

# CITY OF INDIO CALIFORNIA



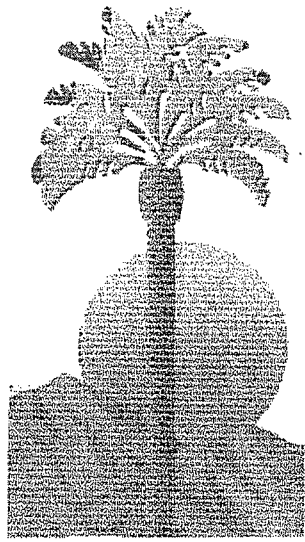
## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008



CITY OF INDIO, CALIFORNIA  
Comprehensive Annual Financial Report  
Year Ended June 30, 2008

Prepared by  
MANAGEMENT SERVICES DEPARTMENT



CITY OF INDIO  
Comprehensive Annual Financial Report  
Year Ended June 30, 2008

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# INTRODUCTORY SECTION





# CITY OF INDIO

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December 1, 2008

**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, 2008. 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, 2008 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, 2008 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 2006-07
- 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, 2008, 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 90,000 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 directors 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, 2008 the General Fund fund balance was \$21,469,439. Compared to the previous fiscal year, the balance decreased by \$13,408,953. This is the result of a planned emphasis on public safety, lower than anticipated revenues, and a \$7 million land acquisition. The General Fund fund balance includes a General Fund Reserve of almost \$14 million which meets the Council's goal of having a 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 continue, but at a much slower rate.

The City anticipates significant commercial growth in the next few years as retail expands to meet residential growth.

Since 2005, the City has added seventy acres of park land and continues to make park renovations for the City's ten existing parks. We have also constructed a new water storage reservoir and have two new reservoirs under construction. Additionally, we now control over 60 percent of the downtown area for redevelopment and the Redevelopment Agency is currently soliciting proposals to develop this area. Infrastructure improvements including increased water transmission capacity and street, curb, and gutter rehabilitation have already begun.

## **MAJOR INITIATIVES FOR THE FUTURE**

The City's commitment for fiscal year 2008-09 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 \$102 million for capital improvement projects. These projects include additional improvements to our water system, streets, parks, public buildings, 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 2008-09, we have added two new park ranger positions to the Police Department. The new Terra Lago Fire Station will be completed in spring 2009. 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** – The City continues to implement the conceptual land use plan for west Hwy 111 to provide hospitality, shopping and offices for visitors, residents and businesses. As part of this effort, road, curb, and median landscaping improvements along Hwy 111 will be completed in 2008.
- **Economic Development** – During fiscal year 2007-08, we saw an increase in commercial and retail construction. This activity will continue in fiscal year 2008-09 and will create a more stable and long term revenue source. Several national retailers have come to Indio and more are scheduled in the near future. 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. The City has developed 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 all currently in the planning stages.
- **Park Development** – A total of \$4.9 million is proposed for new design and construction of existing parks as well as the renovation of park bathrooms.
- **Water Infrastructure** – The Indio Water Authority has established six goals for fiscal year 2008-09.
  - Develop an Integrated Resource Water Management Plan along with other Coachella Valley water agencies.
  - Replace 3,000 meters with radio read meters.
  - Reduce the amount of water loss from 7.5 percent to 5.0 percent.
  - Increase water flow to north Indio by constructing two new reservoirs in north Indio.
  - Change the existing water system from one hydro-pneumatic pressure zone and two boosted zones to eight pressure zones to help stabilize pressures, simplify operational controls and save energy.
  - Implement a groundwater recharge program to help ensure a sustainable groundwater supply.
- **Storm Drain Improvements** – We will continue to install new manholes/storm drain curb inlets to decrease the amount of nuisance water. We will also continue cleaning and repairing storm drains.
- **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 has been completed and has won awards for its unique architecture and its environmental friendliness. The Berger Foundation has loaned the City funds to complete the new \$6 million Senior Center. The Senior Center is currently under construction and completion is expected in summer 2009.
- **Public Art** – The Public Arts & Historical Preservation Commission began meeting in 2007. Public art for capital projects including the Senior and Teen Centers, the City Yard and Indio Sports Park, as well as private businesses, are reviewed by the Commission.
- **Community Outreach** – This is the third 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.

- **Library and Post Office** – We have finalized the purchase of the Ralphs building where we plan to locate a state-of-the-art Library. Given the growth in the City, as well as the decrepit and undersized Post Office in Indio, we continue to work with representatives in Washington D.C. to secure funding for new and expanded postal facilities in Indio.
- **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 2008-09. The Teen Center is fully operational. The Senior Center will be fully staffed and operational by summer 2009.

## **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 2007-08, 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 2006-07 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 only. We believe that this report will again meet the program requirements to receive the award.

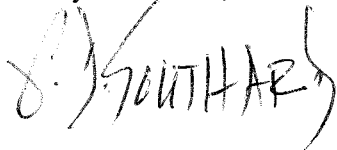


Preparation of this report was accomplished by the combined staff efforts of the Management Services Department and the City Manager's Office. We appreciate the high level of professionalism and dedication that these staff members bring to the City. We would also like to thank the members of the City 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. We believe the current global economic slowdown will continue to affect our local economy, however, we have sufficient funds to both maintain existing levels of services as well as provide infrastructure improvements.

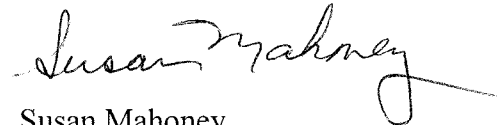
There is much work ahead of us in fiscal year 2008-09. This is the direct result of the energy, ideas, and dedication of the City Council, commissioners, staff, and citizens. A number of exciting projects designed to enhance the community's quality of life are currently underway. We are confident that 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, 2008

**CITY COUNCIL**

Mayor Lupe Ramos Watson  
Mayor Pro Tem Melanie Fesmire  
Councilmember Gene Gilbert  
Councilmember Ben Godfrey  
Councilmember Michael Wilson

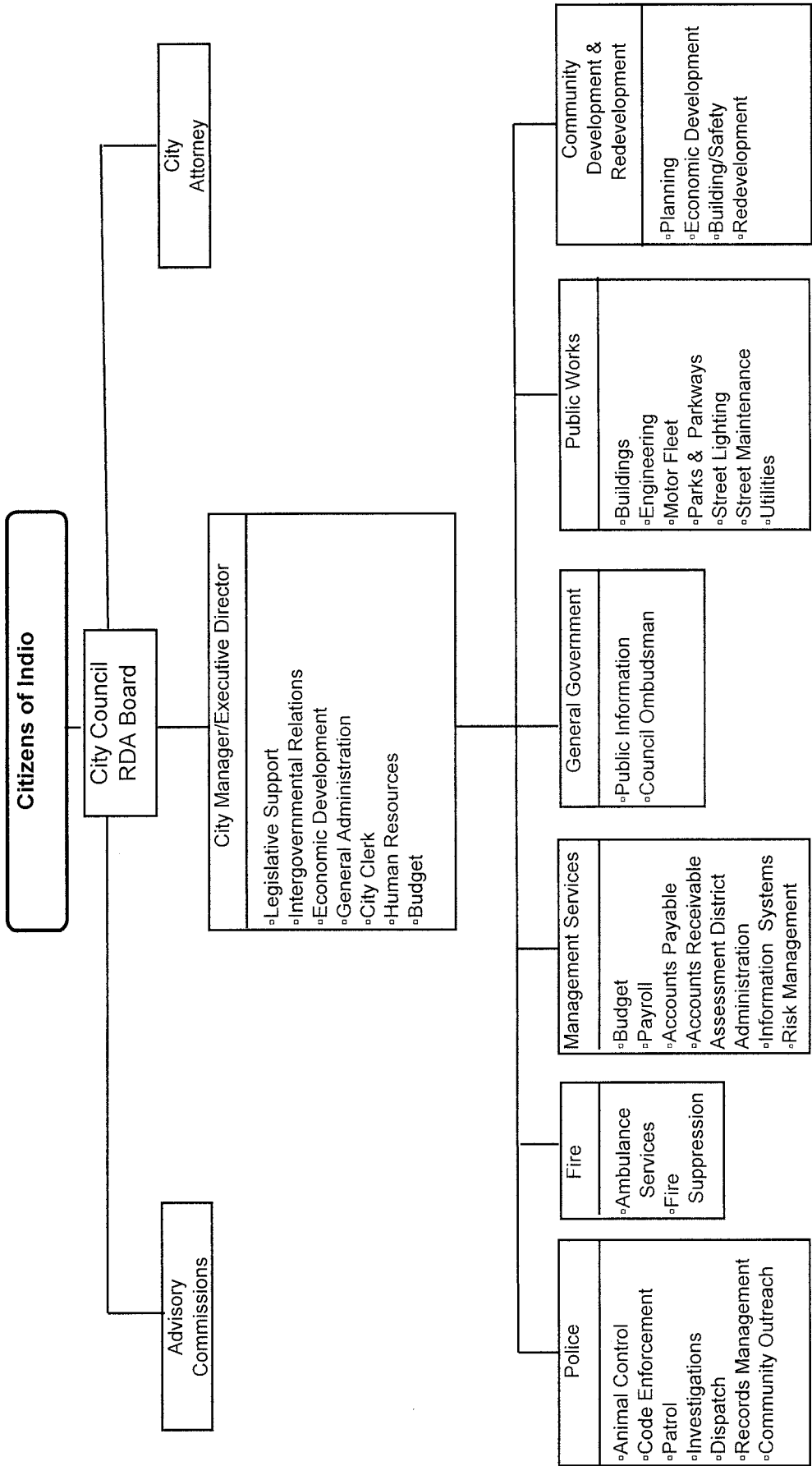
**OTHER ELECTED OFFICIALS**

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



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Indio  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

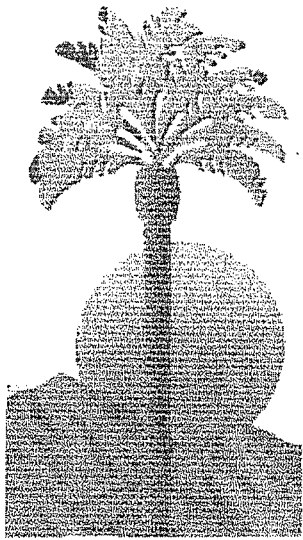


*Clare S. Cox*

President

*Jeffrey R. Emsw*

Executive Director



# FINANCIAL SECTION







**Mayer Hoffman McCann P.C.**

An Independent CPA Firm

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City Council  
City of Indio  
Indio, California

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Indio, California, as of and for the year ended June 30, 2008, 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, 2007 and, in our report dated December 14, 2007, 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, 2008, 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 15, 2008 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 15, 2008

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, 2008. Please read it in conjunction with the accompanying transmittal letter, basic financial statements, and the accompanying notes to those financial statements.

### **FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities at the close of the Fiscal Year (FY) by \$614,136,550 (net assets). Of this amount, \$37,460,721 are unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors, \$36,977,050 is restricted for specific purposes, and \$539,698,779 is invested in capital assets, net of related debt..

The City's total net assets increased by \$33,614,303 or 5.8 percent as compared to the prior year's amount. The increase in net assets is primarily due to \$79 million in additional capital assets (water and road infrastructure) offset by \$44 million in additional long-term liabilities (Redevelopment Agency debt).

As of the close of the current fiscal year, the City of Indio governmental funds reported a combined ending fund balance of \$173,247,532, an increase of \$10,037,056 in comparison with the prior year. Approximately one fourth of this total amount, \$39,196,085, is available for spending at the government's discretion. The increase in governmental funds' fund balance is primarily due to an increase in cash with fiscal agent which reflects the receipt of Redevelopment Agency bond proceeds. This increase was offset by a decrease in cash and investments reflecting capital project expenditures.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$10,339,528, or 16 percent of total general fund expenditures.

The City of Indio's total long-term debt increased by \$44,072,998 compared to the prior year. This is primarily due to the issuance of new Redevelopment Agency bonds (net of refunding approximately \$41,730,000) and the issuance of new Gas Tax bonds (\$7,474,050). It is offset primarily by scheduled debt service payments and the retirement of a notes payable for \$7,000,000.

### **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, solid waste recovery, 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 30-66 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

By far the largest portion of the City’s net assts (87.8 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                 |                       |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|   | 2008                    | 2007                  | 2008                     | 2007                  | 2008                  | 2007                  |
| Current and other assets                        | \$ 160,470,556          | \$158,368,285         | \$ 52,934,713            | \$ 67,597,248         | \$ 213,405,269        | \$ 225,965,533        |
| Capital assets                                  | 403,596,101             | 339,842,549           | 185,208,941              | 168,957,619           | 588,805,042           | 508,800,168           |
| Noncurrent assets                               | 47,807,968              | 39,782,633            | 912,984                  | 945,277               | 48,720,952            | 40,727,910            |
| Total assets                                    | <u>611,874,625</u>      | <u>537,993,467</u>    | <u>239,056,638</u>       | <u>237,500,144</u>    | <u>850,931,263</u>    | <u>775,493,611</u>    |
| Long-term liabilities outstanding               | 139,521,822             | 95,414,800            | 63,499,850               | 63,533,874            | 203,021,672           | 158,948,674           |
| Other liabilities                               | 28,603,819              | 31,897,389            | 5,169,222                | 4,125,301             | 33,773,041            | 36,022,690            |
| Total liabilities                               | <u>168,125,641</u>      | <u>127,312,189</u>    | <u>68,669,072</u>        | <u>67,659,175</u>     | <u>236,794,713</u>    | <u>194,971,364</u>    |
| Net assets:                                     |                         |                       |                          |                       |                       |                       |
| Invested in capital assets, net of related debt | 379,736,971             | 326,774,156           | 159,961,808              | 158,648,692           | 539,698,779           | 485,422,848           |
| Restricted                                      | 36,977,050              | 72,743,152            | -                        | -                     | 36,977,050            | 72,743,152            |
| Unrestricted                                    | 27,034,963              | 11,163,970            | 10,425,758               | 11,192,277            | 37,460,721            | 22,356,247            |
| Total net assets                                | <u>\$ 443,748,984</u>   | <u>\$ 410,681,278</u> | <u>\$ 170,387,566</u>    | <u>\$ 169,840,969</u> | <u>\$ 614,136,550</u> | <u>\$ 580,522,247</u> |

**GOVERNMENTAL ACTIVITIES**

Total expenses for the fiscal year for Governmental activities were approximately \$82.7 million. This is an increase of \$1.3 million over the prior fiscal year. This is primarily due to a 22 percent increase in Public Safety spending and a 35 percent decrease in Public Works spending, reflecting the City's emphasis on police and fire activities. The City's overall governmental program revenues totaled \$66.6 million. This is an increase of \$8.6 million over the prior fiscal year. The majority of this increase is due to capital contributions received from developers for infrastructure improvements. A smaller portion of the increase is due to additional grant revenue. Total general revenues and transfers are approximately \$49.2 million. The \$3.6 million decrease over the prior year is primarily due to a 6 percent decrease in property tax revenues, a 13 percent decrease in sales tax revenue and a 45 percent decrease in investment revenue. These decreases reflect the ongoing global economic recession.

The City's programs include the General Government, Public Safety (police and fire), Public Works, Community Development, and Human Services. 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          |                |
|---------------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
|                                       | 2008                    | 2007           | 2008                     | 2007           | 2008           | 2007           |
| Revenues:                             |                         |                |                          |                |                |                |
| Program Revenues:                     |                         |                |                          |                |                |                |
| Charges for services                  | \$ 10,355,286           | \$ 12,701,275  | \$ 13,312,564            | \$ 11,063,391  | \$ 23,667,850  | \$ 23,764,666  |
| Operating grants and contributions    | 14,797,455              | 12,862,985     | -                        | -              | 14,797,455     | 12,862,985     |
| Capital grants and contributions      | 41,437,387              | 32,489,525     | 6,346,686                | 21,689,067     | 47,784,073     | 54,178,592     |
| General Revenues:                     |                         |                |                          |                |                |                |
| Property taxes                        | 23,918,352              | 25,308,762     | -                        | -              | 23,918,352     | 25,308,762     |
| Other taxes                           | 18,486,952              | 18,675,007     | -                        | -              | 18,486,952     | 18,675,007     |
| Other                                 | 6,803,495               | 8,861,544      | 3,329,243                | 2,484,528      | 10,132,738     | 11,346,072     |
| Total revenues                        | 115,798,927             | 110,899,098    | 19,659,250               | 35,236,986     | 135,458,177    | 146,136,084    |
| Expenses:                             |                         |                |                          |                |                |                |
| General government                    | 5,830,939               | 8,947,455      | 889,940                  | 793,600        | 6,720,879      | 9,741,055      |
| Public Safety                         | 41,487,196              | 33,986,229     | -                        | -              | 41,487,196     | 33,986,229     |
| Public Works                          | 16,202,621              | 25,051,113     | 21,551,956               | 16,452,714     | 37,754,577     | 41,503,827     |
| Community development                 | 8,068,075               | 6,890,095      | -                        | -              | 8,068,075      | 6,890,095      |
| Human Services                        | 3,681,998               | 1,887,824      | -                        | -              | 3,681,998      | 1,887,824      |
| Interest expense and other charges    | 7,460,392               | 4,623,407      | -                        | -              | 7,460,392      | 4,623,407      |
| Total Expenses                        | 82,731,221              | 81,386,123     | 22,441,896               | 17,246,314     | 105,173,117    | 98,632,437     |
| Change in net assets before transfers | 33,067,706              | 29,512,975     | 2,782,646                | -              | 35,850,352     | 47,503,647     |
| Transfers                             | -                       | -              | -                        | -              | -              | -              |
| Change in net assets                  | 33,067,706              | 29,512,975     | 546,597                  | 17,990,672     | 33,614,303     | 47,503,647     |
| Net Assets - beginning of year        | 410,681,278             | 381,168,303    | 169,840,969              | 151,850,297    | 580,522,247    | 533,018,600    |
| Net assets - end of year              | \$ 443,748,984          | \$ 410,681,278 | \$ 170,387,566           | \$ 169,840,969 | \$ 614,136,550 | \$ 580,522,247 |

**BUSINESS TYPE ACTIVITIES**

The cost of all business type activities this year was approximately \$22 million. The cost of Water activities was \$21,551,956. This increase of 31 percent over the prior year is due primarily to infrastructure upgrades. The costs for Golf activities increased to \$889,940 from \$793,600 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 \$16,641,807 up from \$13,547,919 in the prior year. The majority of

this increase is due to increase rates for water service. The balance of the increase is due to additional investment earnings and golf fee revenue.

## DEBT ADMINISTRATION

Debt considered a liability of governmental activities, was \$139,521,822 at the end of fiscal year 2007-08. This is an increase of \$44 million over the prior year. The retirement of a \$7,000,000 note and scheduled debt service payments were offset by the issuance of Redevelopment Bonds (net \$41,730,000) and the issuance of Gas Tax Bonds (\$7,474,050).

Debt considered a liability of business-type activities was \$63,499,850, a decrease of \$34,024 due to a scheduled debt service payment.

Fiscal year activity is represented in the chart below. Additional information on the City's long-term debt can be found in notes 6 through 13 on pages 49-62.

### CITY OF INDIOS Outstanding Debt

|                                   | Governmental activities |                      | Business-Type activities |                      | Total                |                       |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|-----------------------|
|                                   | 2008                    | 2007                 | 2008                     | 2007                 | 2008                 | 2007                  |
| Claims Payable                    | \$ 1,201,231            | \$ 882,131           |                          |                      | \$ 1,201,231         | \$ 882,131            |
| RDA Bonds                         | 80,845,000              | 39,400,000           |                          |                      | 80,845,000           | 39,400,000            |
| Lease Revenue Bonds               | 39,325,000              | 39,325,000           |                          |                      | 39,325,000           | 39,325,000            |
| Water Bonds                       |                         |                      | 63,303,735               | 63,356,566           | 63,303,735           | 63,356,566            |
| Capital Lease                     | 481,864                 | 725,755              |                          |                      | 481,864              | 725,755               |
| Certificates of Participation     | 7,474,050               |                      |                          |                      | 7,474,050            | -                     |
| Notes payable                     | 4,000,000               | 11,000,000           |                          |                      | 4,000,000            | 11,000,000            |
| Post employment benefit liability | 3,882,624               | 2,007,213            |                          |                      | 3,882,624            | 2,007,213             |
| Compensated absences              | 2,312,053               | 2,074,701            | 196,115                  | 177,308              | 2,312,053            | 2,252,009             |
| <b>Total</b>                      | <b>\$139,521,822</b>    | <b>\$ 95,414,800</b> | <b>\$ 63,499,850</b>     | <b>\$ 63,533,874</b> | <b>\$203,021,672</b> | <b>\$ 158,948,674</b> |

## 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, 2008, net capital assets of the

governmental activities totaled \$403,596,101 and the net capital assets of the business-type activities totaled \$185,208,941.

