,479	1,173,112
Repairs and maintenance	-	753,983	753,983	859,301
Supplies	7,271	2,360,071	2,367,342	1,798,468
Claims and judgments	909,217	-	909,217	1,912,366
 Total operating expenses	 <u>2,224,130</u>	 <u>5,862,779</u>	 <u>8,086,909</u>	 <u>6,984,762</u>
 Operating income (loss)	 <u>(230,446)</u>	 <u>(687,017)</u>	 <u>(917,463)</u>	 <u>(1,904,057)</u>
 Nonoperating revenues:				
Investment income	46,153	110,106	156,259	177,594
Miscellaneous	-	3,325	3,325	120,108
 Total nonoperating revenues	 <u>46,153</u>	 <u>113,431</u>	 <u>159,584</u>	 <u>297,702</u>
 Income before transfers and capital contributions	 <u>(184,293)</u>	 <u>(573,586)</u>	 <u>(757,879)</u>	 <u>(1,606,355)</u>
Transfers in	-	7,660	7,660	-
Transfers out	-	-	-	(609,000)
Capital contributions	-	1,931,806	1,931,806	1,535,889
 Net change in net assets	 <u>(184,293)</u>	 <u>1,365,880</u>	 <u>1,181,587</u>	 <u>(679,466)</u>
 Net assets at beginning of year	 <u>872,431</u>	 <u>5,360,596</u>	 <u>6,233,027</u>	 <u>6,912,493</u>
 Net assets at end of year	 <u>\$ 688,138</u>	 <u>6,726,476</u>	 <u>7,414,614</u>	 <u>6,233,027</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2007

	<u>Self Insurance</u>	<u>Equipment and Facilities</u>	<u>Totals</u>	
			<u>2007</u>	<u>2006</u>
Cash flows from operating activities:				
Cash received from user departments	\$ 1,979,360	5,036,453	7,015,813	5,055,162
Cash payments to suppliers of goods and services	(1,939,813)	(3,944,673)	(5,884,486)	(4,341,183)
Cash payments to employee for services	(796,584)	(1,006,668)	(1,803,252)	(786,884)
Miscellaneous receipts	-	3,325	3,325	89,364
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) operating activities	<u>(757,037)</u>	<u>88,437</u>	<u>(668,600)</u>	<u>16,459</u>
Cash flows from non-capital financing activities:				
Cash paid to other funds	-	-	-	(609,000)
Cash received from other funds	-	7,660	7,660	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) non-capital and related activities	<u>-</u>	<u>7,660</u>	<u>7,660</u>	<u>(609,000)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(174,536)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,536)</u>
Cash flows from investing activities:				
Interest received on investments	45,407	99,411	144,818	183,937
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) investing activities	<u>45,407</u>	<u>99,411</u>	<u>144,818</u>	<u>183,937</u>
Net increase (decrease) in cash and cash equivalents	(711,630)	195,508	(516,122)	(583,140)
Cash and cash equivalents at beginning of year	1,286,655	1,948,272	3,234,927	3,818,067
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at end of year	<u>\$ 575,025</u>	<u>2,143,780</u>	<u>2,718,805</u>	<u>3,234,927</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>2007</u>	<u>2006</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (230,446)	(687,017)	(917,463)	(1,904,057)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	1,247,479	1,247,479	1,173,112
Miscellaneous nonoperating income	-	3,325	3,325	120,108
(Increase) decrease in deposits with other agencies	2,576	-	2,576	(18,554)
(Increase) decrease in accounts receivable	(16,900)	(139,309)	(156,209)	(6,989)
(Increase) decrease in prepaid items	(752,806)	-	(752,806)	(2,639)
(Increase) decrease in inventory	-	(5,114)	(5,114)	(18,524)
Increase (decrease) in accounts payable	(70,742)	(340,670)	(411,412)	428,173
Increase (decrease) in accrued payroll	(21,966)	9,743	(12,223)	14,945
Increase (decrease) in claims and judgments payab.	333,247	-	333,247	230,884
			<u>333,247</u>	<u>230,884</u>
Net cash provided by (used for) operating activities	<u>\$ (757,037)</u>	<u>88,437</u>	<u>(668,600)</u>	<u>16,459</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, 2007

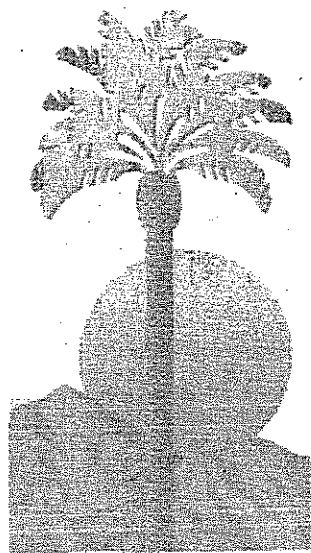
	Shadow Hills Assessment District	Assessment Districts	<u>Totals</u>	
			<u>2007</u>	<u>2006</u>
Assets:				
Cash and investments	\$ 532,594	4,859,895	5,392,489	3,459,005
Cash with fiscal agent	230,705	8,608,095	8,838,800	8,691,477
Due from other governments	12,131	375,192	387,323	277,199
Interest receivable	<u>2,499</u>	<u>17,712</u>	<u>20,211</u>	<u>13,337</u>
 Total assets	 <u>\$ 777,929</u>	 <u>13,860,894</u>	 <u>14,638,823</u>	 <u>12,441,018</u>
 Liabilities:				
Accounts payable	\$ 5,259	47,057	52,316	24,706
Due to bondholders	772,670	13,506,407	14,279,077	12,149,723
Deposits payable	<u>-</u>	<u>307,430</u>	<u>307,430</u>	<u>266,589</u>
 Total liabilities	 <u>\$ 777,929</u>	 <u>13,860,894</u>	 <u>14,638,823</u>	 <u>12,441,018</u>

CITY OF INDIO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

June 30, 2007

	<u>Balance at</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2007</u>
<u>SHADOW HILLS A.D.</u>				
<u>Assets</u>				
Cash and investments	\$ 479,796	390,765	(337,967)	532,594
Cash with fiscal agent	233,206	29,586	(32,087)	230,705
Due from other governments	11,351	23,481	(22,701)	12,131
Interest receivable	<u>2,026</u>	<u>2,499</u>	<u>(2,026)</u>	<u>2,499</u>
Total assets	<u>\$ 726,379</u>	<u>446,331</u>	<u>(394,781)</u>	<u>777,929</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,309	15,549	(12,599)	5,259
Due to bondholders	<u>724,070</u>	<u>403,848</u>	<u>(355,248)</u>	<u>772,670</u>
Total liabilities	<u>\$ 726,379</u>	<u>419,397</u>	<u>(367,847)</u>	<u>777,929</u>
<u>ASSESSMENT DISTRICTS</u>				
<u>Assets</u>				
Cash and investments	\$ 2,979,209	6,876,435	(4,995,749)	4,859,895
Cash with fiscal agent	8,458,271	4,733,957	(4,584,133)	8,608,095
Due from other governments	265,848	641,039	(531,695)	375,192
Interest receivable	<u>11,311</u>	<u>201,719</u>	<u>(195,318)</u>	<u>17,712</u>
Total assets	<u>\$ 11,714,639</u>	<u>12,453,150</u>	<u>(10,306,895)</u>	<u>13,860,894</u>
<u>Liabilities</u>				
Accounts payable	\$ 22,397	265,248	(240,588)	47,057
Due to bondholders	11,425,653	19,962,532	(17,881,778)	13,506,407
Deposits payable	<u>266,589</u>	<u>159,778</u>	<u>(118,937)</u>	<u>307,430</u>
Total liabilities	<u>\$ 11,714,639</u>	<u>20,387,558</u>	<u>(18,241,303)</u>	<u>13,860,894</u>