Fiscal year activity is presented in the chart below. Additional information on the City's Capital Assets can be found in note 5 on pages 46-48.

**CITY OF INDIO'S Capital Assets**

|                                   | Governmental activities |               | Business-Type activities |               | Total         |               |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                   | 2008                    | 2007          | 2008                     | 2007          | 2008          | 2007          |
| Land                              | \$ 41,106,729           | \$ 35,356,527 | \$ 1,221,860             | \$ 721,577    | \$ 42,328,589 | \$ 36,078,104 |
| Right of way                      | 51,403,393              | 47,001,283    |                          |               | 51,403,393    | 47,001,283    |
| Structures and improvements       | 10,610,145              | 6,156,984     | 38,865                   | 38,865        | 10,649,010    | 6,195,849     |
| Machinery, equipment and vehicles | 13,782,928              | 11,777,020    | 1,956,812                | 1,948,971     | 15,739,740    | 13,725,991    |
| Infrastructure                    | 369,742,674             | 310,751,581   | 230,739,313              | 221,955,872   | 600,481,987   | 532,707,453   |
| Construction in progress          | 54,059,970              | 55,820,789    | 15,925,450               | 3,982,375     | 69,985,420    | 59,803,164    |
| Capital Assets                    | 540,705,839             | 466,864,184   | 249,882,300              | 228,647,660   | 790,588,139   | 695,511,844   |
| Accumulated depreciation          | 137,109,738             | 127,021,635   | 64,673,359               | 59,690,041    | 201,783,097   | 186,711,676   |
| Net Capital Assets                | \$403,596,101           | \$339,842,549 | \$185,208,941            | \$168,957,619 | \$588,805,042 | \$508,800,168 |

**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 2007-08. 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 2007-08 adopted General Fund expenditure budget amount of \$55,626,524 to the final budget amount of \$54,214,910, shows a decrease of \$1,411,614. This decrease is primarily due to a mid-year budget adjustment that reduced sales tax revenue to reflect current economic conditions.

**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 2008-09, staff used the following criteria for the key assumptions:

- Sales tax revenue will increase by approximately 10% due to new retail outlets.
- Utility tax revenue is expected to increase 5% based on increases in utility companies' rates.
- 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 2007-08.
- Costs for additional staffing for the new Teen Center and for maintenance of the City's renovated park system were included in expenditures.

### **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](mailto:www.finance@indio.org).

BASIC FINANCIAL STATEMENTS

CITY OF INDIO  
Statement of Net Assets  
June 30, 2008

|   | Primary Government         |                             | Totals             |                    |
|---|----------------------------|-----------------------------|--------------------|--------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | 2008               | 2007               |
| <b>Assets:</b>                                  |                            |                             |                    |                    |
| Cash and investments (note 2)                   | \$ 70,743,946              | 9,211,148                   | 79,955,094         | 106,162,286        |
| Cash with fiscal agent (note 2)                 | 81,021,783                 | 41,494,038                  | 122,515,821        | 111,029,703        |
| Deposits with other agencies                    | 46,490                     | -                           | 46,490             | 48,997             |
| Accounts receivable, net                        | 1,390,745                  | 1,822,057                   | 3,212,802          | 3,018,421          |
| Interest receivable                             | 403,850                    | 36,566                      | 440,416            | 617,415            |
| Notes receivable (note 4)                       | 3,077,838                  | -                           | 3,077,838          | 1,783,242          |
| Due from other governments                      | 6,010,922                  | -                           | 6,010,922          | 3,906,045          |
| Prepaid items                                   | 852,820                    | -                           | 852,820            | 798,612            |
| Inventory                                       | -                          | 370,904                     | 370,904            | 384,054            |
| Deferred charges                                | 3,848,969                  | 912,984                     | 4,761,953          | 3,157,043          |
| Land held for resale                            | 40,881,161                 | -                           | 40,881,161         | 35,787,625         |
| Capital assets, not depreciated (note 5)        | 146,570,092                | 17,147,310                  | 163,717,402        | 142,882,551        |
| Capital assets, depreciated, net (note 5)       | <u>257,026,009</u>         | <u>168,061,631</u>          | <u>425,087,640</u> | <u>365,917,617</u> |
| Total assets                                    | <u>611,874,625</u>         | <u>239,056,638</u>          | <u>850,931,263</u> | <u>775,493,611</u> |
| <b>Liabilities:</b>                             |                            |                             |                    |                    |
| Accounts payable                                | 10,767,787                 | 3,286,951                   | 14,054,738         | 15,271,279         |
| Accrued payroll                                 | 1,031,727                  | 132,129                     | 1,163,856          | 977,666            |
| Deposits  | 4,905,864                  | 485,973                     | 5,391,837          | 5,473,189          |
| Interest payable                                | 2,592,985                  | 735,734                     | 3,328,719          | 3,494,034          |
| Pass-through payable                            | 3,578,780                  | -                           | 3,578,780          | 2,282,370          |
| Retentions payable                              | 334,629                    | 528,435                     | 863,064            | 737,366            |
| Unearned revenue                                | 5,392,047                  | -                           | 5,392,047          | 7,786,786          |
| Long-term liabilities (notes 6 to 13):          |                            |                             |                    |                    |
| Portion due within one year                     | 3,262,098                  | 187,677                     | 3,449,775          | 3,533,503          |
| Portion due in more than one year               | <u>136,259,724</u>         | <u>63,312,173</u>           | <u>199,571,897</u> | <u>155,415,171</u> |
| Total liabilities                               | <u>168,125,641</u>         | <u>68,669,072</u>           | <u>236,794,713</u> | <u>194,971,364</u> |
| <b>Net assets:</b>                              |                            |                             |                    |                    |
| Invested in capital assets, net of related debt | 379,736,971                | 159,961,808                 | 539,698,779        | 486,179,762        |
| Restricted for:                                 |                            |                             |                    |                    |
| Public works                                    | 3,732,256                  | -                           | 3,732,256          | 4,391,829          |
| Assessment districts                            | 16,066,551                 | -                           | 16,066,551         | 21,967,828         |
| Low and moderate housing                        | 5,887,458                  | -                           | 5,887,458          | 3,258,894          |
| Community development                           | 9,973,165                  | -                           | 9,973,165          | 10,441,450         |
| Public safety                                   | 1,317,620                  | -                           | 1,317,620          | 1,088,413          |
| Unrestricted                                    | <u>27,034,963</u>          | <u>10,425,758</u>           | <u>37,460,721</u>  | <u>53,194,071</u>  |
| Total net assets                                | <u>\$ 443,748,984</u>      | <u>170,387,566</u>          | <u>614,136,550</u> | <u>580,522,247</u> |

See accompanying notes to basic financial statements.



CITY OF INDIO  
Statement of Activities  
Year Ended June 30, 2008

|                                    | Program Revenues        |  |  |            |
|------------------------------------|-------------------------|--|--|------------|
| Expenses                           | Charges for<br>Services | Operating<br>Contributions<br>and Grants | Capital<br>Contributions<br>and Grants |            |
| Governmental activities:           |                         |  |  |            |
| General government                 | \$ 5,830,939            | 484,828                                  | -                                      | -          |
| Public safety                      | 41,487,196              | 2,515,172                                | 264,692                                | 663,025    |
| Public works                       | 16,202,621              | 3,177,927                                | 12,591,355                             | 40,774,362 |
| Community development              | 8,068,075               | 3,172,048                                | 171,867                                | -          |
| Human services                     | 3,681,998               | 1,005,311                                | 1,769,541                              | -          |
| Interest expense and other charges | 7,460,392               | -  | -                                      | -          |
| Total governmental activities      | 82,731,221              | 10,355,286                               | 14,797,455                             | 41,437,387 |
| Business-type activities:          |                         |  |  |            |
| Water                              | 21,551,956              | 12,277,776                               | -                                      | 6,346,686  |
| Golf                               | 889,940                 | 1,034,788                                | -                                      | -          |
| Total business-type activities     | 22,441,896              | 13,312,564                               | -                                      | 6,346,686  |
| Total primary government           | \$ 105,173,117          | 23,667,850                               | 14,797,455                             | 47,784,073 |

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Investment income

State motor vehicle in lieu tax (unrestricted)

Other

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

See accompanying notes to basic financial statements.



Net (Expenses) Revenues  
and Changes in Net Assets

| Primary Government         |                             |                     |                     |
|----------------------------|-----------------------------|---------------------|---------------------|
| Governmental<br>Activities | Business-type<br>Activities | 2008                | 2007                |
| (5,346,111)                | -                           | (5,346,111)         | (8,860,375)         |
| (38,044,307)               | -                           | (38,044,307)        | (29,376,570)        |
| 40,341,023                 | -                           | 40,341,023          | 15,248,318          |
| (4,724,160)                | -                           | (4,724,160)         | 6,166,845           |
| (907,146)                  | -                           | (907,146)           | (1,887,149)         |
| (7,460,392)                | -                           | (7,460,392)         | (4,623,407)         |
| <u>(16,141,093)</u>        | <u>-</u>                    | <u>(16,141,093)</u> | <u>(23,332,338)</u> |
| -                          | (2,927,494)                 | (2,927,494)         | 15,678,821          |
| <u>-</u>                   | <u>144,848</u>              | <u>144,848</u>      | <u>(172,677)</u>    |
| <u>-</u>                   | <u>(2,782,646)</u>          | <u>(2,782,646)</u>  | <u>15,506,144</u>   |
| <u>(16,141,093)</u>        | <u>(2,782,646)</u>          | <u>(18,923,739)</u> | <u>(7,826,194)</u>  |
| 23,918,352                 | -                           | 23,918,352          | 25,308,762          |
| 8,547,782                  | -                           | 8,547,782           | 9,803,073           |
| 2,070,205                  | -                           | 2,070,205           | 1,818,380           |
| 2,040,291                  | -                           | 2,040,291           | 1,955,641           |
| 5,828,674                  | -                           | 5,828,674           | 5,097,913           |
| 3,161,122                  | 3,029,175                   | 6,190,297           | 7,993,027           |
| 374,712                    | -                           | 374,712             | 416,496             |
| <u>3,267,661</u>           | <u>300,068</u>              | <u>3,567,729</u>    | <u>2,936,549</u>    |
| <u>49,208,799</u>          | <u>3,329,243</u>            | <u>52,538,042</u>   | <u>55,329,841</u>   |
| 33,067,706                 | 546,597                     | 33,614,303          | 47,503,647          |
| <u>410,681,278</u>         | <u>169,840,969</u>          | <u>580,522,247</u>  | <u>533,018,600</u>  |
| <u>\$ 443,748,984</u>      | <u>170,387,566</u>          | <u>614,136,550</u>  | <u>580,522,247</u>  |

CITY OF INDIO  
Governmental Funds

Balance Sheet  
June 30, 2008

|                                      | <u>General</u><br><u>Fund</u> | <u>RDA Debt</u><br><u>Service</u><br><u>Fund</u> | <u>Capital</u><br><u>Projects</u><br><u>Fund</u> |
|--------------------------------------|-------------------------------|--|--|
| <u>Assets</u>                        |                               |  |  |
| Cash and investments                 | \$ 16,566,133                 | -  | 21,981,689                                       |
| Cash with fiscal agent               | -                             | 5,008,010  | 13,450,693                                       |
| Accounts receivable                  | 1,244,750                     | -  | 56,396   |
| Due from other governments           | 2,161,976                     | -  | 2,475,959  |
| Due from other funds (note 3)        | -                             | -  | -  |
| Interest receivable                  | 83,239                        | 589  | 136,626  |
| Notes receivable                     | -                             | -  | -  |
| Prepaid items                        | 16,825                        | -  | -  |
| Advances to other funds (note 3)     | 4,095,692                     | -  | -  |
| Land held for resale                 | 7,017,394                     | -  | -  |
| Total assets                         | \$ 31,186,009                 | 5,008,599  | 38,101,363                                       |
| <u>Liabilities and Fund Balances</u> |                               |  |  |
| Liabilities:                         |                               |  |  |
| Accounts payable                     | \$ 4,162,093                  | -  | 3,725,901  |
| Accrued liabilities                  | 980,018                       | -  | -  |
| Due to other funds (note 3)          | -                             | -  | -  |
| Advances from other funds (note 3)   | -                             | -  | 2,600,000  |
| Deferred revenue                     | -                             | -  | -  |
| Unearned revenue                     | -                             | -  | 5,392,047  |
| Retentions payable                   | -                             | -  | 334,629  |
| Pass-through payable                 | -                             | -  | -  |
| Deposits payable                     | 4,574,459                     | -  | 321,900  |
| Total liabilities                    | 9,716,570                     | -  | 12,374,477                                       |
| Fund balances:                       |                               |  |  |
| Reserved:                            |                               |  |  |
| Encumbrances                         | 73,406                        | -  | 8,240,219  |
| Prepaid items                        | 16,825                        | -  | -  |
| Notes receivable                     | -                             | -  | -  |
| Low and moderate housing             | -                             | -  | -  |
| Advances                             | 4,095,692                     | -  | -  |
| Land held for resale                 | 7,017,394                     | -  | -  |
| Debt service                         | -                             | 5,008,599  | -  |
| Construction projects                | -                             | -  | 13,450,693                                       |
| Unreserved, reported in:             |                               |  |  |
| General fund                         | 10,266,122                    | -  | -  |
| Special revenue funds                | -                             | -  | -  |
| Capital projects funds               | -                             | -  | 4,035,974  |
| Total fund balances                  | 21,469,439                    | 5,008,599  | 25,726,886                                       |
| Total liabilities and fund balances  | \$ 31,186,009                 | 5,008,599  | 38,101,363                                       |

See accompanying notes to basic financial statements.

| Assessment<br>Districts<br>Fund | RDA Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Totals             |                    |
|---------------------------------|---------------------------------|--------------------------------|--------------------|--------------------|
|                                 |                                 |                                | 2008               | 2007               |
| -                               | 14,299,691                      | 13,235,733                     | 66,083,246         | 90,762,437         |
| 16,988,469                      | 36,794,240                      | 8,780,371                      | 81,021,783         | 58,191,606         |
| -                               | 21,916                          | -                              | 1,323,062          | 1,169,960          |
| -                               | 350,526                         | 1,022,461                      | 6,010,922          | 3,906,045          |
| -                               | -                               | -                              | -                  | 44,921             |
| -                               | 74,208                          | 83,098                         | 377,760            | 526,178            |
| -                               | 70,000                          | 3,007,838                      | 3,077,838          | 1,783,242          |
| -                               | -                               | -                              | 16,825             | 20,432             |
| -                               | -                               | -                              | 4,095,692          | 4,481,584          |
| -                               | 33,863,767                      | -                              | 40,881,161         | 35,787,625         |
| <u>16,988,469</u>               | <u>85,474,348</u>               | <u>26,129,501</u>              | <u>202,888,289</u> | <u>196,674,030</u> |
| 921,918                         | 244,562                         | 1,260,045                      | 10,314,519         | 12,266,444         |
| -                               | 3,265                           | 11,346                         | 994,629            | 859,000            |
| -                               | -                               | -                              | -                  | 44,921             |
| -                               | 1,495,692                       | -                              | 4,095,692          | 4,481,584          |
| -                               | -                               | 24,597                         | 24,597             | -                  |
| -                               | -                               | -                              | 5,392,047          | 7,786,786          |
| -                               | -                               | -                              | 334,629            | 525,650            |
| -                               | 3,578,780                       | -                              | 3,578,780          | 2,282,370          |
| -                               | -                               | 9,505                          | 4,905,864          | 5,216,799          |
| <u>921,918</u>                  | <u>5,322,299</u>                | <u>1,305,493</u>               | <u>29,640,757</u>  | <u>33,463,554</u>  |
| -                               | 1,417,150                       | 557,346                        | 10,288,121         | 10,121,895         |
| -                               | -                               | -                              | 16,825             | 20,432             |
| -                               | 70,000                          | 2,983,241                      | 3,053,241          | 1,783,242          |
| -                               | -                               | 6,239,217                      | 6,239,217          | 4,955,652          |
| -                               | -                               | -                              | 4,095,692          | 4,481,584          |
| -                               | 33,863,767                      | -                              | 40,881,161         | 35,787,625         |
| -                               | -                               | 1,326,777                      | 6,335,376          | 5,960,947          |
| 16,066,551                      | 36,794,240                      | 7,118,451                      | 73,429,935         | 53,063,016         |
| -                               | -                               | -                              | 10,266,122         | 22,929,847         |
| -                               | -                               | 6,598,976                      | 6,598,976          | 6,133,509          |
| -                               | 8,006,892                       | -                              | 12,042,866         | 17,972,727         |
| <u>16,066,551</u>               | <u>80,152,049</u>               | <u>24,824,008</u>              | <u>173,247,532</u> | <u>163,210,476</u> |
| <u>16,988,469</u>               | <u>85,474,348</u>               | <u>26,129,501</u>              | <u>202,888,289</u> | <u>196,674,030</u> |

CITY OF INDIO  
Governmental Funds  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2008

Fund balances of governmental funds \$ 173,247,532

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           | 526,922,911   |
| Accumulated depreciation | (128,520,472) |

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

|                                   |               |
|-----------------------------------|---------------|
| Bonds payable                     | (120,170,000) |
| Certificates of participation     | (7,474,050)   |
| Capital lease obligations         | (481,864)     |
| Note payable                      | (4,000,000)   |
| Compensated absences              | (2,312,053)   |
| Post employment benefit liability | (3,882,624)   |
| Unamortized bond issuance costs   | 3,848,967     |

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (2,592,985)

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 | 5,193,661        |
| Long-term liabilities               | (1,201,230)      |
| Other assets and liabilities        | <u>5,171,191</u> |

Net assets of governmental activities \$ 443,748,984

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, 2008

|  | General<br>Fund      | RDA Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund |
|--|----------------------|-----------------------------|-----------------------------|
| Revenues:  |                      |                             |                             |
| Taxes  | \$ 25,589,081        | -                           | -                           |
| Special assessments  | -                    | -                           | -                           |
| Licenses and permits   | 2,629,512            | -                           | -                           |
| Intergovernmental  | 8,558,797            | -                           | 12,524,717                  |
| Charges for services   | 10,527,946           | -                           | -                           |
| Fines  | 606,174              | -                           | -                           |
| Investment income  | 1,157,275            | 312,412                     | 2,099,975                   |
| Developer fees   | -                    | -                           | 8,565,788                   |
| Miscellaneous  | 1,446,989            | -                           | -                           |
| Contributions from property owners                           | -                    | -                           | -                           |
| Total revenues   | <u>50,515,774</u>    | <u>312,412</u>              | <u>23,190,480</u>           |
| Expenditures   |                      |                             |                             |
| Current:   |                      |                             |                             |
| General government   | 5,067,948            | -                           | -                           |
| Public safety  | 32,643,061           | -                           | -                           |
| Public works   | 9,356,001            | -                           | 42,233,545                  |
| Community development  | 7,080,461            | -                           | -                           |
| Human services   | 1,643,038            | -                           | -                           |
| Other  | 1,687,061            | -                           | -                           |
| Debt service:  |                      |                             |                             |
| Principal  | 7,141,140            | 775,000                     | -                           |
| Interest and other charges                                   | 591,267              | 2,681,947                   | -                           |
| Bond issuance costs  | -                    | -                           | -                           |
| Payment to bond escrow agent                                 | -                    | -                           | -                           |
| Pass-through payments  | -                    | -                           | -                           |
| Total expenditures   | <u>65,209,977</u>    | <u>3,456,947</u>            | <u>42,233,545</u>           |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(14,694,203)</u>  | <u>(3,144,535)</u>          | <u>(19,043,065)</u>         |
| Other financing sources (uses):                              |                      |                             |                             |
| Payment to bond escrow agent                                 | -                    | -                           | -                           |
| Original discount on bonds                                   | -                    | -                           | -                           |
| Interfund transfers in (note 3)                              | 1,719,068            | 6,166,404                   | 44,457                      |
| Interfund transfers out (note 3)                             | (433,818)            | (8,476,909)                 | -                           |
| Issuance of debt   | -                    | -                           | -                           |
| Total other financing sources (uses)                         | <u>1,285,250</u>     | <u>(2,310,505)</u>          | <u>44,457</u>               |
| Net change in fund balances                                  | <u>(13,408,953)</u>  | <u>(5,455,040)</u>          | <u>(18,998,608)</u>         |
| Fund balances at beginning of year                           | <u>34,878,392</u>    | <u>10,463,639</u>           | <u>44,725,494</u>           |
| Fund balances at end of year                                 | <u>\$ 21,469,439</u> | <u>5,008,599</u>            | <u>25,726,886</u>           |