STATISTICAL SECTION

CITY OF INDIO
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 15,387	\$ 24,600	\$ 223,825	\$ 278,101	\$ 326,774
Restricted	19,952	23,003	53,566	79,377	72,743
Unrestricted	10,613	24,277	19,814	23,690	11,164
Total governmental activities net assets	<u>\$ 45,952</u>	<u>\$ 71,880</u>	<u>\$ 297,205</u>	<u>\$ 381,168</u>	<u>\$ 410,681</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 16,435	\$ 17,732	\$ 136,406	\$ 140,536	\$ 158,649
Restricted	-	-	-	-	-
Unrestricted	2,938	4,192	9,452	11,314	11,192
Total business-type activities net assets	<u>\$ 19,373</u>	<u>\$ 21,924</u>	<u>\$ 145,858</u>	<u>\$ 151,850</u>	<u>\$ 169,841</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 31,822	\$ 42,332	\$ 360,231	\$ 418,637	\$ 485,423
Restricted	19,952	23,003	53,566	79,377	72,743
Unrestricted	13,551	28,469	29,266	35,004	22,356
Total primary government net assets	<u>\$ 65,325</u>	<u>\$ 93,804</u>	<u>\$ 443,063</u>	<u>\$ 533,018</u>	<u>\$ 580,522</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 Management Services Department

CITY OF INDIO
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
General government	\$ 3,973	\$ 4,855	\$ 6,722	\$ 8,532	\$ 8,947
Public safety	16,042	14,005	17,660	22,793	33,986
Public works	8,039	8,811	16,952	17,074	25,051
Community development	4,478	3,759	7,639	10,255	6,890
Culture and leisure	966	968	3,731	1,776	1,888
Interest expense and other charges	1,158	1,234	4,108	3,268	4,624
Total governmental activities expenses	<u>34,656</u>	<u>33,632</u>	<u>56,812</u>	<u>63,698</u>	<u>81,386</u>
Business-type activities:					
Water	5,343	5,898	9,379	11,346	16,453
Golf	655	587	783	718	793
Total business-type activities expenses	<u>5,998</u>	<u>6,485</u>	<u>10,162</u>	<u>12,064</u>	<u>17,246</u>
Total primary government expenses	<u>40,654</u>	<u>40,117</u>	<u>66,974</u>	<u>75,762</u>	<u>98,632</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	372	355	453	1,636	87
Public safety	1,926	1,504	1,692	2,628	3,434
Public works	926	1,117	1,712	2,679	3,587
Community development	4,484	6,984	7,777	10,140	5,592
Culture and leisure	386	598	599	5	1
Operating contributions and grants	3,237	2,843	6,272	4,660	12,863
Capital contributions and grants	13,673	21,351	32,662	83,871	32,490
Total governmental activities program revenues	<u>25,004</u>	<u>34,752</u>	<u>51,167</u>	<u>105,619</u>	<u>58,054</u>
Business-type activities:					
Charges for services:					
Water	7,719	6,279	6,233	8,182	10,442
Golf	780	686	673	615	621
Capital contributions and grants	-	1,805	2,756	8,482	21,689
Total business-type activities program revenues	<u>8,499</u>	<u>8,770</u>	<u>9,662</u>	<u>17,279</u>	<u>32,752</u>