See accompanying notes to basic financial statements.

| Assessment<br>Districts<br>Fund | RDA Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Totals              |                     |
|---------------------------------|---------------------------------|--------------------------------|---------------------|---------------------|
|                                 |                                 |                                | <u>2008</u>         | <u>2007</u>         |
| -                               | 11,252,025                      | 6,157,322                      | 42,998,428          | 40,158,694          |
| -                               | -                               | 2,940,067                      | 2,940,067           | 2,412,141           |
| -                               | -                               | -                              | 2,629,512           | 4,340,302           |
| -                               | -                               | 2,084,627                      | 23,168,141          | 19,710,074          |
| -                               | 612,726                         | -                              | 11,140,672          | 11,070,156          |
| -                               | -                               | 396,252                        | 1,002,426           | 1,071,846           |
| 748,827                         | 460,188                         | 606,388                        | 5,385,065           | 6,365,296           |
| -                               | -                               | -                              | 8,565,788           | 15,986,795          |
| 17,343                          | 299,476                         | 721,059                        | 2,484,867           | 4,596,049           |
| <u>2,175,130</u>                | <u>-</u>                        | <u>-</u>                       | <u>2,175,130</u>    | <u>8,379,586</u>    |
| <u>2,941,300</u>                | <u>12,624,415</u>               | <u>12,905,715</u>              | <u>102,490,096</u>  | <u>114,090,939</u>  |
| -                               | -                               | 865,800                        | 5,933,748           | 7,439,807           |
| -                               | -                               | 890,713                        | 33,533,774          | 27,271,835          |
| 8,842,577                       | -                               | 6,214,099                      | 66,646,222          | 85,887,347          |
| -                               | 2,183,465                       | 219,004                        | 9,482,930           | 10,100,130          |
| -                               | -                               | -                              | 1,643,038           | 1,827,236           |
| -                               | -                               | -                              | 1,687,061           | 592,203             |
| -                               | -                               | 102,752                        | 8,018,892           | 1,067,573           |
| -                               | -                               | 1,610,885                      | 4,884,099           | 3,433,903           |
| -                               | 943,083                         | 369,057                        | 1,312,140           | 841,003             |
| -                               | 1,817,256                       | -                              | 1,817,256           | 380,501             |
| -                               | 5,792,700                       | -                              | 5,792,700           | 2,646,155           |
| <u>8,842,577</u>                | <u>10,736,504</u>               | <u>10,272,310</u>              | <u>140,751,860</u>  | <u>141,487,693</u>  |
| <u>(5,901,277)</u>              | <u>1,887,911</u>                | <u>2,633,405</u>               | <u>(38,261,764)</u> | <u>(27,396,754)</u> |
| -                               | (25,999,421)                    | -                              | (25,999,421)        | (2,811,026)         |
| -                               | (416,637)                       | (52,412)                       | (469,049)           | (325,214)           |
| -                               | 8,476,909                       | 433,818                        | 16,840,656          | 17,456,413          |
| -                               | (5,840,128)                     | (2,089,801)                    | (16,840,656)        | (17,464,073)        |
| -                               | 67,240,000                      | 7,527,290                      | 74,767,290          | 43,325,000          |
| -                               | 43,460,723                      | 5,818,895                      | 48,298,820          | 40,181,100          |
| <u>(5,901,277)</u>              | <u>45,348,634</u>               | <u>8,452,300</u>               | <u>10,037,056</u>   | <u>12,784,346</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>  |
| <u>16,066,551</u>               | <u>80,152,049</u>               | <u>24,824,008</u>              | <u>173,247,532</u>  | <u>163,210,476</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, 2008

Changes in fund balances of governmental funds \$ 10,037,056

Amounts reported for governmental activities in the Statement of Activities are different

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|                                |             |
|--------------------------------|-------------|
| Capital expenditures           | 47,437,875  |
| Depreciation of capital assets | (8,709,328) |
| Contributed capital assets     | 24,395,279  |

Long-Term Debt Transactions

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

|                                     |              |
|-------------------------------------|--------------|
| Principal payments                  | 8,018,892    |
| Refunded principal                  | 25,398,717   |
| Debt issued                         | (74,767,290) |
| Bond issuance costs                 | 1,781,189    |
| Amortization of bond issuance costs | (326,242)    |

To record as an expense the net change in post employment benefit liability in the Statement of Activities. (1,875,411)

To record as an expense the net change in compensated absences in the Statement of Activities. (237,352)

Accrued Interest

The Statement of Net Assets includes accrued interest on long-term debt. 165,315

Internal Service Funds

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. 1,724,409

Deferred Revenue

Earned revenue has been deferred in the fund financial statements if it is collectible after the availability period. 24,597

Changes in net assets of governmental activities \$ 33,067,706

See accompanying notes to basic financial statements.



CITY OF INDIO  
Proprietary Funds  
Statement of Net Assets  
June 30, 2008

|   | Business-Type Activities - Enterprise Funds |                   |                    |                    | Governmental Activities - Internal Service Funds |                  |
|---|---|-------------------|--------------------|--------------------|--|------------------|
|   | Major Fund<br>Water                         | Nonmajor<br>Funds | 2008               | 2007               | 2008   | 2007             |
| <b>Assets:</b>  |   |                   |                    |                    |  |                  |
| <b>Current assets:</b>  |   |                   |                    |                    |  |                  |
| Cash and investments  | \$ 7,918,889                                | 1,292,259         | 9,211,148          | 12,681,044         | 4,660,700  | 2,718,805        |
| Cash with fiscal agent  | 41,494,038                                  | -                 | 41,494,038         | 52,838,097         | -  | -                |
| Deposit with other agencies                                   | -   | -                 | -                  | -                  | 46,490   | 48,997           |
| Accounts receivable, net                                      | 1,820,602                                   | 1,455             | 1,822,057          | 1,685,263          | 67,683   | 163,198          |
| Interest receivable   | 28,515                                      | 8,051             | 36,566             | 70,639             | 26,090   | 20,598           |
| Prepaid items   | -   | -                 | -                  | -                  | 835,994  | 778,180          |
| Inventory   | 370,904                                     | -                 | 370,904            | 322,205            | -  | 61,849           |
| <b>Total current assets</b>                                   | <b>51,632,948</b>                           | <b>1,301,765</b>  | <b>52,934,713</b>  | <b>67,597,248</b>  | <b>5,636,957</b>                                 | <b>3,791,627</b> |
| <b>Noncurrent assets:</b>                                     |   |                   |                    |                    |  |                  |
| Deferred charges  | 912,984                                     | -                 | 912,984            | 945,277            | -  | -                |
| <b>Capital assets:</b>  |   |                   |                    |                    |  |                  |
| Land  | 755,900                                     | 465,960           | 1,221,860          | 721,577            | -  | -                |
| Structures and improvements                                   | -   | 38,865            | 38,865             | 38,865             | -  | -                |
| Machinery and equipment                                       | 665,685                                     | 70,464            | 736,149            | 728,309            | 4,030,057  | 3,595,350        |
| Vehicles  | 1,122,541                                   | 98,121            | 1,220,662          | 1,220,662          | 9,752,871  | 8,181,670        |
| Utility distribution system                                   | 230,739,314                                 | -                 | 230,739,314        | 221,955,872        | -  | -                |
| Construction in progress                                      | 15,925,450                                  | -                 | 15,925,450         | 3,982,375          | -  | -                |
| Accumulated depreciation                                      | (64,502,752)                                | (170,607)         | (64,673,359)       | (59,690,041)       | (8,589,267)                                      | (7,213,084)      |
| <b>Total capital assets (net of accumulated depreciation)</b> | <b>184,706,138</b>                          | <b>502,803</b>    | <b>185,208,941</b> | <b>168,957,619</b> | <b>5,193,661</b>                                 | <b>4,563,936</b> |
| <b>Total assets</b>   | <b>237,252,070</b>                          | <b>1,804,568</b>  | <b>239,056,638</b> | <b>237,500,144</b> | <b>10,830,618</b>                                | <b>8,355,563</b> |
| <b>Liabilities:</b>   |   |                   |                    |                    |  |                  |
| <b>Current liabilities:</b>                                   |   |                   |                    |                    |  |                  |
| Accounts payable  | 3,223,890                                   | 63,061            | 3,286,951          | 2,834,481          | 453,268  | 170,354          |
| Accrued liabilities   | 132,129                                     | -                 | 132,129            | 86,980             | 37,098   | 31,686           |
| Deposits payable  | 199,015                                     | 286,958           | 485,973            | 256,390            | -  | -                |
| Interest payable  | 735,734                                     | -                 | 735,734            | 735,734            | -  | -                |
| Retention payable   | 528,435                                     | -                 | 528,435            | 211,716            | -  | -                |
| Long-term liabilities, portion due within one year            | 187,677                                     | -                 | 187,677            | 141,677            | 367,547  | 197,114          |
| <b>Noncurrent liabilities:</b>                                |   |                   |                    |                    |  |                  |
| Long-term liabilities, portion due within more than one year  | 63,312,173                                  | -                 | 63,312,173         | 63,392,197         | 833,683  | 541,795          |
| <b>Total liabilities</b>                                      | <b>68,319,053</b>                           | <b>350,019</b>    | <b>68,669,072</b>  | <b>67,659,175</b>  | <b>1,691,596</b>                                 | <b>940,949</b>   |
| <b>Net assets:</b>  |   |                   |                    |                    |  |                  |
| Invested in capital assets, net of related debt               | 159,459,005                                 | 502,803           | 159,961,808        | 158,648,692        | 5,193,661  | 4,563,936        |
| Unrestricted  | 9,474,012                                   | 951,746           | 10,425,758         | 11,192,277         | 3,945,361  | 2,850,678        |
| <b>Total net assets</b>                                       | <b>\$168,933,017</b>                        | <b>1,454,549</b>  | <b>170,387,566</b> | <b>169,840,969</b> | <b>9,139,022</b>                                 | <b>7,414,614</b> |

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, 2008

|  | Business-Type Activities - Enterprise Funds |                   |                    |                    | Governmental Activities - Internal Service Funds |                  |
|--|---|-------------------|--------------------|--------------------|--|------------------|
|  | Major Fund<br>Water                         | Nonmajor<br>Funds | 2008               | 2007               | 2008   | 2007             |
| Operating revenues:                                      |   |                   |                    |                    |  |                  |
| Charges for services                                     | \$ 12,277,776                               | 1,034,788         | 13,312,564         | 11,063,391         | 9,082,186  | 7,169,446        |
| Total operating revenues                                 | <u>12,277,776</u>                           | <u>1,034,788</u>  | <u>13,312,564</u>  | <u>11,063,391</u>  | <u>9,082,186</u>                                 | <u>7,169,446</u> |
| Operating expenses:                                      |   |                   |                    |                    |  |                  |
| Personnel services                                       | 5,525,228                                   | -                 | 5,525,228          | 2,909,663          | 2,189,676  | 1,787,704        |
| Contractual services                                     | 1,708,455                                   | 468,791           | 2,177,246          | 1,348,297          | 1,132,321  | 1,021,184        |
| Utility  | 2,063,927                                   | -                 | 2,063,927          | 1,888,162          | -  | -                |
| Depreciation   | 5,707,848                                   | 19,335            | 5,727,183          | 3,709,788          | 1,455,670  | 1,247,479        |
| Rental and leases  | 1,268,044                                   | -                 | 1,268,044          | 1,235,647          | -  | -                |
| Repairs and maintenance                                  | 753,772                                     | 59,323            | 813,095            | 3,132,762          | 985,778  | 753,983          |
| Materials and supplies                                   | 1,627,372                                   | 342,491           | 1,969,863          | 707,526            | 1,977,528  | 2,367,342        |
| Claims and judgments                                     | -   | -                 | -                  | -                  | 1,164,823  | 909,217          |
| Total operating expenses                                 | <u>18,654,646</u>                           | <u>889,940</u>    | <u>19,544,586</u>  | <u>14,931,845</u>  | <u>8,905,796</u>                                 | <u>8,086,909</u> |
| Operating income (loss)                                  | <u>(6,376,870)</u>                          | <u>144,848</u>    | <u>(6,232,022)</u> | <u>(3,868,454)</u> | <u>176,390</u>                                   | <u>(917,463)</u> |
| Nonoperating revenues (expenses):                        |   |                   |                    |                    |  |                  |
| Investment income  | 2,988,318                                   | 40,857            | 3,029,175          | 2,216,119          | 183,517  | 156,259          |
| Interest expense   | (2,897,310)                                 | -                 | (2,897,310)        | (2,314,469)        | -  | -                |
| Other income   | 298,762                                     | 1,306             | 300,068            | 268,409            | 189,761  | 3,325            |
| Total nonoperating revenues (expenses)                   | <u>389,770</u>                              | <u>42,163</u>     | <u>431,933</u>     | <u>170,059</u>     | <u>373,278</u>                                   | <u>159,584</u>   |
| Income (loss) before transfers and capital contributions | <u>(5,987,100)</u>                          | <u>187,011</u>    | <u>(5,800,089)</u> | <u>(3,698,395)</u> | <u>549,668</u>                                   | <u>(757,879)</u> |
| Interfund transfers and capital contributions:           |   |                   |                    |                    |  |                  |
| Interfund transfers in                                   | -   | -                 | -                  | -                  | -  | 7,660            |
| Capital assets contributed                               | <u>6,346,686</u>                            | <u>-</u>          | <u>6,346,686</u>   | <u>21,689,067</u>  | <u>1,174,740</u>                                 | <u>1,931,806</u> |
| Changes in net assets                                    | 359,586                                     | 187,011           | 546,597            | 17,990,672         | 1,724,408  | 1,181,587        |
| Net assets at beginning 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> |
| Net assets at end of year                                | <u>\$ 168,933,017</u>                       | <u>1,454,549</u>  | <u>170,387,566</u> | <u>169,840,969</u> | <u>9,139,022</u>                                 | <u>7,414,614</u> |

See accompanying notes to basic financial statements.

CITY OF INDIO  
Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2008

|  | Business-Type Activities - Enterprise Funds |                   |                     |                     | Governmental Activities - Internal Service Funds |                  |
|--|---|-------------------|---------------------|---------------------|--|------------------|
|  | Major Fund<br>Water                         | Nonmajor<br>Funds | 2008                | 2007                | 2008   | 2007             |
| Cash flows from operating activities:  |   |                   |                     |                     |  |                  |
| Cash received from customers   | \$ 12,085,062                               | 1,354,798         | 13,439,860          | 10,609,250          | -  | -                |
| Cash received from user departments  | -   | -                 | -                   | -                   | 8,242,934  | 7,015,813        |
| Cash payments to suppliers for<br>for goods and services                         | (6,726,890)                                 | (899,940)         | (7,626,830)         | (5,712,575)         | (3,829,529)                                      | (5,884,486)      |
| Cash payments to employees for<br>services                                       | (5,461,272)                                 | -                 | (5,461,272)         | (2,837,352)         | (1,928,642)                                      | (1,803,252)      |
| Miscellaneous receipts   | <u>298,762</u>                              | <u>1,306</u>      | <u>300,068</u>      | <u>268,409</u>      | <u>189,761</u>                                   | <u>3,325</u>     |
| Net cash provided by (used for)<br>operating activities                          | <u>195,662</u>                              | <u>456,164</u>    | <u>651,826</u>      | <u>2,327,732</u>    | <u>2,674,524</u>                                 | <u>(668,600)</u> |
| Cash flows from non-capital and related<br>financing activities:                 |   |                   |                     |                     |  |                  |
| Cash received from other funds   | <u>-</u>                                    | <u>-</u>          | <u>-</u>            | <u>-</u>            | <u>-</u>   | <u>7,660</u>     |
| Net cash provided by (used for) non-<br>capital and related financing activities | <u>-</u>                                    | <u>-</u>          | <u>-</u>            | <u>-</u>            | <u>-</u>   | <u>7,660</u>     |
| Cash flows from capital and related activities:                                  |   |                   |                     |                     |  |                  |
| Acquisition of capital assets  | (15,631,819)                                | -                 | (15,631,819)        | (4,693,615)         | (910,653)  | -                |
| Issuance of debt, net  | -   | -                 | -                   | 63,356,566          | -  | -                |
| Bond issuance costs  | -   | -                 | -                   | (551,141)           | -  | -                |
| Interest payments on debt  | (2,897,310)                                 | -                 | (2,897,310)         | (1,702,382)         | -  | -                |
| Principal payments on bonds  | <u>-</u>                                    | <u>-</u>          | <u>-</u>            | <u>(11,530,000)</u> | <u>-</u>   | <u>-</u>         |
| Net cash provided by (used for)<br>capital and related financing activities      | <u>(18,529,129)</u>                         | <u>-</u>          | <u>(18,529,129)</u> | <u>44,879,428</u>   | <u>(910,653)</u>                                 | <u>-</u>         |
| Cash flows from investing activities:  |   |                   |                     |                     |  |                  |
| Interest received on investments   | <u>3,025,365</u>                            | <u>37,983</u>     | <u>3,063,348</u>    | <u>2,166,092</u>    | <u>178,025</u>                                   | <u>144,818</u>   |
| Net cash provided by (used for)<br>investing activities                          | <u>3,025,365</u>                            | <u>37,983</u>     | <u>3,063,348</u>    | <u>2,166,092</u>    | <u>178,025</u>                                   | <u>144,818</u>   |
| Net increase (decrease) in cash<br>and cash equivalents                          | (15,308,102)                                | 494,147           | (14,813,955)        | 49,373,252          | 1,941,896  | (516,122)        |
| Cash and cash equivalents<br>at beginning of year                                | <u>64,721,029</u>                           | <u>798,112</u>    | <u>65,519,141</u>   | <u>16,145,889</u>   | <u>2,718,804</u>                                 | <u>3,234,926</u> |
| Cash and cash equivalents at end of year   | <u>\$ 49,412,927</u>                        | <u>1,292,259</u>  | <u>50,705,186</u>   | <u>65,519,141</u>   | <u>4,660,700</u>                                 | <u>2,718,804</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 -<br>Internal Service Funds |                  |
|--|---|-------------------|-------------------|-------------------|---|------------------|
|  | Major Fund<br>Water                         | Nonmajor<br>Funds | 2008              | 2007              | 2008  | 2007             |
| Reconciliation of amounts reported<br>on the Statement of Net Assets:                                |   |                   |                   |                   |   |                  |
| Reported on the Statement of<br>Net Assets:  |   |                   |                   |                   |   |                  |
| Cash and investments   | \$ 7,918,889                                | 1,292,259         | 9,211,148         | 12,681,044        | 4,660,700   | 2,718,804        |
| Cash with fiscal agents  | <u>41,494,038</u>                           | <u>-</u>          | <u>41,494,038</u> | <u>52,838,097</u> | <u>-</u>  | <u>-</u>         |
| Cash and cash equivalents at end of year   | <u>\$ 49,412,927</u>                        | <u>1,292,259</u>  | <u>50,705,186</u> | <u>65,519,141</u> | <u>4,660,700</u>                                    | <u>2,718,804</u> |
| Reconciliation of operating income to net<br>cash provided by operating activities:                  |   |                   |                   |                   |   |                  |
| Operating income (loss)  | \$ (6,376,870)                              | 144,848           | (6,232,022)       | (3,868,454)       | 176,390   | (917,463)        |
| Adjustments to reconcile operating<br>income (loss) to net cash provided by<br>operating activities: |   |                   |                   |                   |   |                  |
| Depreciation   | 5,707,848                                   | 19,335            | 5,727,183         | 3,709,788         | 1,455,670   | 1,247,479        |
| Miscellaneous nonoperating<br>income (expense)   | 298,762                                     | 1,306             | 300,068           | 268,409           | 189,761   | 3,325            |
| Net change in amortization of deferred<br>charges and related bond costs                             | (20,638)                                    | -                 | (20,638)          | (15,364)          | -   | -                |
| (Increase) decrease in deposits with<br>other agencies   | -   | -                 | -                 | -                 | 2,507   | 2,576            |
| (Increase) decrease in accounts<br>receivable  | (135,339)                                   | (1,455)           | (136,794)         | (414,440)         | 95,515  | (156,209)        |
| (Increase) decrease in prepaid items   | -   | -                 | -                 | 196               | (57,814)  | (752,806)        |
| (Increase) decrease in inventory   | (48,699)                                    | -                 | (48,699)          | (101,049)         | 61,849  | (5,114)          |
| Increase (decrease) in accounts payable  | 447,298                                     | 5,172             | 452,470           | 2,519,410         | 282,913   | (411,412)        |
| Increase (decrease) in accrued payroll   | 45,149                                      | -                 | 45,149            | 23,071            | 5,412   | (12,223)         |
| Increase (decrease) in deposits  | (57,375)                                    | 286,958           | 229,583           | (39,738)          | -   | -                |
| Increase (decrease) in retentions<br>payable   | 316,719                                     | -                 | 316,719           | 196,663           | -   | -                |
| Increase (decrease) in compensated<br>absences   | 18,807                                      | -                 | 18,807            | 49,240            | -   | -                |
| Increase (decrease) in claims and<br>judgments payable   | <u>-</u>                                    | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>462,321</u>                                      | <u>333,247</u>   |
| Net cash provided by (used for)<br>operating activities  | <u>\$ 195,662</u>                           | <u>456,164</u>    | <u>651,826</u>    | <u>2,327,732</u>  | <u>2,674,524</u>                                    | <u>(668,600)</u> |
| <u>Non-cash investing, capital and financing activities:</u>   |   |                   |                   |                   |   |                  |
| Contributed capital assets   | <u>\$ 6,346,686</u>                         | <u>-</u>          | <u>6,346,686</u>  | <u>21,689,067</u> | <u>1,174,740</u>                                    | <u>1,931,806</u> |

See accompanying notes to basic financial statements.