CITY OF INDIO
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
Total primary government activities					
program revenues	33,503	43,522	60,829	122,898	90,806
Net revenues (expenses):					
Governmental activities	(9,652)	1,120	(5,645)	41,921	(23,332)
Business-type activities	2,501	2,285	(500)	5,215	15,506
Total primary government net expense	(7,151)	3,405	(6,145)	47,136	(7,826)
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes	5,112	5,497	11,908	20,012	25,309
Sales tax	6,390	7,198	8,879	9,514	9,803
Transient occupancy taxes	1,018	1,162	1,220	1,331	1,818
Other taxes	3,108	4,457	5,186	6,073	7,054
Investment income	934	727	1,768	2,957	5,777
Motor vehicle in lieu, unrestricted	3,040	2,503	387	433	416
Other general revenues	4,340	3,567	2,220	2,352	2,668
Transfers	89	51	-	-	-
Total governmental activities	24,031	25,162	31,568	42,672	52,845
Business-type activities:					
Investment income	18	14	19	31	2,216
Transfers	(89)	(51)	-	-	-
Other general revenues	-	3	2	15	268
Total business-type activities	(71)	(34)	21	46	2,484
Total primary government	23,960	25,128	31,589	42,718	55,329
Changes in net assets					
Governmental activities	14,379	26,282	25,923	84,593	29,513
Business-type activities	2,430	2,251	(479)	5,261	17,990
Total primary government	\$ 16,809	\$ 28,533	\$ 25,444	\$ 89,854	\$ 47,503

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 Management Services Department

CITY OF INDIO
Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund:					
Reserved	\$ 4,856	\$ 5,627	\$ 2,670	\$ 9,633	\$ 11,948
Unreserved	<u>6,856</u>	<u>11,923</u>	<u>16,187</u>	<u>20,722</u>	<u>22,930</u>
Total general fund	<u>\$ 11,712</u>	<u>\$ 17,550</u>	<u>\$ 18,857</u>	<u>\$ 30,355</u>	<u>\$ 34,878</u>
All other governmental funds:					
Reserved	\$ 8,924	\$ 10,738	\$ 52,484	\$ 74,693	\$ 104,226
Unreserved, reported in:					
Special revenue funds	5,906	5,682	8,090	7,649	6,134
Capital projects funds	<u>21,106</u>	<u>27,906</u>	<u>30,355</u>	<u>37,729</u>	<u>17,972</u>
Total all other governmental funds	<u>\$ 35,936</u>	<u>\$ 44,326</u>	<u>\$ 90,929</u>	<u>\$ 120,071</u>	<u>\$ 128,332</u>

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

Source: City of Indio Management Services Department

CITY OF INDIO
Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues:					
Taxes	\$ 18,440	\$ 24,011	\$ 26,910	\$ 33,922	\$ 40,159
Special assessments	2,181	497	777	1,444	2,412
Licenses and permits	4,787	5,093	5,932	7,871	4,340
Intergovernmental	7,858	6,618	9,655	11,620	19,710
Charges for services	4,042	5,711	6,460	9,573	11,070
Fines and forfeitures	737	662	780	815	1,072
Investment earnings	778	962	2,350	4,750	6,365
Developer fees	1,922	4,136	15,731	37,028	15,987
Contributions from property owners	6,434	11,485	10,921	35,964	8,380
Miscellaneous	2,415	952	1,010	4,738	4,596
Total revenues	<u>49,594</u>	<u>60,127</u>	<u>80,526</u>	<u>147,725</u>	<u>114,091</u>
Expenditures					
Current:					
General government	4,798	5,165	6,150	8,038	8,032
Public safety	15,249	14,142	17,714	21,594	27,272
Public works	19,659	15,964	20,859	66,092	85,887
Community development	5,255	5,623	7,306	10,963	10,100
Culture and leisure	891	955	3,697	1,722	1,827
Debt service:					
Principal retirement	4,120	1,452	1,505	1,158	1,068
Interest and fiscal charges	1,173	1,096	3,286	2,759	4,656
Other charges	705	1,198	1,690	2,367	2,646
Total expenditures	<u>51,850</u>	<u>45,595</u>	<u>62,207</u>	<u>114,693</u>	<u>141,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,256)</u>	<u>14,532</u>	<u>18,319</u>	<u>33,032</u>	<u>(27,397)</u>
Other financing sources (uses):					
Transfers in	7,513	6,683	10,642	21,050	17,456
Transfers out	(7,424)	(6,632)	(10,642)	(20,441)	(17,464)
Lease purchase and loan proceeds	943	-	-	-	-
Issuance of bonds	3,750	-	28,615	7,000	43,000
Payment to bond escrow agent	-	-	(2,335)	-	(2,811)
Total other financing sources (uses)	<u>4,782</u>	<u>51</u>	<u>26,280</u>	<u>7,609</u>	<u>40,181</u>
Net change in fund balances	<u>\$ 2,526</u>	<u>\$ 14,583</u>	<u>\$ 44,599</u>	<u>\$ 40,641</u>	<u>\$ 12,784</u>
Debt service as a percentage of noncapital expenditures	11.6%	8.2%	10.4%	5.5%	5.9%