CITY OF INDIO  
Agency Funds

Statement of Assets and Liabilities

June 30, 2008

|                                 | <u>2008</u>          | <u>2007</u>       |
|---------------------------------|----------------------|-------------------|
| <u>Assets</u>                   |                      |                   |
| Cash and investments (note 2)   | \$ 5,821,512         | 5,392,489         |
| Cash with fiscal agent (note 2) | 8,479,071            | 8,838,800         |
| Due from other governments      | 350,657              | 387,323           |
| Interest receivable             | <u>24,494</u>        | <u>20,211</u>     |
| Total assets                    | <u>\$ 14,675,734</u> | <u>14,638,823</u> |
| <u>Liabilities</u>              |                      |                   |
| Accounts payable                | \$ 68,165            | 52,316            |
| Deposits payable                | 14,540,768           | 14,279,077        |
| Due to bondholders              | <u>66,801</u>        | <u>307,430</u>    |
| Total liabilities               | <u>\$ 14,675,734</u> | <u>14,638,823</u> |

See accompanying notes to basic financial statements.

# CITY OF INDIO

## Notes to Basic Financial Statements

Year Ended June 30, 2008

### (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, 2008

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

- Indio Public Financing Authority

The Indio Public Financing Authority (“Authority”) is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act. The City and the Agency formed the Authority by the execution of a joint exercise of powers agreement dated as of April 1, 1992. Pursuant to the Joint Exercise of Powers Act, the Authority is authorized to issue revenue bonds to provide funds to make loans to public entities, such revenue bonds are to be repaid from the repayments of such loans. The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor of the City is the Chairperson of the Authority. The City Manager acts as the Executive Director, the City Clerk acts as the Secretary and the Finance Director of the City acts as the Treasurer of the Authority. Separate financial statements of the Authority are not prepared.

- Housing Authority of the City of Indio

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

- Industrial Development Authority

The Industrial Development Authority of the City of Indio was activated by the City Council of the City of Indio on December 4, 1985. The purpose of the Industrial Development Authority is to assist the community in industry development by providing a financing mechanism to encourage such development in the City. The City Council serves as the governing board of the Industrial Development Authority. No separate financial statements of the Industrial Development Authority are prepared. 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, 2008

### (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. 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) except for interfund services provided between departments and funds. 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, 2008

(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, 2008

(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, 2008

(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, 2008

(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, liability insurance, retiree medical insurance, information technology, vehicle replacement and maintenance, maintenance of City owned buildings and grounds, and centralized operating services.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(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, 2008, 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, 2008

(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             | 3-20 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 and 50% to 100% of earned but unused sick leave benefits depending on their date of hire.

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, 2008

(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<br>Second Installment - February 1 |
| Delinquent Date: | First Installment - December 11<br>Second Installment - April 11  |

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(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, 2008

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

|   |                           |
|---|---------------------------|
| Statement of net assets:                  |                           |
| Cash and investments                      | \$ 79,955,094             |
| Cash and investments held by bond trustee | 122,515,821               |
| Agency Funds:                             |                           |
| Cash and investments                      | 5,821,512                 |
| Cash and investments held by bond trustee | <u>8,479,071</u>          |
| <br>Total cash and investments            | <br><u>\$ 216,771,498</u> |

Cash and investments as of June 30, 2008 consist of the following:

|                                      |                           |
|--------------------------------------|---------------------------|
| Cash on hand                         | \$ 7,500                  |
| Deposits with financial institutions | 4,838,154                 |
| Investments                          | <u>211,925,844</u>        |
| <br>Total cash and investments       | <br><u>\$ 216,771,498</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><br><u>Authorized by State Law</u> | <u>Authorized by</u><br><u>Investment</u><br><u>Policy</u> | <u>Maximum</u><br><u>Maturity*</u> | <u>Maximum</u><br><u>Percentage</u><br><u>of Portfolio*</u> | <u>Maximum</u><br><u>Investment</u><br><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, 2008

(2) Cash and Investments, (Continued)

| <u>Investment Types<br/>Authorized by State Law</u> | <u>Authorized by<br/>Investment<br/>Policy</u> | <u>Maximum<br/>Maturity*</u> | <u>Maximum<br/>Percentage<br/>of Portfolio*</u> | <u>Maximum<br/>Investment<br/>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

Investments 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<br/>Investment Type</u> | <u>Maximum<br/>Maturity</u> | <u>Maximum<br/>Percentage<br/>Allowed</u> | <u>Maximum<br/>Investment<br/>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, 2008

(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     | \$ 67,225,004               | 67,225,004                            | -                       | -                       | -                          |
| US Treasury Notes         | 598,144                     | 598,144                               | -                       | -                       | -                          |
| Federal Agency Securities | 11,750,389                  | 495,400                               | 4,275,026               | 6,979,963               | -                          |
| Money Market Funds        | 43,009,446                  | 43,009,446                            | -                       | -                       | -                          |
| Held by Bond Trustee:     |                             |                                       |                         |                         |                            |
| Investment Contracts      | 55,023,290                  | -                                     | -                       | -                       | 55,023,290                 |
| Money Market Funds        | <u>34,319,571</u>           | <u>34,319,571</u>                     | -                       | -                       | -                          |
| <b>Total</b>              | <b><u>\$211,925,844</u></b> | <b><u>145,647,565</u></b>             | <b><u>4,275,026</u></b> | <b><u>6,979,963</u></b> | <b><u>55,023,290</u></b>   |

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     | \$ 67,225,004               | N/A                         | -                             | -                            | -               | 67,225,004                |
| US Treasury Notes         | 598,144                     | N/A                         | 598,144                       | -                            | -               | -                         |
| Federal Agency Securities | 11,750,389                  | N/A                         | -                             | 11,750,389                   | -               | -                         |
| Money Market Funds        | 43,009,446                  | A                           | -                             | 43,009,446                   | -               | -                         |
| Held by Bond Trustee:     |                             |                             |                               |                              |                 |                           |
| Investment Contracts      | 55,023,290                  | N/A                         | -                             | -                            | -               | 55,023,290                |
| Money Market Funds        | <u>34,319,571</u>           | AAA                         | -                             | <u>34,319,571</u>            | -               | -                         |
| <b>Total</b>              | <b><u>\$211,925,844</u></b> |                             | <b><u>598,144</u></b>         | <b><u>89,079,406</u></b>     | <b><u>-</u></b> | <b><u>122,248,294</u></b> |

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Custodial Credit Risk

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

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(3) Interfund Receivables, Payables and Transfers

Long-term interfund receivables and payables as of June 30, 2008 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>            | <u>Amount</u>        |
|------------------------|--------------------------------|----------------------|
| General Fund           | Redevelopment Capital Projects | \$1,495,692 (a)      |
| General Fund           | Capital Projects Fund          | <u>2,600,000 (b)</u> |
|                        | Total                          | <u>\$4,095,692</u>   |

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

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

- (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, 2008 were as follows:

| <u>Transfers from</u>     | <u>Transfers to</u>       | <u>Amount</u>       |
|---------------------------|---------------------------|---------------------|
| General Fund              | Other Governmental Funds  | \$ 433,818 (a)      |
| Other Governmental Funds  | General Fund              | 1,719,068 (b)       |
| Other Governmental Funds  | RDA Debt Service Fund     | 326,276 (c)         |
| RDA Capital Projects Fund | RDA Debt Service Fund     | 5,840,128 (d)       |
| RDA Debt Service Fund     | RDA Capital Projects Fund | 8,476,909 (e)       |
| Other Governmental Funds  | Capital Projects Fund     | <u>44,457</u>       |
|                           | Total                     | <u>\$16,840,656</u> |

Interfund transfers were principally used for the following purposes:

- (a) \$299,755 was transferred from the General Fund to the General Debt Service Fund to cover debt service payments that were originally paid out of the General Debt Service Fund. The remaining amounts are for various other transfers.
- (b) \$1,715,343 was transferred from the Community Facilities District Fund to the General Fund to reimburse the General Fund for police and fire related expenditures.
- (c) \$326,276 was transferred from the RDA Low and Moderate Housing Fund to the RDA Debt Service Fund to cover debt service payments that were originally paid out of the RDA Debt Service Fund.
- (d) \$5,638,780 was transferred from the RDA Capital Projects Fund to the RDA Debt Service Fund to cover debt service payments that were originally paid out of the RDA Debt Service Fund.
- (e) \$8,476,909 was transferred from the RDA Debt Service Fund to the RDA Capital Projects Fund to finance RDA capital projects.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

|                             |  |   |
|-----------------------------|--|---|
| <u>(4) Notes Receivable</u> |  | <u>Outstanding at<br/>June 30, 2008</u> |
|                             | Various first time home buyer notes were issued to homeowners. | \$ 115,079                              |
|                             | Desert Theatre rehabilitation                                  | 70,000                                  |
|                             | Horizons at Indio senior housing project.                      | <u>2,892,759</u>                        |
|                             | Total  | <u>\$3,077,838</u>                      |

The note for the Desert Theatre was loaned for the purpose of rehabilitating and preserving the theatre. The note accrues interest at 6% annually. Annual payments commenced on July 1, 2008 and the note is due in full on July 1, 2028.

The Horizons at Indio senior housing project was issued on December 1, 2005 and is due in full on December 1, 2060 or at an earlier time if the acceleration clause of the agreement becomes effective as defined in the agreement. The note accrues interest at 1% annually.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2008 is as follows:

Governmental Activities:

|                                     | <u>Balance at<br/>June 30, 2007</u> | <u>Additions</u>  | <u>Deletions</u>    | <u>Balance at<br/>June 30, 2008</u> |
|-------------------------------------|-------------------------------------|-------------------|---------------------|-------------------------------------|
| Structures and improvements         | \$ 6,156,984                        | 4,537,565         | (84,404)            | 10,610,145                          |
| Machinery and equipment             | 3,595,350                           | 434,707           | -                   | 4,030,057                           |
| Vehicles                            | 8,181,670                           | 1,662,544         | (91,343)            | 9,752,871                           |
| Infrastructure:                     |                                     |                   |                     |                                     |
| Street network                      | <u>310,751,581</u>                  | <u>58,991,093</u> | <u>-</u>            | <u>369,742,674</u>                  |
| Total cost of<br>depreciable assets | <u>328,685,585</u>                  | <u>65,625,909</u> | <u>(175,747)</u>    | <u>394,135,747</u>                  |
| Less accumulated depreciation:      |                                     |                   |                     |                                     |
| Structures and improvements         | 2,392,945                           | 200,788           | -                   | 2,593,733                           |
| Machinery and equipment             | 2,542,698                           | 512,309           | -                   | 3,055,007                           |
| Vehicles                            | 4,670,386                           | 945,953           | (79,487)            | 5,536,852                           |
| Infrastructure:                     |                                     |                   |                     |                                     |
| Street network                      | <u>117,415,606</u>                  | <u>8,508,540</u>  | <u>-</u>            | <u>125,924,146</u>                  |
| Total accumulated<br>depreciation   | <u>127,021,635</u>                  | <u>10,167,590</u> | <u>(79,487)</u>     | <u>137,109,738</u>                  |
| Net depreciable assets              | 201,663,950                         | 55,458,319        | (96,260)            | 257,026,009                         |
| Capital assets not depreciated:     |                                     |                   |                     |                                     |
| Construction in progress            | 55,820,789                          | 24,653,849        | (26,414,668)        | 54,059,970                          |
| Land                                | 35,356,527                          | 5,750,202         | -                   | 41,106,729                          |
| Rights of way                       | <u>47,001,283</u>                   | <u>4,402,110</u>  | <u>-</u>            | <u>51,403,393</u>                   |
| Capital assets, net                 | <u>\$339,842,549</u>                | <u>90,264,480</u> | <u>(26,510,928)</u> | <u>403,596,101</u>                  |

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(5) Capital Assets, (Continued)

Depreciation expense, including \$1,458,262 of internal service depreciation, was charged in the following functions in the Statement of Activities:

|                       |                     |
|-----------------------|---------------------|
| General government    | \$ 307,449          |
| Public works          | 9,432,804           |
| Public safety         | 73,202              |
| Community development | 316,152             |
| Human services        | <u>37,983</u>       |
|                       | <u>\$10,167,590</u> |

Business-type activities – Golf Course:

|                                  | Balance at<br>June 30, 2007 | <u>Additions</u> | <u>Deletions</u> | Balance at<br>June 30, 2008 |
|----------------------------------|-----------------------------|------------------|------------------|-----------------------------|
| 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      | 25,106                      | 1,966            | -                | 27,072                      |
| Machinery and equipment          | 49,052                      | 10,066           | -                | 59,118                      |
| Vehicles                         | <u>77,114</u>               | <u>7,303</u>     | <u>-</u>         | <u>84,417</u>               |
| Total accumulated depreciation   | <u>151,272</u>              | <u>19,335</u>    | <u>-</u>         | <u>170,607</u>              |
| Net depreciable assets           | 56,178                      | (19,335)         | -                | 36,843                      |
| Capital assets not depreciated:  |                             |                  |                  |                             |
| Land                             | <u>465,960</u>              | <u>-</u>         | <u>-</u>         | <u>465,960</u>              |
| Capital assets, net              | <u>\$522,138</u>            | <u>(19,335)</u>  | <u>-</u>         | <u>502,803</u>              |

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

|      |                 |
|------|-----------------|
| Golf | <u>\$19,335</u> |
|------|-----------------|

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(5) Capital Assets, (Continued)

Business-type activities – Water:

|                                     | Balance at<br><u>June 30, 2007</u> | <u>Additions</u>  | <u>Deletions</u>   | Balance at<br><u>June 30, 2008</u> |
|-------------------------------------|------------------------------------|-------------------|--------------------|------------------------------------|
| Machinery and equipment             | \$ 657,845                         | 7,841             | -                  | 665,686                            |
| Vehicles                            | 1,122,541                          | -                 | -                  | 1,122,541                          |
| Utility distribution system         | <u>221,955,872</u>                 | <u>10,682,769</u> | <u>(1,899,328)</u> | <u>230,739,313</u>                 |
| Total cost of<br>depreciable assets | <u>223,736,258</u>                 | <u>10,690,610</u> | <u>(1,899,328)</u> | <u>232,527,540</u>                 |
| Less accumulated depreciation:      |                                    |                   |                    |                                    |
| Machinery and equipment             | 254,672                            | 61,475            | -                  | 316,147                            |
| Vehicles                            | 526,452                            | 117,743           | -                  | 644,195                            |
| Utility distribution system         | <u>58,757,645</u>                  | <u>5,528,630</u>  | <u>(743,865)</u>   | <u>63,542,410</u>                  |
| Total accumulated<br>depreciation   | <u>59,538,769</u>                  | <u>5,707,848</u>  | <u>(743,865)</u>   | <u>64,502,752</u>                  |
| Net depreciable assets              | 164,197,489                        | 4,982,762         | (1,155,463)        | 168,024,788                        |
| Capital assets not depreciated:     |                                    |                   |                    |                                    |
| Land                                | 255,617                            | 500,283           | -                  | 755,900                            |
| Construction in progress            | <u>3,982,375</u>                   | <u>12,654,658</u> | <u>(711,583)</u>   | <u>15,925,450</u>                  |
| Capital assets, net                 | <u>\$ 168,435,481</u>              | <u>18,137,703</u> | <u>(1,867,046)</u> | <u>184,706,138</u>                 |

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

Water \$5,707,848



CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(6) Changes in Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2008 were as follows:

|                                       | Balance at<br>June 30, 2007 | Additions         | Retirements         | Balance at<br>June 30, 2008 | Amount Due<br>Within<br>One Year | Amount Due<br>Beyond<br>One Year |
|---------------------------------------|-----------------------------|-------------------|---------------------|-----------------------------|----------------------------------|----------------------------------|
| <u>Governmental activities:</u>       |                             |                   |                     |                             |                                  |                                  |
| Bonds payable:                        |                             |                   |                     |                             |                                  |                                  |
| 1997 Series A Bonds                   | \$ 840,000                  | -                 | (40,000)            | 800,000                     | 45,000                           | 755,000                          |
| 1997 Series B Bonds                   | 6,655,000                   | -                 | (6,655,000)         | -                           | -                                | -                                |
| 1999 Revenue Refunding Bonds          | 3,480,000                   | -                 | (145,000)           | 3,335,000                   | 15,000                           | 3,320,000                        |
| 2004 A Tax Allocation Refunding Bonds | 9,570,000                   | -                 | (100,000)           | 9,470,000                   | 100,000                          | 9,370,000                        |
| 2004 B Tax Allocation Refunding Bonds | 18,855,000                  | -                 | (18,855,000)        | -                           | -                                | -                                |
| 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                       |
| 2008 A Tax Allocation Refunding Bonds | -                           | 60,600,000        | -                   | 60,600,000                  | -                                | 60,600,000                       |
| 2008 B Tax Allocation Refunding Bonds | -                           | 6,640,000         | -                   | 6,640,000                   | -                                | 6,640,000                        |
| Subtotal                              | <u>78,725,000</u>           | <u>67,240,000</u> | <u>(25,795,000)</u> | <u>120,170,000</u>          | <u>160,000</u>                   | <u>120,010,000</u>               |
| Capital lease obligations             | 725,755                     | -                 | (243,891)           | 481,864                     | 255,251                          | 266,613                          |
| Certificates of participation         | -                           | 7,474,050         | -                   | 7,474,050                   | 219,300                          | 7,254,750                        |
| Post employment benefit liability     | 2,007,213                   | 2,819,700         | (944,289)           | 3,882,624                   | 1,000,000                        | 2,882,624                        |
| Notes payable                         | 11,000,000                  | -                 | (7,000,000)         | 4,000,000                   | -                                | 4,000,000                        |
| Compensated absences                  | 2,074,701                   | 1,500,221         | (1,262,869)         | 2,312,053                   | 1,260,000                        | 1,052,053                        |
| Claims payable                        | 882,131                     | 1,221,343         | (902,243)           | 1,201,231                   | 367,547                          | 833,684                          |
| Subtotal                              | <u>16,689,800</u>           | <u>13,015,314</u> | <u>(10,353,292)</u> | <u>19,351,822</u>           | <u>3,102,098</u>                 | <u>16,249,724</u>                |
| Total                                 | <u>\$95,414,800</u>         | <u>80,255,314</u> | <u>(36,148,292)</u> | <u>139,521,822</u>          | <u>3,262,098</u>                 | <u>136,259,724</u>               |

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

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

Business-type activities:

|                                  | Balance at<br>June 30, 2007 | Additions      | Retirements      | Balance at<br>June 30, 2008 | Amount Due<br>Within<br>One Year | Amount Due<br>Beyond<br>One Year |
|----------------------------------|-----------------------------|----------------|------------------|-----------------------------|----------------------------------|----------------------------------|
| Bonds payable:                   |                             |                |                  |                             |                                  |                                  |
| 2006 Water Revenue<br>bonds      | \$61,795,000                | -              | -                | 61,795,000                  | -                                | 61,795,000                       |
| Subtotal                         | <u>61,795,000</u>           | <u>-</u>       | <u>-</u>         | <u>61,795,000</u>           | <u>-</u>                         | <u>61,795,000</u>                |
| Unamortized loss on<br>refunding | (904,622)                   | -              | 30,769           | (873,853)                   | (36,923)                         | (836,930)                        |
| Premium on bonds                 | <u>2,466,188</u>            | <u>-</u>       | <u>(83,600)</u>  | <u>2,382,588</u>            | <u>83,600</u>                    | <u>2,298,988</u>                 |
| Subtotal                         | <u>1,561,566</u>            | <u>-</u>       | <u>(52,831)</u>  | <u>1,508,735</u>            | <u>46,677</u>                    | <u>1,462,058</u>                 |
| Subtotal                         | <u>63,356,566</u>           | <u>-</u>       | <u>(52,831)</u>  | <u>63,303,735</u>           | <u>46,677</u>                    | <u>63,309,889</u>                |
| Compensated absences             | <u>177,308</u>              | <u>160,744</u> | <u>(141,937)</u> | <u>196,115</u>              | <u>141,000</u>                   | <u>55,115</u>                    |
| Total                            | <u>\$63,533,874</u>         | <u>160,744</u> | <u>(194,768)</u> | <u>63,499,850</u>           | <u>187,677</u>                   | <u>63,312,173</u>                |

(7) Obligations under Capital Leases

Governmental Activities:

Police Vehicles – A three-year contract was entered into on March 3, 2007 for the purchase of ten police department squad cars and two police department trucks. Annual payments consisting of principal and interest are \$156,052. The balance at June 30, 2008 on this contract was \$148,410. The net book value of these vehicles was \$167,843, as of June 30, 2008.

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, 2008 on this contract was \$333,454. The net book value of the fire truck was \$541,423, as of June 30, 2008.

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

| Amount of future lease payments<br>for the year ending June 30, | Governmental Activities    |                   |                 |
|---|----------------------------|-------------------|-----------------|
|   | <u>Police<br/>Vehicles</u> | <u>Fire Truck</u> | <u>Totals</u>   |
| 2009  | 156,052                    | 120,114           | 276,166         |
| 2010  | -                          | 120,114           | 120,114         |
| 2011  | -                          | <u>120,114</u>    | <u>120,114</u>  |
| Less amount representing interest                               | <u>(7,642)</u>             | <u>(26,888)</u>   | <u>(34,530)</u> |
| Present value of future lease payments                          | <u>\$148,410</u>           | <u>333,454</u>    | <u>481,864</u>  |

## CITY OF INDIO

### Notes to Basic Financial Statements

Year Ended June 30, 2008

#### (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, 2008

(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 2007 and 2008 were as follows:

|         | Beginning of<br>Fiscal Year<br><u>Liability</u> | Current<br>Year Claims<br>and Prior<br>Year Changes<br><u>in Estimates</u> | <u>Claim Payments</u> | <u>Balance at<br/>Fiscal Year End</u> |
|---------|---|--|-----------------------|---------------------------------------|
| 2006-07 | 855,886   | 270,247  | (244,002)             | 882,131                               |
| 2007-08 | 882,131   | 1,221,343  | (902,243)             | 1,201,231                             |

## CITY OF INDIO

### Notes to Basic Financial Statements

Year Ended June 30, 2008

#### (9) Bonds Payable

##### Tax Increment Revenue Refunding Bonds, 1997 Series A

On August 1, 1997, the Authority issued \$1,105,000 of Taxable Tax Increment Revenue Refunding Bonds, 1997 Series A, 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, 2008 was \$800,000.

As required in the official statement, each bond issue is required to maintain a reserve fund. In the case of the Series A 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.

##### 1999 Housing Set-Aside Revenue Refunding Bonds

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

These bonds consist of \$1,420,000 of serial bonds and \$3,025,000 of term bonds. The serial bonds accrue interest at rates ranging from 3.35% to 5.00%. Principal payments are due each August 15 in amounts ranging from \$100,000 to \$160,000, with the final principal payment on August 15, 2009. The term bonds accrue interest at a rate of 5.375% maturing on August 15, 2022. The term bonds are subject to mandatory redemption from sinking account payments prior to their maturity in principal amounts ranging from \$165,000 to \$315,000, as outlined in the bond indenture. The outstanding balance at June 30, 2008 was \$3,335,000.

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, 2008 the actual reserve amount was \$332,350.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(9) Bonds Payable, (Continued)

Tax Allocation Bonds, Series 2004A

In July 2004, the City of Indio Redevelopment Agency issued \$9,760,000 Tax Allocation Bonds Series 2004A. 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 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.

Per the terms of the bond indenture, the Series 2004A 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, 2008, the reserve was fully funded and the outstanding balance of the Series 2004A was \$9,470,000.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(9) Bonds Payable, (Continued)

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

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, 2008, 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.

Tax Allocation Bonds, Series 2008A and B

In April 2008, the City of Indio Redevelopment Agency issued \$60,600,000 Tax Allocation Bonds Series 2008A and \$6,640,000 Subordinate Tax Allocation Bonds Series 2008B. The proceeds were used to finance redevelopment activities of the Agency and to advance refund the outstanding Tax Increment Revenue Refunding Bonds, 1997 Series B, and Tax Allocation Bonds, 2004 Series B.

The 2008A bonds consist of 35,655,000 of serial bonds and \$24,945,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 5.25% and the principal amounts mature between August 15, 2009 and August 15, 2028 in amounts ranging from \$770,000 to \$2,925,000. Term bonds of \$9,685,000 accrue interest at 5.250% and mature on August 15, 2031, bonds of \$7,630,000 accrue interest at 5.625% and mature on August 15, 2035, and bonds of \$7,630,000 accrue interest at 5.250% and mature on August 15, 2035.

The 2008B bonds consist of \$6,640,000 of term bonds. Term bonds of \$3,140,000 accrue interest at 5.500% and mature on August 15, 2013, and term bonds of \$3,500,000 accrue interest at 6.750% and mature on August 15, 2018.

The Series 2008A term bonds maturing in the years 2031, 2035, and 2035 are subject to mandatory sinking account redemption on each August 15, commencing on August 15, 2029, August 15, 2032, and August 15, 2032, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

The Series 2008B term bonds maturing in the years 2013 and 2018 are subject to mandatory sinking account redemption on each August 15, commencing on August 15, 2009 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, 2008

(9) Bonds Payable, (Continued)

Tax Allocation Bonds, Series 2008A and B, (Continued)

Reserve requirements for the Series 2008A and Series 2008B bonds are disclosed in the bond documents. At June 30, 2008, the reserves were fully funded and the outstanding balance of the Series 2008A and Series 2008B bonds was \$60,600,000 and \$6,640,000, respectively.

A portion of the net proceeds of the Series 2008A bonds totaling \$25,993,323, plus an additional \$286,179 and \$1,531,077 of the Tax Increment Revenue Refunding Bonds, 1997 Series B, and Tax Allocation Bonds, 2004 Series B, respectively, 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 Tax Increment Revenue Refunding Bonds, 1997 Series B, and Tax Allocation Bonds, 2004 Series B. As a result, these bonds are considered defeased and the liability for those bonds have been removed from the government-wide statements.

The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$344,582 and a reduction of total debt service payments of \$3,442,986.

Debt Service Requirements to Maturity

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

| Year Ending<br>June 30 | Principal            | Interest           | Total              |
|------------------------|----------------------|--------------------|--------------------|
| 2009                   | \$ 295,000           | 3,332,117          | 3,627,117          |
| 2010                   | 2,395,000            | 6,438,115          | 8,833,115          |
| 2011                   | 2,495,000            | 6,359,090          | 8,854,090          |
| 2012                   | 2,615,000            | 6,277,935          | 8,892,935          |
| 2013                   | 2,725,000            | 6,196,289          | 8,921,289          |
| 2014-2018              | 15,520,000           | 29,059,627         | 44,579,627         |
| 2019-2023              | 18,970,000           | 22,255,942         | 41,225,942         |
| 2024-2028              | 22,295,000           | 16,675,693         | 38,970,693         |
| 2029-2033              | 29,565,000           | 10,419,388         | 39,984,388         |
| 2034-2038              | <u>23,295,000</u>    | <u>2,700,863</u>   | <u>25,995,863</u>  |
| Total                  | <u>\$120,170,000</u> | <u>109,715,059</u> | <u>229,885,059</u> |



CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(9) Bonds Payable, (Continued)

Prior Year Defeasance of Debt

In prior years, the City defeased 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.

|                                     |              |
|-------------------------------------|--------------|
| 1992 Revenue Tax Allocation Bonds   | \$10,725,000 |
| 1997 Series C Tax Increment Revenue | 2,185,000    |

(10) Certificates of Participation

Gas Tax Revenue Certificates of Participation, Series 2008A

In April 2008, the City's Public Financing Authority issued \$14,655,000 of Certificates of Participation in conjunction with another entity. The proceeds were used to finance the design, acquisition, and construction of certain capital improvements within the City.

The 2008A Certificates of Participation consist of \$11,145,000 of principal certificates and \$3,510,000 term certificates. The serial certificates accrue interest at rates between 2.25% and 4.80% and the principal amounts mature between June 1, 2009 and June 1, 2028 in amounts ranging from \$225,000 to \$865,000. Term certificates of \$1,550,000 accrue interest at 4.750% and mature on June 1, 2033, and certificates of \$1,960,000 accrue interest at 4.750% and mature on June 1, 2038.

The Series 2008A term certificates maturing in the year 2033 are subject to mandatory sinking account redemption on each June 1, commencing on June 1, 2029, at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

Per the terms of the trust agreement, the Series 2008A 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, 2008, the reserves were fully funded and the outstanding balance of the Series 2008A was \$14,655,000. The City's obligation is 51% or \$7,474,050 as of June 30, 2008.

CITY OF INDIO  
Notes to Basic Financial Statements  
Year Ended June 30, 2008

(10) Certificates of Participation, (Continued)

Debt Service Requirements to Maturity

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

| Year Ending<br>June 30 | Principal          | Interest         | Total             |
|------------------------|--------------------|------------------|-------------------|
| 2009                   | \$ 219,300         | 353,632          | 572,932           |
| 2010                   | 265,200            | 310,295          | 575,495           |
| 2011                   | 275,400            | 299,687          | 575,087           |
| 2012                   | 285,600            | 288,671          | 574,271           |
| 2013                   | 295,800            | 277,247          | 573,047           |
| 2014-2018              | 1,670,250          | 1,198,554        | 2,868,804         |
| 2019-2023              | 2,042,550          | 834,055          | 2,876,605         |
| 2024-2028              | 629,850            | 514,094          | 1,143,944         |
| 2029-2033              | 790,500            | 353,685          | 1,144,185         |
| 2034-2038              | <u>999,600</u>     | <u>146,925</u>   | <u>1,146,525</u>  |
| Total                  | <u>\$7,474,050</u> | <u>4,576,845</u> | <u>12,050,894</u> |

(11) Notes Payable

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, 2008. Otherwise, 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 Commissions funds outstanding under the 2005 Commercial Paper Program. The outstanding amount of the note as of June 30, 2008 was \$4,000,000.

(12) 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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(12) Post Employment Benefits, (Continued)

*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 \$1,275/month for active employees and retirees. These amounts are set annually by resolution of the City Council.

*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 2007-08 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 \$3,420,403 (pay as you go) for the 2007-08 fiscal year in healthcare premiums on behalf of its retirees, the change to accrual accounting represents an increase in annual expense of \$1,406,510.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(12) Post Employment Benefits, (Continued)

*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                              |

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%                 | 19,849,049                    | 1.12%                         |

*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                     |
| 6/30/08     | 2,819,700                           | 944,289                    | 33.5%                         | 3,882,624                     |

(13) 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 were 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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(13) Water Enterprise Revenue Bond, (Continued)

Enterprise Revenue Bonds, Series 2006, (Continued)

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.

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, 2008, 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 annual debt service requirements to maturity for water bonds are as follows:

| Year Ending<br>June 30 | Principal           | Interest          | Total              |
|------------------------|---------------------|-------------------|--------------------|
| 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>53,534,725</u> | <u>115,329,725</u> |

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(13) Water Enterprise Revenue Bond, (Continued)

Prior Year Defeasance of Debt

In prior years, the 2004 Revenue Bonds were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for these defeased bonds are not reflected in the City's financial statements. At June 30, 2008, the following represents the amounts still outstanding on bonds considered defeased:

|                          |              |
|--------------------------|--------------|
| 2004 Water Revenue Bonds | \$10,960,000 |
|--------------------------|--------------|

(14) 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, 2008 was \$1,720,000.

\$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, 2008 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, 2008 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, 2008

(14) 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, 2008</u> |
|----------------------------------|----------------------|-------------------|----------------------|----------------------|--|
| A.D. No. 99-1                    | 12/16/1999           | \$3,160,000       | 7.125%               | 9/2/2020             | \$ 2,460,000                                     |
| A.D. No. 01-1                    | 7/10/2001            | \$4,840,143       | 6.500%               | 9/2/2026             | \$ 4,275,000                                     |
| A.D. No. 02-1                    | 5/2/2002             | \$4,403,000       | 5.25% to 6.375%      | 9/2/2027             | \$ 4,015,000                                     |
| A.D. No. 02-2                    | 8/8/2002             | \$2,761,000       | 2.75% to 6.125%      | 9/2/2027             | \$ 2,465,000                                     |
| A.D. No. 02-3                    | 11/27/2002           | \$5,319,050       | 4.00% to 6.35%       | 9/2/2027             | \$ 4,705,000                                     |
| A. D. No. 90-1                   | 7/18/2002            | \$2,260,000       | 4.700%               | 9/2/2013             | \$ 1,220,000                                     |
| A.D. No. 03-1                    | 1/15/2004            | \$2,450,500       | 2.375% to 6.10%      | 9/2/2014             | \$ 2,285,000                                     |
| A.D. No. 03-2                    | 1/15/2004            | \$1,965,000       | 2.375% to 6.10%      | 9/2/2014             | \$ 1,830,000                                     |
| A.D. No. 03-3                    | 12/23/2003           | \$5,654,000       | 2.25% to 6.125%      | 9/2/2014             | \$ 5,260,000                                     |
| A.D. No. 03-5                    | 3/9/2004             | \$1,890,000       | 2.20% to 5.875%      | 9/2/2022             | \$ 1,755,000                                     |
| A.D. No. 03-6                    | 3/31/2004            | \$2,301,600       | 2.35% to 5.50%       | 9/2/2018             | \$ 2,140,000                                     |
| A.D. No. 04-1                    | 9/30/2004            | \$2,265,000       | 2.80% to 6.00%       | 9/2/2030             | \$ 2,165,000                                     |
| A.D. No. 04-2                    | 11/4/2004            | \$3,604,000       | 1.67% to 3.866%      | 9/2/2030             | \$ 3,440,000                                     |
| A.D. No. 04-3 (Desert Trace)     | 2/24/2005            | \$7,350,000       | 2.90% to 5.50%       | 9/2/2030             | \$ 7,015,000                                     |
| C.F.D No. 04-3 (Terra Lago)      | 9/15/2005            | \$26,330,000      | 3.35% to 5.15%       | 9/1/2035             | \$ 25,945,000                                    |
| C.F. D No. 05-1 (Talavera No. 1) | 12/7/2005            | \$10,170,000      | 3.5% to 5.25%        | 9/1/2036             | \$ 10,020,000                                    |
| C.F.D No. 05-1 (Talavera No. 2)  | 12/14/2005           | \$9,145,000       | 4.00% to 5.25%       | 9/1/2036             | \$ 9,065,000                                     |
| 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                                    |

(15) 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. 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 8% and 9% for the miscellaneous and safety plans, respectively, 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, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The contribution rate indicated for the period is 27.348% and 12.376% of payroll for the Safety Plan and Miscellaneous Plan, respectively. The City's covered payroll for PERS was \$6,437,917 and \$13,411,132 for the Safety Plan and Miscellaneous Plan, respectively, for the year ended June 30, 2008. In order to calculate the dollar value of the ARC for inclusion

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(15) Defined Benefit Plan, (Continued)

in financial statements prepared as of June 30, 2008, the contribution rate would be multiplied by the payroll of covered employees that was actually paid from the period from July 1, 2007 to June 30, 2008.

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, 2005   |
| Actuarial Cost Method      | Entry Age Actuarial Cost Method   |
| Amortization Method        | Level Percent of Payroll  |
| Average Remaining Period   | 18 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*

| <u>Fiscal Year</u> | <u>Annual Pension Cost (Employer Contribution)</u> |                      |                                      | <u>Net Pension Obligation</u> |
|--------------------|--|----------------------|--------------------------------------|-------------------------------|
|                    | <u>Safety</u>                                      | <u>Miscellaneous</u> | <u>Percentage of APC Contributed</u> |                               |
| 6/30/06            | \$1,377,056  | 948,563              | 100%                                 | -                             |
| 6/30/07            | 1,474,881  | 1,292,642            | 100%                                 | -                             |
| 6/30/08            | 1,760,641  | 1,659,762            | 100%                                 | -                             |



CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(15) Defined Benefit Plan, (Continued)

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Required Supplementary Information – Miscellaneous Plan*

| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded Liability/ (Excess Assets) | Funded Status | Annual Covered Payroll | UAAL As a % of Payroll |
|----------------|------------------------------------|---------------------------|-------------------------------------|---------------|------------------------|------------------------|
| 6/30/03        | \$22,038,230                       | 22,181,397                | (143,167)                           | 100.6%        | 5,555,480              | (2.6%)                 |
| 6/30/04        | 24,248,377                         | 23,388,399                | 859,978                             | 96.5%         | 6,152,163              | 14.0%                  |
| 6/30/05        | 26,904,871                         | 24,974,127                | 1,930,744                           | 92.8%         | 7,158,745              | 27.0%                  |

Information is based on the most recent Actuarial Valuation.