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

Source: City of Indio Management Services Department

CITY OF INDIO
 Assessed Value and Estimated Actual Value of Taxable Property
 (amounts expressed in thousands)
 Last Ten Fiscal Years

Fiscal Year					Less:	Total Taxable	Total
Ended	Residential	Commercial	Industrial	Other	Tax-Exempt	Assessed	Direct Tax
June 30	Property	Property	Property	Property	Property	Value	Rate
2007	\$4,136,642	\$ 306,118	\$ 122,931	\$ 1,083,542	\$ 76,109	\$ 5,573,124	0.248
2006	2,925,420	280,621	108,080	771,412	73,006	4,012,527	0.253
2005	1,934,495	260,013	91,402	650,153	50,651	2,885,412	0.262
2004	1,474,791	236,163	86,598	503,289	44,772	2,256,069	0.252
2003	1,241,421	247,807	69,880	476,030	44,872	1,990,266	0.282
2002	1,023,611	239,208	62,036	453,777	42,635	1,735,997	0.249
2001	917,826	212,958	57,528	435,753	41,580	1,582,485	0.231
2000	852,316	199,896	58,141	376,735	40,648	1,446,440	0.232
1999	804,375	196,234	56,671	350,390	39,398	1,368,272	0.263
1998	776,929	199,691	56,861	311,758	29,067	1,316,172	0.264

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
 Direct and Overlapping Property Tax Rates
 (rate per \$100 of assessed value)
 Current Fiscal Year

	2007
City of Indio	0.195
County-wide	0.805
Total County-wide Rate	1.000
 Overlapping Rates:	
Coachella Valley Water District	0.021
Desert Community College	0.020
Desert Sands Unified School District	0.076
Total Tax Rate	1.117

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

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at 1.00% fixed amount. The 1.00% is shared by all taxing agencies which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Coachella Valley Water District, Desert Community College and Desert Sands Unified School District bonds.

Source: HdL Coren & Cone

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

Taxpayer	2007		1998	
	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	\$ 20,609,519	0.37%		
Cabazon Band of Mission Indians	14,392,209	0.26%		
Andorra Apartment Investors	14,013,318	0.25%		
Calvin F Worth Trust	12,903,702	0.23%		
J D G Properties	12,787,491	0.23%		
Richard K. Rifenkark Trust	12,590,206	0.23%	\$ 6,915,600	0.53%
Seecon Partners	12,590,109	0.23%		
North Palm Drive	11,741,100	0.21%		
Rich Development Indio III	9,957,648	0.18%		
Peter Solomon Trust	9,957,648	0.18%		
National Medical Hospital Monterey Park			17,335,279	1.32%
Colony Cablevision of California			14,052,845	1.07%
Paseo Group Limited Partnership			13,577,719	1.03%
American Stores Properties Inc			11,006,370	0.84%
JPH Associates			9,897,034	0.75%
Requa Associates			6,779,015	0.52%
Sunrise Pointe Associates			6,550,644	0.50%
Nicholas Labeledz Trust			6,137,842	0.47%
Richard M. Marsh			6,039,063	0.46%
	<u>\$131,542,950</u>	2.36%	<u>\$ 98,291,411</u>	7.47%

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

Source: HdL Coren & Cone

CITY OF INDIO
Property Tax Levies and Collections
Last Two Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$22,935,574	\$18,193,653	79.33%	\$ 4,741,921	\$22,935,574	100.00%
2006	16,945,837	13,123,867	77.45%	3,821,970	16,945,837	100.00%

The City of Indio has elected to show only two years 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.