(16) Compliance with Budgetary Limitations

For the fiscal year ended June 30, 2008, the following funds reflected expenditures in excess of budgeted amounts:

|                                      | <u>Amount of Excess</u> |
|--------------------------------------|-------------------------|
| General Fund                         |                         |
| General Government:                  |                         |
| City Council                         | \$ (13,829)             |
| City manager                         | (64,621)                |
| Finance                              | (151,482)               |
| Public Safety:                       |                         |
| Police administration                | (218,786)               |
| Police field service                 | (1,527,049)             |
| Police investigations                | (275,576)               |
| Ambulance service                    | (921,892)               |
| Public works:                        |                         |
| Traffic signals                      | (45,549)                |
| Street lighting                      | (94,835)                |
| Street maintenance                   | (107,981)               |
| Street cleaning                      | (96,229)                |
| Parks and parkways                   | (273,675)               |
| Community Development:               |                         |
| Promotion and publicity              | (68,642)                |
| Economic development                 | (579,521)               |
| Community development administration | (41,748)                |
| Human Services:                      |                         |
| Special events                       | (157,978)               |
| Youth services                       | (9,580)                 |
| Senior services                      | (29,945)                |
| Other                                | (1,687,061)             |

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2008

(16) Compliance with Budgetary Limitations, (Continued)

|  | <u>Amount of Excess</u> |
|--|-------------------------|
| Special Revenue Funds:                   |                         |
| Gas Tax                                  | (1,328,370)             |
| LLEBG                                    | (37,773)                |
| Unclaimed Property                       | (25,437)                |
| NPDES                                    | (2,015)                 |
| Department of Conservation Recycle Grant | (11,419)                |
| Indian Gaming                            | (286,379)               |
| Waste Recycling                          | (73,155)                |
| Debt Service Funds:                      |                         |
| General Debt Service                     | (1,290,338)             |
| Redevelopment Agency                     | (312,008)               |
| Capital Projects Fund:                   |                         |
| Assessment District                      | (8,747,585)             |
| Redevelopment Agency                     | (8,419,096)             |

(17) Contingent Liabilities

Normal Course of Operations

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

Revenue Tax Sharing Agreement Commitment

In March 1997, the City entered into an agreement with the County of Riverside in order to obtain the County's cooperation to annex property in the unincorporated County area with the intention of developing a relocation site for the new and used auto dealers of the City of Indio. The development of the Desert Cities Auto Center and its annexation into the City of Indio is expected to generate significant sales and use taxes as well as property taxes from the improved site. In return, the City agrees to provide maintenance of certain County facilities. In return for the County's cooperation in approving the Desert Cities Auto Center site plan and its annexation into the City of Indio, this agreement provides that the City of Indio will dedicate 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 2007-2008, payment in the amount of \$397,633 was made to the County.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INDIO  
General Fund  
Schedule of Revenues - Budget and Actual  
Year Ended June 30, 2008

|                             | Budget               |                   | Actual            | Variance with<br>Final Budget | Prior<br>Year     |
|-----------------------------|----------------------|-------------------|-------------------|-------------------------------|-------------------|
|                             | Original             | Final             |                   | Positive<br>(Negative)        | Actual            |
| Taxes:                      |                      |                   |                   |                               |                   |
| Property taxes              | \$ 6,600,000         | 7,000,000         | 7,128,639         | 128,639                       | 6,023,751         |
| Document transfer tax       | 850,000              | 850,000           | 392,675           | (457,325)                     | 711,875           |
| Sales tax                   | 8,175,000            | 6,472,847         | 5,831,662         | (641,185)                     | 7,470,677         |
| In-lieu sales tax           | 2,398,000            | 2,327,153         | 2,327,153         | -                             | 2,332,396         |
| Utility taxes               | 5,690,000            | 6,500,000         | 5,828,674         | (671,326)                     | 5,199,099         |
| Franchise taxes             | 2,103,000            | 2,103,000         | 2,010,073         | (92,927)                      | 1,923,277         |
| Transient occupancy tax     | 1,517,000            | 1,517,000         | 2,070,205         | 553,205                       | 1,818,380         |
| Total taxes                 | <u>27,333,000</u>    | <u>26,770,000</u> | <u>25,589,081</u> | <u>(1,180,919)</u>            | <u>25,479,455</u> |
| Licenses and permits:       |                      |                   |                   |                               |                   |
| Business licenses           | 750,000              | 750,000           | 827,273           | 77,273                        | 779,044           |
| Building permits            | 3,305,000            | 2,597,500         | 1,658,038         | (939,462)                     | 3,437,918         |
| Other licenses and permits  | 105,700              | 105,700           | 144,201           | 38,501                        | 123,340           |
| Total licenses and permits  | <u>4,160,700</u>     | <u>3,453,200</u>  | <u>2,629,512</u>  | <u>(823,688)</u>              | <u>4,340,302</u>  |
| Intergovernmental:          |                      |                   |                   |                               |                   |
| Motor vehicle license fees  | 8,272,230            | 8,400,000         | 8,439,189         | 39,189                        | 6,804,406         |
| Grants                      | 157,000              | 157,000           | 119,608           | (37,392)                      | 309,794           |
| Total intergovernmental     | <u>8,429,230</u>     | <u>8,557,000</u>  | <u>8,558,797</u>  | <u>1,797</u>                  | <u>7,114,200</u>  |
| Charges for services:       |                      |                   |                   |                               |                   |
| Plan checks and inspections | 2,661,000            | 1,561,000         | 1,650,365         | 89,365                        | 3,138,499         |
| Facility rentals            | 1,438,000            | 1,438,000         | 1,477,612         | 39,612                        | 1,419,705         |
| Fire and ambulance          | 940,000              | 1,010,000         | 1,188,216         | 178,216                       | 1,026,562         |
| Police                      | 203,700              | 223,700           | 313,957           | 90,257                        | 268,472           |
| Other                       | 6,036,756            | 6,338,056         | 5,897,796         | (440,260)                     | 4,486,876         |
| Total charges for services  | <u>11,279,456</u>    | <u>10,570,756</u> | <u>10,527,946</u> | <u>(42,810)</u>               | <u>10,340,114</u> |
| Fines:                      |                      |                   |                   |                               |                   |
| Vehicle fines               | 230,000              | 230,000           | 414,416           | 184,416                       | 243,376           |
| Parking fines               | 300,000              | 300,000           | 159,635           | (140,365)                     | 341,524           |
| Other fines                 | 215,800              | 215,800           | 32,123            | (183,677)                     | 233,059           |
| Total fines                 | <u>745,800</u>       | <u>745,800</u>    | <u>606,174</u>    | <u>(139,626)</u>              | <u>817,959</u>    |
| Investment income           | <u>1,534,100</u>     | <u>1,534,100</u>  | <u>1,157,275</u>  | <u>(376,825)</u>              | <u>1,405,947</u>  |
| Miscellaneous:              |                      |                   |                   |                               |                   |
| Oher                        | 1,130,200            | 1,100,200         | 1,446,989         | 346,789                       | 1,024,032         |
| Total miscellaneous         | <u>1,130,200</u>     | <u>1,100,200</u>  | <u>1,446,989</u>  | <u>346,789</u>                | <u>1,024,032</u>  |
| Total revenues              | <u>\$ 54,612,486</u> | <u>52,731,056</u> | <u>50,515,774</u> | <u>(2,215,282)</u>            | <u>50,522,009</u> |

CITY OF INDIO  
General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2008

|                                      | Budget               |                   | Actual            | Variance with<br>Final Budget | Prior<br>Year<br>Actual |
|--------------------------------------|----------------------|-------------------|-------------------|-------------------------------|-------------------------|
|                                      | Original             | Final             |                   | Positive<br>(Negative)        |                         |
| General Government:                  |                      |                   |                   |                               |                         |
| City council                         | \$ 368,349           | 368,349           | 382,178           | (13,829)                      | 338,671                 |
| City attorney                        | 792,969              | 792,969           | 750,279           | 42,690                        | 746,881                 |
| City manager                         | 1,147,698            | 1,147,698         | 1,212,319         | (64,621)                      | 1,294,363               |
| Human resources                      | 633,163              | 633,163           | 627,682           | 5,481                         | 526,901                 |
| City clerk                           | 408,334              | 408,334           | 367,648           | 40,686                        | 361,838                 |
| Finance                              | <u>1,576,360</u>     | <u>1,576,360</u>  | <u>1,727,842</u>  | <u>(151,482)</u>              | <u>1,378,123</u>        |
| Total general government             | <u>4,926,873</u>     | <u>4,926,873</u>  | <u>5,067,948</u>  | <u>(141,075)</u>              | <u>4,646,777</u>        |
| Public Safety:                       |                      |                   |                   |                               |                         |
| Police administration                | 1,299,155            | 1,299,155         | 1,517,941         | (218,786)                     | 1,310,561               |
| Police field services                | 13,146,594           | 12,469,379        | 13,996,428        | (1,527,049)                   | 11,632,453              |
| Police investigations                | 3,193,803            | 3,193,803         | 3,469,379         | (275,576)                     | 3,081,447               |
| Police traffic safety                | 591,374              | 591,374           | 512,156           | 79,218                        | 552,735                 |
| Fire                                 | 7,500,392            | 7,500,392         | 6,896,146         | 604,246                       | 5,709,703               |
| Ambulance service                    | 3,186,249            | 3,186,249         | 4,108,141         | (921,892)                     | 3,316,732               |
| Animal control                       | 1,200,501            | 1,200,501         | 985,758           | 214,743                       | 782,790                 |
| Code enforcement                     | <u>1,198,346</u>     | <u>1,198,346</u>  | <u>1,157,112</u>  | <u>41,234</u>                 | <u>1,034,864</u>        |
| Total public safety                  | <u>31,316,414</u>    | <u>30,639,199</u> | <u>32,643,061</u> | <u>(2,003,862)</u>            | <u>27,421,285</u>       |
| Public works:                        |                      |                   |                   |                               |                         |
| Public works administration          | 254,971              | 254,971           | 207,106           | 47,865                        | 203,533                 |
| Streets administration               | 228,478              | 228,478           | 185,122           | 43,356                        | 214,604                 |
| Facilities and construction          | 531,025              | 531,025           | 422,245           | 108,780                       | 293,396                 |
| Traffic signals                      | 237,433              | 237,433           | 282,982           | (45,549)                      | 213,567                 |
| Street lighting                      | 528,562              | 528,562           | 623,397           | (94,835)                      | 464,420                 |
| Street maintenance                   | 1,359,430            | 1,359,430         | 1,467,411         | (107,981)                     | 1,476,811               |
| Graffiti                             | 198,015              | 198,015           | 144,574           | 53,441                        | 145,254                 |
| Street cleaning                      | 550,192              | 550,192           | 646,421           | (96,229)                      | 514,492                 |
| Engineering                          | 4,225,477            | 3,715,845         | 3,449,836         | 266,009                       | 2,752,452               |
| Parks and parkways                   | <u>1,653,232</u>     | <u>1,653,232</u>  | <u>1,926,907</u>  | <u>(273,675)</u>              | <u>1,491,315</u>        |
| Total public works                   | <u>9,766,815</u>     | <u>9,257,183</u>  | <u>9,356,001</u>  | <u>(98,818)</u>               | <u>7,769,844</u>        |
| Community development:               |                      |                   |                   |                               |                         |
| Promotion and publicity              | 848,609              | 848,609           | 917,251           | (68,642)                      | 721,113                 |
| Building safety                      | 2,318,626            | 2,318,626         | 1,742,220         | 576,406                       | 1,830,752               |
| Economic development                 | 1,806,609            | 1,806,609         | 2,386,130         | (579,521)                     | 657,764                 |
| Community development administration | 506,289              | 506,289           | 548,037           | (41,748)                      | 473,453                 |
| Planning                             | <u>2,122,321</u>     | <u>1,672,779</u>  | <u>1,486,823</u>  | <u>185,956</u>                | <u>1,274,258</u>        |
| Total community development          | <u>7,602,454</u>     | <u>7,152,912</u>  | <u>7,080,461</u>  | <u>72,451</u>                 | <u>4,957,340</u>        |
| Human services:                      |                      |                   |                   |                               |                         |
| Special events                       | 652,753              | 652,753           | 810,731           | (157,978)                     | 527,133                 |
| Youth services                       | 178,396              | 178,396           | 187,976           | (9,580)                       | 162,931                 |
| Human services                       | 389,882              | 389,882           | 288,253           | 101,629                       | 307,920                 |
| Public art                           | 33,028               | 33,028            | 4,364             | 28,664                        | 605                     |
| Senior services                      | 321,769              | 321,769           | 351,714           | (29,945)                      | 313,919                 |
| Total human services                 | <u>1,575,828</u>     | <u>1,575,828</u>  | <u>1,643,038</u>  | <u>(67,210)</u>               | <u>1,312,508</u>        |
| Other                                | -                    | -                 | 1,687,061         | (1,687,061)                   | 592,203                 |
| Debt service:                        |                      |                   |                   |                               |                         |
| Principal                            | 131,140              | 131,140           | 7,141,140         | (7,010,000)                   | -                       |
| Interest and other charges           | <u>307,000</u>       | <u>531,775</u>    | <u>591,267</u>    | <u>(59,492)</u>               | -                       |
| Total expenditures                   | <u>\$ 55,626,524</u> | <u>54,214,910</u> | <u>65,209,977</u> | <u>(10,995,067)</u>           | <u>46,699,957</u>       |

CITY OF INDIO

Notes to the Required Supplementary Information

Year Ended June 30, 2008

(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.

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, 2008, expenditures exceeded appropriations in the following:

|                                      | <u>Amount of Excess</u> |
|--------------------------------------|-------------------------|
| General Fund                         |                         |
| City Council                         | \$ (13,829)             |
| City manager                         | (64,621)                |
| Finance                              | (151,482)               |
| Police administration                | (218,786)               |
| Police field service                 | (1,527,049)             |
| Police investigations                | (275,576)               |
| Ambulance service                    | (921,892)               |
| Traffic signals                      | (45,549)                |
| Street lighting                      | (94,835)                |
| Street maintenance                   | (107,981)               |
| Street cleaning                      | (96,229)                |
| Parks and parkways                   | (273,675)               |
| Promotion and publicity              | (68,642)                |
| Economic redevelopment               | (579,521)               |
| Community development administration | (41,748)                |
| Special events                       | (157,978)               |
| Youth services                       | (9,580)                 |
| Senior services                      | (29,945)                |
| Other                                | (1,687,061)             |

SUPPLEMENTARY SCHEDULES

CITY OF INDIO  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

|   | Special<br>Revenue<br>Funds | Debt<br>Service<br>Funds | <u>Totals</u>     |                   |
|---|-----------------------------|--------------------------|-------------------|-------------------|
|   |                             |                          | <u>2008</u>       | <u>2007</u>       |
| <u>Assets</u>                                   |                             |                          |                   |                   |
| Cash and investments                            | \$ 13,231,983               | 3,750                    | 13,235,733        | 12,111,591        |
| Cash and investments with fiscal agent          | 7,453,594                   | 1,326,777                | 8,780,371         | 2,931,224         |
| Due from other governments                      | 1,022,461                   | -                        | 1,022,461         | 589,837           |
| Interest receivable                             | 83,098                      | -                        | 83,098            | 79,978            |
| Notes receivable                                | <u>3,007,838</u>            | <u>-</u>                 | <u>3,007,838</u>  | <u>1,783,242</u>  |
| Total assets                                    | <u>\$ 24,798,974</u>        | <u>1,330,527</u>         | <u>26,129,501</u> | <u>17,495,872</u> |
| <u>Liabilities and Fund Balances</u>            |                             |                          |                   |                   |
| Liabilities:                                    |                             |                          |                   |                   |
| Accounts payable                                | \$ 1,256,295                | 3,750                    | 1,260,045         | 1,034,542         |
| Accrued liabilities                             | 11,346                      | -                        | 11,346            | 6,792             |
| Due to other funds                              | -                           | -                        | -                 | 44,921            |
| Deferred revenue                                | 24,597                      | -                        | 24,597            | -                 |
| Deposits payable                                | <u>9,505</u>                | <u>-</u>                 | <u>9,505</u>      | <u>37,909</u>     |
| Total liabilities                               | <u>1,301,743</u>            | <u>3,750</u>             | <u>1,305,493</u>  | <u>1,124,164</u>  |
| Fund balances:                                  |                             |                          |                   |                   |
| Reserved:                                       |                             |                          |                   |                   |
| Encumbrances                                    | 557,346                     | -                        | 557,346           | 907,164           |
| Notes receivable                                | 2,983,241                   | -                        | 2,983,241         | 1,783,242         |
| Low and moderate housing                        | 6,239,217                   | -                        | 6,239,217         | 4,955,652         |
| Debt service                                    | -                           | 1,326,777                | 1,326,777         | 2,592,141         |
| Construction projects                           | 7,118,451                   | -                        | 7,118,451         | -                 |
| Unreserved:                                     |                             |                          |                   |                   |
| Designated for special projects<br>and programs | 6,598,976                   | -                        | 6,598,976         | 6,133,509         |
| Undesignated                                    | <u>-</u>                    | <u>-</u>                 | <u>-</u>          | <u>-</u>          |
| Total fund balances                             | <u>23,497,231</u>           | <u>1,326,777</u>         | <u>24,824,008</u> | <u>16,371,708</u> |
| Total liabilities and fund balances             | <u>\$ 24,798,974</u>        | <u>1,330,527</u>         | <u>26,129,501</u> | <u>17,495,872</u> |



CITY OF INDIO  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2008

|  | Special<br>Revenue<br><u>Funds</u> | Debt<br>Service<br><u>Funds</u> | <u>Totals</u>     |                    |
|--|------------------------------------|---------------------------------|-------------------|--------------------|
|  |                                    |                                 | <u>2008</u>       | <u>2007</u>        |
| Revenues:  |                                    |                                 |                   |                    |
| Taxes  | \$ 6,157,322                       | -                               | 6,157,322         | 5,484,133          |
| Special assessments  | 2,940,067                          | -                               | 2,940,067         | 2,412,141          |
| Intergovernmental  | 2,084,627                          | -                               | 2,084,627         | 1,612,697          |
| Fines  | 396,252                            | -                               | 396,252           | 253,887            |
| Investment income  | 564,112                            | 42,276                          | 606,388           | 741,574            |
| Miscellaneous  | <u>721,059</u>                     | <u>-</u>                        | <u>721,059</u>    | <u>1,568,092</u>   |
| Total revenues   | <u>12,863,439</u>                  | <u>42,276</u>                   | <u>12,905,715</u> | <u>12,072,524</u>  |
| Expenditures:  |                                    |                                 |                   |                    |
| Current:   |                                    |                                 |                   |                    |
| General government   | 865,800                            | -                               | 865,800           | 383,797            |
| Public safety - police                                       | 890,713                            | -                               | 890,713           | 671,847            |
| Public works   | 6,214,099                          | -                               | 6,214,099         | 11,698,731         |
| Community development  | 219,004                            | -                               | 219,004           | 163,598            |
| Debt service:  |                                    |                                 |                   |                    |
| Principal  | 102,752                            | -                               | 102,752           | 622,573            |
| Interest and other charges                                   | 17,361                             | 1,593,524                       | 1,610,885         | 1,002,111          |
| Bond issuance costs  | <u>369,057</u>                     | <u>-</u>                        | <u>369,057</u>    | <u>-</u>           |
| Total expenditures   | <u>8,678,786</u>                   | <u>1,593,524</u>                | <u>10,272,310</u> | <u>14,542,657</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>4,184,653</u>                   | <u>(1,551,248)</u>              | <u>2,633,405</u>  | <u>(2,470,133)</u> |
| Other financing sources (uses):                              |                                    |                                 |                   |                    |
| Original discount on bonds                                   | (52,412)                           | -                               | (52,412)          | -                  |
| Interfund transfers in                                       | 134,063                            | 299,755                         | 433,818           | 4,223,600          |
| Interfund transfers out                                      | (2,075,930)                        | (13,871)                        | (2,089,801)       | (2,617,980)        |
| Issuance of debt   | <u>7,527,290</u>                   | <u>-</u>                        | <u>7,527,290</u>  | <u>4,000,000</u>   |
| Total other financing sources (uses)                         | <u>5,533,011</u>                   | <u>285,884</u>                  | <u>5,818,895</u>  | <u>5,605,620</u>   |
| Net change in fund balances                                  | 9,717,664                          | (1,265,364)                     | 8,452,300         | 3,135,487          |
| Fund balances at beginning of year                           | <u>13,779,567</u>                  | <u>2,592,141</u>                | <u>16,371,708</u> | <u>13,236,221</u>  |
| Fund balances at end of year                                 | <u>\$ 23,497,231</u>               | <u>1,326,777</u>                | <u>24,824,008</u> | <u>16,371,708</u>  |

## NONMAJOR SPECIAL REVENUE FUNDS

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

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

Traffic Safety Fund - To account for the revenue and expenditures 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.

Proposition 1B Fund – To account for the revenues and expenditures of the Proposition 1B State bond money restricted to local transportation 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.

Department of Conservation Recycle Grant Fund – To account for revenues and expenditures for grant funds received to promote can, bottle, and multi family recycling.

Lighting and Landscaping Fund - To account for the revenues and expenditures restricted for the lighting and landscape maintenance program for 51 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.