Source: HdL Coren & Cone

Source: City of Indio Management Services Department

CITY OF INDIO

Ratios of Outstanding Debt by Type
(amounts expressed in thousands)
Last Two Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities				Total Primary Government (1)	Population (2)	Personal Income (3)	Percentage of Personal Income	Debt Per Capita
	Revenue Refunding Bonds (1)	Tax Allocation Bonds (1)	Certificates of Participation (1)	Lease Revenue Bonds (1)	Total Governmental Activities	Water Revenue Bonds (1)	Revenue	Bonds (1)	Government (1)					
2007	10,975	28,425	-	39,325	11,000	89,725	61,795	61,795	151,520	77,146	1,254,780	12.08%	1.9641	
2006	11,325	28,520	3,325	-	7,000	50,170	11,530	61,700	61,700	71,654	1,169,752	5.27%	0.8611	

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

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

- Sources: (1) City of Indio Management Services Department
(2) State Department of Finance
(3) Claritas Inc.

CITY OF INDIO

Ratio of General Bonded Debt Outstanding
(amounts expressed in thousands)
Last Two Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt										Percent of Assessed Value (1)	Debt Per Capita
	Water Revenue Bond	Revenue Refunding Bonds	Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Total	Population	Personel Income				
2007	61,795	10,975	28,425	39,325	-	140,520	77,146	1,254,779,690			2.52%	1.8215
2006	11,530	11,325	28,520	-	3,325	54,700	71,654	1,169,751,550			1.36%	0.7634

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

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

NOTE:

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

Source: City of Indio Management Services Department

CITY OF INDIO
Direct and Overlapping Debt
June 30, 2007

2006-07 Assessed Valuation: \$5,580,001,883
 Redevelopment Incremental Valuation: 906,591,304
 Adjusted Assessed Valuation: \$4,673,410,579

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/07	% Applicable (1)	City's Share of Debt 6/30/07
Desert Community College District	\$ 63,006,886	15.411%	\$ 9,709,991
Coachella Valley Unified School District	94,897,458	19.224	18,243,087
Desert Sands Unified School District	236,666,277	29.080	68,822,553
Desert Sands Unified School District Lease Tax Obligations	16,625,000	29.080	4,834,550
Coachella Valley County Water District, I.D. No. 55	4,995,000	8.653	432,217
Coachella Valley County Water District, I.D. No. 58	2,345,000	16.994	398,509
City of Indio Community Facilities District No. 2004-3	26,330,000	100	26,330,000
City of Indio Community Facilities District No. 2005-1, I.A. No. 1 and 2	19,315,000	100	19,315,000
City of Indio Community Facilities District No. 2006-1	10,225,000	100	10,225,000
Coachella Valley Recreation and Park District 1915 Act Bonds	3,770,000	99.251	3,741,763
City of Indio 1915 Act Bonds	46,595,000	100	46,595,000
Valley Sanitary District Assessment District No. 2004-VSD	8,848,000	100	8,848,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$217,495,670

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$643,021,333	3.104%	\$19,959,382
Riverside County Pension Obligations	392,890,000	3.104	12,195,306
Riverside County Board of Education Certificates of Participation	10,275,000	3.104	318,936
Coachella Valley Unified School District Certificates of Participation	54,930,000	19.224	10,559,743
Desert Sands Unified School District Certificates of Participation	13,220,000	29.080	3,844,376
City of Indio General Fund Obligations	39,325,000	100	39,325,000
Coachella Valley Recreation and Park District Certificates of Participation	2,565,000	26.474	679,058
Coachella Valley County Water District, I.D. No. 71 Certificates of Participation	7,485,000	23.374	1,749,544
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$88,631,345
Less: Riverside County self-supporting obligations			<u>576,769</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$88,054,576

GROSS COMBINED TOTAL DEBT \$306,127,015 (2)
 NET COMBINED TOTAL DEBT \$305,550,246

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007-08 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt 3.90%

Ratios to Adjusted Assessed Valuation:
 Combined Direct Debt (\$39,325,000) 0.84%
 Gross Combined Total Debt 6.55%
 Net Combined Total Debt 6.54%

Source: California Municipal Statistics, Inc.

CITY OF INDIO

Legal Debt Margin Information
(amounts expressed in thousands)

Last Five Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Assessed valuation (1)	\$ 2,878,828	\$ 3,216,544	\$ 4,012,495	\$ 5,122,808	\$ 5,580,002
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	431,824	482,482	601,874	768,421	837,000
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 431,824	\$ 482,482	\$ 601,874	\$ 768,421	\$ 837,000
Total debt applicable to the limit as a percentage of debt limit	0.0%	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: (1) County of Riverside Auditor Controller
Source: City of Indio Management services Department

CITY OF INDIO
Pledged-Revenue Coverage
(amounts expressed in thousands)
Last Two Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	13,276	28	13,248	11,530	1,718	1.00
2006	890	21	869	270	556	1.05

Fiscal Year Ended June 30	Certificate of Participation Bonds					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	-	-	-	-	-	-
2006	372	6	366	215	154	0.99

Fiscal Year Ended June 30	2007 Lease Revenue Bonds					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	3,819	6	3,813	3,325	488	1.00
2006	-	-	-	-	-	-

Fiscal Year Ended June 30	Tax Increment	Debt Service		
		Principal	Interest	Coverage
	2007	9,733	95	1,783
2006	7,181	95	1,787	3.82

Fiscal Year Ended June 30	RDA Revenue Refunding Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2007	2,437	350	615	2.53
2006	1,795	375	775	1.56

The City of Indio has elected to show only two years 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 Management Services Department

CITY OF INDIO
Demographic and Economic Statistics
Last Three Calendar Years

Calendar Year	Population (1)	Median Age (2)	Average Household Size (2)	Median Household Income (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2007	77,146	28.99	3.45	\$ 43,001	\$ 16,265	6.2%
2006	71,654	Not Available	Not Available	41,791	16,325	5.3%
2005	66,118	Not Available	Not Available	39,021	15,243	5.2%

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

- Sources:
- (1) State Department of Finance
 - (2) Claritas Inc.
 - (3) State of California Employment Development Department website

CITY OF INDIO
Principal Employers
Current Year and Nine Years Ago

Employer (1) (2)	2007		1998	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Desert Sands Unified School District	1,017	3.97%		
County of Riverside	800	3.13%		
KDI Stoneworks	657	2.57%		
Desert Communities Concrete	421	1.64%		
DiMari, Incorporated	372	1.45%		
City of Indio	284	1.11%		
John F. Kennedy Memorial Hospital	270	1.05%		
Guy Evans	119	0.46%		
Milmark Painting	97	0.38%		
I-10 Toyota	81	0.32%		
Total Employment Listed	4,118	16.09%		Not Available
Total City Employment (3)	25,600		Not Available	

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

- Sources: (1) Coachella Valley Enterprise Zone Authority
(2) City of Indio Management Services Department
(3) State of California Employment Development Department website

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

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30, 2007</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	31	32	34	32	46
Police	104	99	97	121	127
Public works	48	41	43	41	50
Community development	17	20	21	39	30
Water	23	24	23	27	31
	<u>223</u>	<u>216</u>	<u>218</u>	<u>260</u>	<u>284</u>