Water Recycling AB939 Fund - 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, 2008

|  | <u>Gas Tax</u>      | <u>Traffic<br/>Safety<br/>Fund</u> | <u>Federal<br/>Grants<br/>Fund</u> | <u>Public<br/>Safety</u> | <u>Supplemental<br/>Law<br/>Enforcement</u> | <u>Proposition<br/>1B</u> | <u>LLEBG</u>   |
|--|---------------------|------------------------------------|------------------------------------|--------------------------|---|---------------------------|----------------|
| <u>Assets</u>                                |                     |                                    |                                    |                          |   |                           |                |
| Cash and investments                         | \$ 711,727          | 187,820                            | -                                  | 571,562                  | 161,348                                     | 1,243,165                 | 102,752        |
| Cash with fiscal agent                       | 7,118,451           | -                                  | -                                  | -                        | -   | -                         | -              |
| Due from other governments                   | 378,925             | -                                  | -                                  | 29,733                   | -   | -                         | -              |
| Interest receivable                          | 7,898               | 967                                | -                                  | 3,085                    | 913   | 6,895                     | 568            |
| Notes receivable                             | -                   | -                                  | -                                  | -                        | -   | -                         | -              |
| Total assets                                 | <u>\$ 8,217,001</u> | <u>188,787</u>                     | <u>-</u>                           | <u>604,380</u>           | <u>162,261</u>                              | <u>1,250,060</u>          | <u>103,320</u> |
| <u>Liabilities and Fund Balances</u>         |                     |                                    |                                    |                          |   |                           |                |
| Liabilities:                                 |                     |                                    |                                    |                          |   |                           |                |
| Accounts payable                             | \$ 990,025          | 18,300                             | -                                  | 66,333                   | 2,379                                       | -                         | 12,226         |
| Accrued liabilities                          | 6,119               | -                                  | -                                  | -                        | -   | -                         | -              |
| Due to other funds                           | -                   | -                                  | -                                  | -                        | -   | -                         | -              |
| Deferred revenue                             | -                   | -                                  | -                                  | -                        | -   | -                         | -              |
| Deposits payable                             | -                   | -                                  | -                                  | -                        | -   | -                         | -              |
| Total liabilities                            | <u>996,144</u>      | <u>18,300</u>                      | <u>-</u>                           | <u>66,333</u>            | <u>2,379</u>                                | <u>-</u>                  | <u>12,226</u>  |
| Fund balances:                               |                     |                                    |                                    |                          |   |                           |                |
| Reserved for:                                |                     |                                    |                                    |                          |   |                           |                |
| Encumbrances                                 | 449,927             | -                                  | -                                  | 54,327                   | 2,379                                       | -                         | -              |
| Notes receivable                             | -                   | -                                  | -                                  | -                        | -   | -                         | -              |
| Low and moderate housing                     | -                   | -                                  | -                                  | -                        | -   | -                         | -              |
| Construction projects                        | 7,118,451           | -                                  | -                                  | -                        | -   | -                         | -              |
| Unreserved:                                  |                     |                                    |                                    |                          |   |                           |                |
| Designated for special projects and programs | <u>(347,521)</u>    | <u>170,487</u>                     | <u>-</u>                           | <u>483,720</u>           | <u>157,503</u>                              | <u>1,250,060</u>          | <u>91,094</u>  |
| Total fund balances (deficits)               | <u>7,220,857</u>    | <u>170,487</u>                     | <u>-</u>                           | <u>538,047</u>           | <u>159,882</u>                              | <u>1,250,060</u>          | <u>91,094</u>  |
| Total liabilities and fund balances          | <u>\$ 8,217,001</u> | <u>188,787</u>                     | <u>-</u>                           | <u>604,380</u>           | <u>162,261</u>                              | <u>1,250,060</u>          | <u>103,320</u> |

| Homeland Security | Abandoned Vehicle | Unclaimed Property | Measure A        | Article 3  | NPDES          | Air Quality    | Department of Conservation Recycle Grant | Lighting and Landscape |
|-------------------|-------------------|--------------------|------------------|------------|----------------|----------------|--|------------------------|
| -                 | 4,852             | 26,122             | 1,917,549        | 316        | 121,525        | 83,823         | 7,773                                    | 1,864,960              |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | -                      |
| -                 | 5,438             | -                  | 284,465          | -          | -              | 24,077         | -  | 45,241                 |
| -                 | 27                | 144                | 10,009           | 2          | 925            | 379            | 46                                       | 10,965                 |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | -                      |
| <u>-</u>          | <u>10,317</u>     | <u>26,266</u>      | <u>2,212,023</u> | <u>318</u> | <u>122,450</u> | <u>108,279</u> | <u>7,819</u>                             | <u>1,921,166</u>       |
| -                 | -                 | -                  | 107,246          | -          | 160            | 10,475         | -  | 26,765                 |
| -                 | -                 | -                  | -                | -          | 5,227          | -              | -  | -                      |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | -                      |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | -                      |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | 9,505                  |
| <u>-</u>          | <u>-</u>          | <u>-</u>           | <u>107,246</u>   | <u>-</u>   | <u>5,387</u>   | <u>10,475</u>  | <u>-</u>                                 | <u>36,270</u>          |
| -                 | -                 | -                  | -                | -          | 20,400         | -              | -  | -                      |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | -                      |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | -                      |
| -                 | -                 | -                  | -                | -          | -              | -              | -  | -                      |
| <u>-</u>          | <u>10,317</u>     | <u>26,266</u>      | <u>2,104,777</u> | <u>318</u> | <u>96,663</u>  | <u>97,804</u>  | <u>7,819</u>                             | <u>1,884,896</u>       |
| <u>-</u>          | <u>10,317</u>     | <u>26,266</u>      | <u>2,104,777</u> | <u>318</u> | <u>117,063</u> | <u>97,804</u>  | <u>7,819</u>                             | <u>1,884,896</u>       |
| <u>-</u>          | <u>10,317</u>     | <u>26,266</u>      | <u>2,212,023</u> | <u>318</u> | <u>122,450</u> | <u>108,279</u> | <u>7,819</u>                             | <u>1,921,166</u>       |

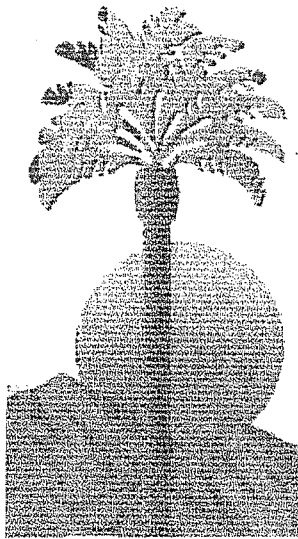
(Continued)

CITY OF INDIO  
Combining Balance Sheet

Nonmajor Special Revenue Funds

(Continued)

|  | Asset<br><u>Forfeiture</u> | Indian<br>Gaming<br><u>SB 621</u> | Waste<br>Recycling<br><u>AB939</u> | Community<br>Facilities<br><u>District</u> | Low and<br>Moderate<br>Housing | <u>Totals</u>     |                   |
|--|----------------------------|-----------------------------------|------------------------------------|--|--------------------------------|-------------------|-------------------|
|  |                            |                                   |                                    |  |                                | <u>2008</u>       | <u>2007</u>       |
| <u>Assets</u>                                |                            |                                   |                                    |  |                                |                   |                   |
| Cash and investments                         | \$ 38,883                  | 253,370                           | 182,544                            | -  | 5,751,892                      | 13,231,983        | 12,111,591        |
| Cash with fiscal agents                      | -                          | -                                 | -                                  | -  | 335,143                        | 7,453,594         | 339,083           |
| Due from other governments                   | -                          | -                                 | 18,331                             | 108,042                                    | 128,209                        | 1,022,461         | 589,837           |
| Interest receivable                          | 240                        | 1,742                             | 1,100                              | 8,064                                      | 29,129                         | 83,098            | 79,978            |
| Notes receivable                             | -                          | -                                 | -                                  | -  | 3,007,838                      | 3,007,838         | 1,783,242         |
| Total assets                                 | <u>\$ 39,123</u>           | <u>255,112</u>                    | <u>201,975</u>                     | <u>116,106</u>                             | <u>9,252,211</u>               | <u>24,798,974</u> | <u>14,903,731</u> |
| <u>Liabilities and Fund Balances</u>         |                            |                                   |                                    |  |                                |                   |                   |
| Liabilities:                                 |                            |                                   |                                    |  |                                |                   |                   |
| Accounts payable                             | \$ 2,424                   | -                                 | 14,806                             | -  | 5,156                          | 1,256,295         | 1,034,542         |
| Accrued liabilities                          | -                          | -                                 | -                                  | -  | -                              | 11,346            | 6,792             |
| Due to other funds                           | -                          | -                                 | -                                  | -  | -                              | -                 | 44,921            |
| Deferred revenue                             | -                          | -                                 | -                                  | -  | 24,597                         | 24,597            | -                 |
| Deposits payable                             | -                          | -                                 | -                                  | -  | -                              | 9,505             | 37,909            |
| Total liabilities                            | <u>2,424</u>               | <u>-</u>                          | <u>14,806</u>                      | <u>-</u>                                   | <u>29,753</u>                  | <u>1,301,743</u>  | <u>1,124,164</u>  |
| Fund balances:                               |                            |                                   |                                    |  |                                |                   |                   |
| Reserved for:                                |                            |                                   |                                    |  |                                |                   |                   |
| Encumbrances                                 | -                          | -                                 | 30,313                             | -  | -                              | 557,346           | 907,164           |
| Notes receivable                             | -                          | -                                 | -                                  | -  | 2,983,241                      | 2,983,241         | 1,783,242         |
| Low and moderate housing                     | -                          | -                                 | -                                  | -  | 6,239,217                      | 6,239,217         | 4,955,652         |
| Construction projects                        | -                          | -                                 | -                                  | -  | -                              | 7,118,451         | -                 |
| Unreserved:                                  |                            |                                   |                                    |  |                                |                   |                   |
| Designated for special projects and programs | <u>36,699</u>              | <u>255,112</u>                    | <u>156,856</u>                     | <u>116,106</u>                             | <u>-</u>                       | <u>6,598,976</u>  | <u>6,133,509</u>  |
| Total fund balances (deficits)               | <u>36,699</u>              | <u>255,112</u>                    | <u>187,169</u>                     | <u>116,106</u>                             | <u>9,222,458</u>               | <u>23,497,231</u> | <u>13,779,567</u> |
| Total liabilities and fund balances          | <u>\$ 39,123</u>           | <u>255,112</u>                    | <u>201,975</u>                     | <u>116,106</u>                             | <u>9,252,211</u>               | <u>24,798,974</u> | <u>14,903,731</u> |



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

Nonmajor Special Revenue Funds

Year Ended June 30, 2008

|  | <u>Gas Tax</u>      | <u>Traffic<br/>Safety<br/>Fund</u> | <u>Federal<br/>Grants<br/>Fund</u> | <u>Public<br/>Safety</u> | <u>Supplemental<br/>Law<br/>Enforcement</u> | <u>Proposition<br/>1B</u> | <u>LLEBG</u>  |
|--|---------------------|------------------------------------|------------------------------------|--------------------------|---|---------------------------|---------------|
| Revenues:  |                     |                                    |                                    |                          |   |                           |               |
| Taxes  | \$ 1,384,437        | -                                  | -                                  | 388,967                  | -   | -                         | -             |
| Special assessments  | -                   | -                                  | -                                  | -                        | -   | -                         | -             |
| Intergovernmental  | 506,305             | -                                  | -                                  | -                        | 148,345                                     | 1,240,841                 | 38,844        |
| Fines  | -                   | 164,160                            | -                                  | -                        | -   | -                         | -             |
| Investment income  | 79,850              | 10,618                             | 1,176                              | 23,615                   | 5,236                                       | 9,219                     | 5,125         |
| Miscellaneous  | -                   | -                                  | -                                  | -                        | -   | -                         | -             |
| <b>Total revenues</b>  | <u>1,970,592</u>    | <u>174,778</u>                     | <u>1,176</u>                       | <u>412,582</u>           | <u>153,581</u>                              | <u>1,250,060</u>          | <u>43,969</u> |
| Expenditures:  |                     |                                    |                                    |                          |   |                           |               |
| Current:   |                     |                                    |                                    |                          |   |                           |               |
| General government   | -                   | -                                  | -                                  | -                        | -   | -                         | -             |
| Public safety - police   | -                   | 255,043                            | -                                  | 390,162                  | 73,111                                      | -                         | 37,773        |
| Public works   | 3,392,733           | -                                  | -                                  | -                        | -   | -                         | -             |
| Community development  | -                   | -                                  | -                                  | -                        | -   | -                         | -             |
| Debt service:  |                     |                                    |                                    |                          |   |                           |               |
| Principal  | -                   | -                                  | -                                  | -                        | -   | -                         | -             |
| Interest and other charges   | -                   | -                                  | -                                  | -                        | -   | -                         | -             |
| Bond issuance costs  | 369,057             | -                                  | -                                  | -                        | -   | -                         | -             |
| <b>Total expenditures</b>  | <u>3,761,790</u>    | <u>255,043</u>                     | <u>-</u>                           | <u>390,162</u>           | <u>73,111</u>                               | <u>-</u>                  | <u>37,773</u> |
| <b>Excess (deficiency)<br/>of revenues over<br/>(under) expenditures</b> | <u>(1,791,198)</u>  | <u>(80,265)</u>                    | <u>1,176</u>                       | <u>22,420</u>            | <u>80,470</u>                               | <u>1,250,060</u>          | <u>6,196</u>  |
| Other financing sources (uses):  |                     |                                    |                                    |                          |   |                           |               |
| Original discount on bonds   | (52,412)            | -                                  | -                                  | -                        | -   | -                         | -             |
| Interfund transfers in   | 134,063             | -                                  | -                                  | -                        | -   | -                         | -             |
| Interfund transfers out  | -                   | -                                  | (30,586)                           | -                        | -   | -                         | -             |
| Issuance of debt   | 7,527,290           | -                                  | -                                  | -                        | -   | -                         | -             |
| <b>Total other financing<br/>sources (uses)</b>                          | <u>7,608,941</u>    | <u>-</u>                           | <u>(30,586)</u>                    | <u>-</u>                 | <u>-</u>                                    | <u>-</u>                  | <u>-</u>      |
| <b>Net change in fund balances</b>                                       | 5,817,743           | (80,265)                           | (29,410)                           | 22,420                   | 80,470                                      | 1,250,060                 | 6,196         |
| <b>Fund balances (deficits) at<br/>beginning of year</b>                 | <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> |
| <b>Fund balances (deficits) at end<br/>of year</b>                       | <u>\$ 7,220,857</u> | <u>170,487</u>                     | <u>-</u>                           | <u>538,047</u>           | <u>159,882</u>                              | <u>1,250,060</u>          | <u>91,094</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> | Department of<br>Conservation<br>Recycle<br>Grant | <u>Lighting and Landscape</u> |
|--------------------------|--------------------------|---------------------------|------------------|------------------|------------------|--------------------|---|-------------------------------|
| -                        | -                        | -                         | 1,570,912        | -                | -                | -                  | -   | -                             |
| -                        | -                        | -                         | -                | -                | -                | -                  | -   | 1,145,518                     |
| 3,725                    | 15,194                   | -                         | -                | -                | -                | 92,140             | 19,043  | -                             |
| -                        | -                        | 12,600                    | -                | -                | -                | -                  | -   | -                             |
| -                        | 44                       | 1,840                     | 60,962           | 14               | 11,145           | 2,589              | 195   | 74,013                        |
| -                        | -                        | -                         | 720,059          | -                | -                | -                  | -   | -                             |
| <u>3,725</u>             | <u>15,238</u>            | <u>14,440</u>             | <u>2,351,933</u> | <u>14</u>        | <u>11,145</u>    | <u>94,729</u>      | <u>19,238</u>                                     | <u>1,219,531</u>              |
| -                        | -                        | -                         | -                | -                | -                | -                  | 11,419  | -                             |
| -                        | -                        | 25,437                    | -                | -                | -                | -                  | -   | -                             |
| -                        | -                        | -                         | 1,717,799        | -                | 176,868          | 54,523             | -   | 872,176                       |
| -                        | -                        | -                         | -                | -                | -                | -                  | -   | -                             |
| -                        | -                        | -                         | -                | -                | -                | -                  | -   | -                             |
| -                        | -                        | 25,437                    | 1,717,799        | -                | 176,868          | 54,523             | 11,419  | 872,176                       |
| <u>3,725</u>             | <u>15,238</u>            | <u>(10,997)</u>           | <u>634,134</u>   | <u>14</u>        | <u>(165,723)</u> | <u>40,206</u>      | <u>7,819</u>                                      | <u>347,355</u>                |
| -                        | -                        | -                         | -                | -                | -                | -                  | -   | -                             |
| -                        | -                        | -                         | -                | -                | -                | -                  | -   | -                             |
| (3,725)                  | -                        | -                         | -                | -                | -                | -                  | -   | -                             |
| -                        | -                        | -                         | -                | -                | -                | -                  | -   | -                             |
| <u>(3,725)</u>           | <u>-</u>                 | <u>-</u>                  | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>           | <u>-</u>  | <u>-</u>                      |
| -                        | 15,238                   | (10,997)                  | 634,134          | 14               | (165,723)        | 40,206             | 7,819   | 347,355                       |
| -                        | (4,921)                  | 37,263                    | 1,470,643        | 304              | 282,786          | 57,598             | -   | 1,537,541                     |
| -                        | 10,317                   | 26,266                    | 2,104,777        | 318              | 117,063          | 97,804             | 7,819   | 1,884,896                     |

(Continued)

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

Nonmajor Special Revenue Funds

(Continued)

|  | Asset<br>Forfeiture | Indian<br>Gaming<br>SB 621 | Waste<br>Recycling<br>AB939 | Community<br>Facilities<br>District | Low and<br>Moderate<br>Housing | Totals            |                   |
|--|---------------------|----------------------------|-----------------------------|-------------------------------------|--------------------------------|-------------------|-------------------|
|  |                     |                            |                             |                                     |                                | 2008              | 2007              |
| <b>Revenues:</b>   |                     |                            |                             |                                     |                                |                   |                   |
| Taxes  | \$ -                | -                          | -                           | -                                   | 2,813,006                      | 6,157,322         | 5,484,133         |
| Special assessments  | -                   | -                          | -                           | 1,794,549                           | -                              | 2,940,067         | 2,412,141         |
| Intergovernmental  | -                   | -                          | 20,190                      | -                                   | -                              | 2,084,627         | 1,612,697         |
| Fines  | -                   | -                          | 219,492                     | -                                   | -                              | 396,252           | 253,887           |
| Investment income  | 2,981               | 34,427                     | 4,144                       | 22,081                              | 214,838                        | 564,112           | 656,665           |
| Miscellaneous  | -                   | -                          | -                           | -                                   | 1,000                          | 721,059           | 1,568,092         |
| <b>Total revenues</b>  | <b>2,981</b>        | <b>34,427</b>              | <b>243,826</b>              | <b>1,816,630</b>                    | <b>3,028,844</b>               | <b>12,863,439</b> | <b>11,987,615</b> |
| <b>Expenditures:</b>   |                     |                            |                             |                                     |                                |                   |                   |
| <b>Current:</b>  |                     |                            |                             |                                     |                                |                   |                   |
| General government   | -                   | 769,688                    | 84,693                      | -                                   | -                              | 865,800           | 383,797           |
| Public safety - police   | 40,388              | -                          | -                           | 68,799                              | -                              | 890,713           | 671,847           |
| Public works   | -                   | -                          | -                           | -                                   | -                              | 6,214,099         | 11,698,731        |
| Community development  | -                   | -                          | -                           | -                                   | 219,004                        | 219,004           | 163,598           |
| <b>Debt service:</b>   |                     |                            |                             |                                     |                                |                   |                   |
| Principal  | -                   | 102,752                    | -                           | -                                   | -                              | 102,752           | -                 |
| Interest and other charges   | -                   | 17,361                     | -                           | -                                   | -                              | 17,361            | -                 |
| Bond issuance costs  | -                   | -                          | -                           | -                                   | -                              | 369,057           | -                 |
| <b>Total expenditures</b>  | <b>40,388</b>       | <b>889,801</b>             | <b>84,693</b>               | <b>68,799</b>                       | <b>219,004</b>                 | <b>8,678,786</b>  | <b>12,917,973</b> |
| <b>Excess (deficiency)<br/>of revenues over<br/>(under) expenditures</b> | <b>(37,407)</b>     | <b>(855,374)</b>           | <b>159,133</b>              | <b>1,747,831</b>                    | <b>2,809,840</b>               | <b>4,184,653</b>  | <b>(930,358)</b>  |
| <b>Other financing sources (uses):</b>                                   |                     |                            |                             |                                     |                                |                   |                   |
| Original discount on bonds   | -                   | -                          | -                           | -                                   | -                              | (52,412)          | -                 |
| Interfund transfers in   | -                   | -                          | -                           | -                                   | -                              | 134,063           | -                 |
| Interfund transfers out  | -                   | -                          | -                           | (1,715,343)                         | (326,276)                      | (2,075,930)       | (1,728,733)       |
| Issuance of debt   | -                   | -                          | -                           | -                                   | -                              | 7,527,290         | 4,000,000         |
| <b>Total other financing<br/>sources (uses)</b>                          | <b>-</b>            | <b>-</b>                   | <b>-</b>                    | <b>(1,715,343)</b>                  | <b>(326,276)</b>               | <b>5,533,011</b>  | <b>2,271,267</b>  |
| <b>Net change in fund balances</b>                                       | <b>(37,407)</b>     | <b>(855,374)</b>           | <b>159,133</b>              | <b>32,488</b>                       | <b>2,483,564</b>               | <b>9,717,664</b>  | <b>1,340,909</b>  |
| <b>Fund balances (deficits) at<br/>beginning of year</b>                 | <b>74,106</b>       | <b>1,110,486</b>           | <b>28,036</b>               | <b>83,618</b>                       | <b>6,738,894</b>               | <b>13,779,567</b> | <b>12,438,658</b> |
| <b>Fund balances (deficits) at end<br/>of year</b>                       | <b>\$ 36,699</b>    | <b>255,112</b>             | <b>187,169</b>              | <b>116,106</b>                      | <b>9,222,458</b>               | <b>23,497,231</b> | <b>13,779,567</b> |