The City of Indio has elected to show only five 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
 Last Two Fiscal Years

	Fiscal Year	
	2006	2007
Police:		
Arrests	5,311	2,462
Citations issued	8,332	12,488
Fire:		
Number of emergency calls	9,896	10,384
Inspections	1,262	1,340
Public works:		
Street resurfacing (miles)	40.6	56.8
Water:		
New connections	2,196	823
Average daily consumption (millions of gallons)	22	21
Golf course:		
Golf rounds played	20,980	24,402

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

Source: City of Indio Management Services Department

CITY OF INDIO
 Capital Asset Statistics
 by Function
 Current Fiscal Year

	Fiscal Year
	2007
Police:	
Stations	1
Sub-stations	2
Animal care centers	1
Fire:	
Fire stations	3
Public works:	
Paved streets (miles)	220
Streetlights	2,644
Traffic signals	66
Recreation:	
Parks	10
Senior centers	1
Water:	
Water mains (miles)	301
Maximum daily capacity (millions of gallons)	67
Golf Course:	
Municipal golf courses	1

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

Source: City of Indio Management Services Department

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

	Fiscal Year		
	2005	2006	2007
Type of Customer:			
Single-Family Residential	4,435,620	5,220,351	5,978,060
Multi-Family Residential	1,221,544	1,168,366	1,190,415
Commercial/Institutional	2,445,359	2,012,073	2,018,372
Industrial	139,514	102,982	108,758
Landscape Irrigation	541,712	664,680	821,906
Total	<u>8,783,749</u>	<u>9,168,452</u>	<u>10,117,511</u>
Total direct rate per 100 cubic Feet	\$ 0.63	\$ 0.71	\$ 0.71

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

INDIO WATER AUTHORITY
Water Rates
Current Fiscal Year

<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rate</u>	<u>Rate per 100 Cubic Feet</u>
2007	\$ 5.70	\$ 0.71

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

Rates are based on a 3/4" x 1" meter size, which is the standard household meter size.

Source: Indio Water Authority

INDIO WATER AUTHORITY
Ten Largest Water Customers
Last Three Fiscal Years

Water Customer	Account Class	Fiscal Year						
		2005			2006			2007
		Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues	
ACDW Properties Inc.	Apartments	\$ 31,885	0.51%	\$ 46,965	0.68%	\$ 58,385	0.59%	
Cabazon Indian Reservation	Casino	121,103	1.94%	117,983	1.70%	139,773	1.41%	
Casa Monroe Apartments	Apartments	24,999	0.40%	37,830	0.55%	42,415	0.43%	
Desert Air Homeowner's Association	RV Park	27,690	0.44%			57,539	0.58%	
Desert Sands Unif Sch Dist - Indio High School	Apartments	33,226	0.53%	47,443	0.68%	41,301	0.42%	
Indio Housing Authority	Apartments	43,496	0.70%	66,824	0.96%	59,828	0.60%	
Indio Housing Corporation	Apartments			38,326	0.55%	33,919	0.34%	
John F. Kennedy Memorial Hospital	Hospital	26,299	0.42%	41,635	0.60%			
Pueblo Del Sol	Mobile Home	32,847	0.53%	51,715	0.75%	46,907	0.47%	
Rancho Casa Blanca	Mobile Home Park	33,748	0.54%	29,035	0.42%	51,805	0.52%	
Riverside County-Juvenile Hall	Government	24,422	0.39%			-		
Sunrise Point Apartments	Apartments			33,723	0.49%	51,324	0.52%	
		<u>\$ 399,715</u>	6.41%	<u>\$ 511,479</u>	7.37%	<u>\$ 583,197</u>	5.87%	

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

Source: Indio Water Authority

City of Indio
Management Services Department
100 Civic Center Mall, Indio, California 92202

(760) 391-4115