CITY OF INDIO  
Gas Tax Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>          | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|------------------------|---|--------------------------------|
| Revenues:   |                         |                        |   |                                |
| Taxes   | \$ 1,475,000            | 1,384,437              | (90,563)  | 1,325,840                      |
| Intergovernmental   | -                       | 506,305                | 506,305   | 421,765                        |
| Investment income   | <u>50,000</u>           | <u>79,850</u>          | <u>29,850</u>   | <u>133,448</u>                 |
| <br>Total revenues  | <br><u>1,525,000</u>    | <br><u>1,970,592</u>   | <br><u>445,592</u>                                      | <br><u>1,881,053</u>           |
| Expenditures:   |                         |                        |   |                                |
| Current:  |                         |                        |   |                                |
| Public works  | 2,433,420               | 3,392,733              | (959,313)   | 2,928,102                      |
| Debt service:   |                         |                        |   |                                |
| Bond issuance costs   | <u>-</u>                | <u>369,057</u>         | <u>(369,057)</u>  | <u>-</u>                       |
| <br>Total expenditures  | <br><u>2,433,420</u>    | <br><u>3,761,790</u>   | <br><u>(1,328,370)</u>                                  | <br><u>2,928,102</u>           |
| <br>Excess (deficiency) of<br>revenues over (under)<br>expenditures | <br><u>(908,420)</u>    | <br><u>(1,791,198)</u> | <br><u>(882,778)</u>                                    | <br><u>(1,047,049)</u>         |
| Original discount on bonds  |                         |                        |   |                                |
| Other financing sources (uses):                                     |                         |                        |   |                                |
| Original discount on bonds  | -                       | (52,412)               | (52,412)  | -                              |
| Interfund transfers in  | -                       | 134,063                | 134,063   | -                              |
| Issuance of debt  | <u>-</u>                | <u>7,527,290</u>       | <u>7,527,290</u>  | <u>-</u>                       |
| <br>Total other financing<br>sources (uses)                         | <br><u>-</u>            | <br><u>7,608,941</u>   | <br><u>7,608,941</u>                                    | <br><u>-</u>                   |
| <br>Net change in fund balance                                      | <br>(908,420)           | <br>5,817,743          | <br>6,726,163   | <br>(1,047,049)                |
| <br>Fund balance at beginning of year                               | <br><u>1,403,114</u>    | <br><u>1,403,114</u>   | <br><u>-</u>  | <br><u>2,450,163</u>           |
| <br>Fund balance at end of year                                     | <br><u>\$ 494,694</u>   | <br><u>7,220,857</u>   | <br><u>6,726,163</u>                                    | <br><u>1,403,114</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, 2008

|   | <u>Final<br/>Budget</u>  | <u>Actual</u>         | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | Prior<br>Year<br><u>Actual</u> |
|---|--------------------------|-----------------------|--|--------------------------------|
| Revenues:   |                          |                       |  |                                |
| Fines   | \$ 250,000               | 164,160               | (85,840)   | 183,760                        |
| Investment income   | <u>15,000</u>            | <u>10,618</u>         | <u>(4,382)</u>   | <u>19,532</u>                  |
| Total revenues  | <u>265,000</u>           | <u>174,778</u>        | <u>(90,222)</u>  | <u>203,292</u>                 |
| Expenditures:   |                          |                       |  |                                |
| Current:  |                          |                       |  |                                |
| Public safety - police  | <u>265,000</u>           | <u>255,043</u>        | <u>9,957</u>   | <u>287,599</u>                 |
| Total expenditures  | <u>265,000</u>           | <u>255,043</u>        | <u>9,957</u>   | <u>287,599</u>                 |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>-</u>                 | <u>(80,265)</u>       | <u>(80,265)</u>  | <u>(84,307)</u>                |
| Fund balance at beginning of year                               | <u>250,752</u>           | <u>250,752</u>        | <u>-</u>   | <u>335,059</u>                 |
| Fund balance at end of year                                     | <u><u>\$ 250,752</u></u> | <u><u>170,487</u></u> | <u><u>(80,265)</u></u>   | <u><u>250,752</u></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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|-----------------|---|----------------------------------|
| Revenues:   |                         |                 |   |                                  |
| Intergovernmental   | \$ -                    | -               | -   | 26,181                           |
| Investment income   | <u>-</u>                | <u>1,176</u>    | <u>1,176</u>  | <u>3,229</u>                     |
| Total revenues  | <u>-</u>                | <u>1,176</u>    | <u>1,176</u>  | <u>29,410</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<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>1,176</u>    | <u>1,176</u>  | <u>29,410</u>                    |
| Other financing sources (uses):                                 |                         |                 |   |                                  |
| Interfund transfers out   | <u>-</u>                | <u>(30,586)</u> | <u>(30,586)</u>   | <u>-</u>                         |
| Total other financing<br>sources (uses)                         | <u>-</u>                | <u>(30,586)</u> | <u>(30,586)</u>   | <u>-</u>                         |
| Net change in fund balance                                      | -                       | (29,410)        | (29,410)  | 29,410                           |
| Fund balance at beginning of year                               | <u>29,410</u>           | <u>29,410</u>   | <u>-</u>  | <u>-</u>                         |
| Fund balance at end of year                                     | <u>\$ 29,410</u>        | <u>-</u>        | <u>(29,410)</u>   | <u>29,410</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|----------------|--|--------------------------------|
| Revenues:   |                         |                |  |                                |
| Taxes   | \$ 330,000              | 388,967        | 58,967   | -                              |
| Intergovernmental   | 50,000                  | -              | (50,000)   | 50,058                         |
| Investment income   | <u>15,000</u>           | <u>23,615</u>  | <u>8,615</u>   | <u>25,324</u>                  |
| Total revenues  | <u>395,000</u>          | <u>412,582</u> | <u>17,582</u>  | <u>75,382</u>                  |
| Expenditures:   |                         |                |  |                                |
| Current:  |                         |                |  |                                |
| Public safety - police  | <u>395,000</u>          | <u>390,162</u> | <u>4,838</u>   | <u>834</u>                     |
| Total expenditures  | <u>395,000</u>          | <u>390,162</u> | <u>4,838</u>   | <u>834</u>                     |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>22,420</u>  | <u>22,420</u>  | <u>74,548</u>                  |
| Fund balance at beginning of year                               | <u>515,627</u>          | <u>515,627</u> | <u>-</u>   | <u>441,079</u>                 |
| Fund balance at end of year                                     | <u>\$ 515,627</u>       | <u>538,047</u> | <u>22,420</u>  | <u>515,627</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br>(Negative) | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|----------------|---|----------------------------------|
| Revenues:   |                         |                |   |                                  |
| Intergovernmental   | \$ 100,000              | 148,345        | 48,345  | 139,465                          |
| Investment income   | <u>2,500</u>            | <u>5,236</u>   | <u>2,736</u>  | <u>6,220</u>                     |
| Total revenues  | <u>102,500</u>          | <u>153,581</u> | <u>51,081</u>   | <u>145,685</u>                   |
| Expenditures:   |                         |                |   |                                  |
| Current:  |                         |                |   |                                  |
| Public safety - police  | <u>102,500</u>          | <u>73,111</u>  | <u>29,389</u>   | <u>72,609</u>                    |
| Total expenditures  | <u>102,500</u>          | <u>73,111</u>  | <u>29,389</u>   | <u>72,609</u>                    |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>80,470</u>  | <u>80,470</u>   | <u>73,076</u>                    |
| Other financing sources (uses):                                 |                         |                |   |                                  |
| Interfund transfers out   | <u>-</u>                | <u>-</u>       | <u>-</u>  | <u>-</u>                         |
| Total other financing<br>sources (uses)                         | <u>-</u>                | <u>-</u>       | <u>-</u>  | <u>-</u>                         |
| Net change in fund balances                                     | -                       | 80,470         | 80,470  | 73,076                           |
| Fund balance at beginning of year                               | <u>79,412</u>           | <u>79,412</u>  | <u>-</u>  | <u>6,336</u>                     |
| Fund balance at end of year                                     | <u>\$ 79,412</u>        | <u>159,882</u> | <u>80,470</u>   | <u>79,412</u>                    |

CITY OF INDIO  
 Proposition 1B Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|------------------|---|----------------------------------|
| Revenues:   |                         |                  |   |                                  |
| Intergovernmental   | \$ -                    | 1,240,841        | 1,240,841   | -                                |
| Investment income   | <u>-</u>                | <u>9,219</u>     | <u>9,219</u>  | <u>-</u>                         |
| Total revenues  | <u>-</u>                | <u>1,250,060</u> | <u>1,250,060</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<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>1,250,060</u> | <u>1,250,060</u>  | <u>-</u>                         |
| Fund balance at beginning of year                               | <u>-</u>                | <u>-</u>         | <u>-</u>  | <u>-</u>                         |
| Fund balance at end of year                                     | <u>\$ -</u>             | <u>1,250,060</u> | <u>1,250,060</u>  | <u>-</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u> | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|---------------|--|----------------------------------|
| Revenues:   |                         |               |  |                                  |
| Intergovernmental   | \$ -                    | 38,844        | 38,844   | 29,116                           |
| Investment income   | <u>-</u>                | <u>5,125</u>  | <u>5,125</u>   | <u>3,351</u>                     |
| Total revenues  | <u>-</u>                | <u>43,969</u> | <u>43,969</u>  | <u>32,467</u>                    |
| Expenditures:   |                         |               |  |                                  |
| Current:  |                         |               |  |                                  |
| Public safety - police  | <u>-</u>                | <u>37,773</u> | <u>(37,773)</u>  | <u>5,945</u>                     |
| Total expenditures  | <u>-</u>                | <u>37,773</u> | <u>(37,773)</u>  | <u>5,945</u>                     |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>6,196</u>  | <u>6,196</u>   | <u>26,522</u>                    |
| Fund balance at beginning of year                               | <u>84,898</u>           | <u>84,898</u> | <u>-</u>   | <u>58,376</u>                    |
| Fund balance at end of year                                     | <u>\$ 84,898</u>        | <u>91,094</u> | <u>6,196</u>   | <u>84,898</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|---------------|---|----------------------------------|
| Revenues:   |                         |               |   |                                  |
| Intergovernmental   | \$ -                    | 3,725         | 3,725   | 120,811                          |
| Investment income   | -                       | -             | -   | 98                               |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Total revenues  | -                       | 3,725         | 3,725   | 120,909                          |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Expenditures:   |                         |               |   |                                  |
| Current:  |                         |               |   |                                  |
| Public safety - police  | -                       | -             | -   | 125,056                          |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Total expenditures  | -                       | -             | -   | 125,056                          |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | -                       | 3,725         | 3,725   | (4,147)                          |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Other financing sources (uses):                                 |                         |               |   |                                  |
| Interfund transfers out   | -                       | (3,725)       | (3,725)   | (2,722)                          |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Total other financing<br>sources (uses)                         | -                       | (3,725)       | (3,725)   | (2,722)                          |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Net change in fund balance                                      | -                       | -             | -   | (6,869)                          |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Fund balance at beginning of year                               | -                       | -             | -   | 6,869                            |
|   | <hr/>                   | <hr/>         | <hr/>   | <hr/>                            |
| Fund balance at end of year                                     | \$ -                    | -             | -   | -                                |
|   | <hr/> <hr/>             | <hr/> <hr/>   | <hr/> <hr/>   | <hr/> <hr/>                      |

CITY OF INDIO  
 Abandoned Vehicle Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br>(Negative) | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|----------------|---|----------------------------------|
| Revenues:   |                         |                |   |                                  |
| Intergovernmental   | \$ -                    | 15,194         | 15,194  | 3,280                            |
| Investment income   | <u>-</u>                | <u>44</u>      | <u>44</u>   | <u>-</u>                         |
| Total revenues  | <u>-</u>                | <u>15,238</u>  | <u>15,238</u>   | <u>3,280</u>                     |
| Expenditures:   |                         |                |   |                                  |
| Current:  |                         |                |   |                                  |
| General government  | <u>-</u>                | <u>-</u>       | <u>-</u>  | <u>8,201</u>                     |
| Total expenditures  | <u>-</u>                | <u>-</u>       | <u>-</u>  | <u>8,201</u>                     |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>15,238</u>  | <u>15,238</u>   | <u>(4,921)</u>                   |
| Fund balance at beginning of year                               | <u>(4,921)</u>          | <u>(4,921)</u> | <u>-</u>  | <u>-</u>                         |
| Fund balance (deficit) at end of year                           | <u>\$ (4,921)</u>       | <u>10,317</u>  | <u>15,238</u>   | <u>(4,921)</u>                   |

CITY OF INDIO  
 Unclaimed Property Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|-----------------|--|--------------------------------|
| Revenues:   |                         |                 |  |                                |
| Fines   | \$ -                    | 12,600          | 12,600   | 37,097                         |
| Investment income   | <u>-</u>                | <u>1,840</u>    | <u>1,840</u>   | <u>166</u>                     |
| Total revenues  | <u>-</u>                | <u>14,440</u>   | <u>14,440</u>  | <u>37,263</u>                  |
| Expenditures:   |                         |                 |  |                                |
| Current:  |                         |                 |  |                                |
| Public safety - police  | <u>-</u>                | <u>25,437</u>   | <u>(25,437)</u>  | <u>-</u>                       |
| Total expenditures  | <u>-</u>                | <u>25,437</u>   | <u>(25,437)</u>  | <u>-</u>                       |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>(10,997)</u> | <u>(10,997)</u>  | <u>37,263</u>                  |
| Fund balance at beginning of year                               | <u>37,263</u>           | <u>37,263</u>   | <u>-</u>   | <u>-</u>                       |
| Fund balance at end of year                                     | <u>\$ 37,263</u>        | <u>26,266</u>   | <u>(10,997)</u>  | <u>37,263</u>                  |

CITY OF INDIO  
Measure A Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|------------------|---|--------------------------------|
| Revenues:   |                         |                  |   |                                |
| Taxes   | \$ 1,809,000            | 1,570,912        | (238,088)   | 1,721,228                      |
| Investment income   | 80,000                  | 60,962           | (19,038)  | 117,545                        |
| Miscellaneous   | <u>-</u>                | <u>720,059</u>   | <u>720,059</u>  | <u>1,428,182</u>               |
| Total revenues  | <u>1,889,000</u>        | <u>2,351,933</u> | <u>462,933</u>  | <u>3,266,955</u>               |
| Expenditures:   |                         |                  |   |                                |
| Current:  |                         |                  |   |                                |
| Public works  | <u>3,538,244</u>        | <u>1,717,799</u> | <u>1,820,445</u>  | <u>7,949,807</u>               |
| Total expenditures  | <u>3,538,244</u>        | <u>1,717,799</u> | <u>1,820,445</u>  | <u>7,949,807</u>               |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(1,649,244)</u>      | <u>634,134</u>   | <u>2,283,378</u>  | <u>(4,682,852)</u>             |
| Other financing sources (uses):                                 |                         |                  |   |                                |
| Issuance of debt  | <u>-</u>                | <u>-</u>         | <u>-</u>  | <u>4,000,000</u>               |
| Total other financing<br>sources (uses)                         | <u>-</u>                | <u>-</u>         | <u>-</u>  | <u>4,000,000</u>               |
| Net change in fund balance                                      | (1,649,244)             | 634,134          | 2,283,378   | (682,852)                      |
| Fund balance at beginning of year                               | <u>1,470,643</u>        | <u>1,470,643</u> | <u>-</u>  | <u>2,153,495</u>               |
| Fund balance (defecit) at end of year                           | <u>\$ (178,601)</u>     | <u>2,104,777</u> | <u>2,283,378</u>  | <u>1,470,643</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|-------------------|--|--------------------------------|
| Revenues:   |                         |                   |  |                                |
| Intergovernmental   | \$ -                    | -                 | -  | 44,000                         |
| Investment income   | <u>-</u>                | <u>14</u>         | <u>14</u>  | <u>32</u>                      |
| Total revenues  | <u>-</u>                | <u>14</u>         | <u>14</u>  | <u>44,032</u>                  |
| Expenditures:   |                         |                   |  |                                |
| Current:  |                         |                   |  |                                |
| General government  | <u>-</u>                | <u>-</u>          | <u>-</u>   | <u>45,193</u>                  |
| Total expenditures  | <u>-</u>                | <u>-</u>          | <u>-</u>   | <u>45,193</u>                  |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | -                       | 14                | 14   | (1,161)                        |
| Fund balance at beginning of year                               | <u>304</u>              | <u>304</u>        | <u>-</u>   | <u>1,465</u>                   |
| Fund balance at end of year                                     | <u><u>\$ 304</u></u>    | <u><u>318</u></u> | <u><u>14</u></u>   | <u><u>304</u></u>              |

CITY OF INDIO  
 NPDES Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|----------------|--|----------------------------------|
| Revenues:   |                         |                |  |                                  |
| Investment income   | \$ -                    | 11,145         | 11,145   | 18,601                           |
| Total revenues  | <u>-</u>                | <u>11,145</u>  | <u>11,145</u>  | <u>18,601</u>                    |
| Expenditures:   |                         |                |  |                                  |
| Current:  |                         |                |  |                                  |
| Public works  | <u>174,853</u>          | <u>176,868</u> | <u>(2,015)</u>   | <u>134,616</u>                   |
| Total expenditures  | <u>174,853</u>          | <u>176,868</u> | <u>(2,015)</u>   | <u>134,616</u>                   |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | (174,853)               | (165,723)      | 9,130  | (116,015)                        |
| Fund balance at beginning of year                               | <u>282,786</u>          | <u>282,786</u> | <u>-</u>   | <u>398,801</u>                   |
| Fund balance at end of year                                     | <u>\$ 107,933</u>       | <u>117,063</u> | <u>9,130</u>   | <u>282,786</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u> | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|---------------|--|----------------------------------|
| Revenues:   |                         |               |  |                                  |
| Intergovernmental   | \$ 95,000               | 92,140        | (2,860)  | 106,452                          |
| Investment income   | <u>1,000</u>            | <u>2,589</u>  | <u>1,589</u>   | <u>1,873</u>                     |
| Total revenues  | <u>96,000</u>           | <u>94,729</u> | <u>(1,271)</u>   | <u>108,325</u>                   |
| Expenditures:   |                         |               |  |                                  |
| Current:  |                         |               |  |                                  |
| Public works  | <u>104,212</u>          | <u>54,523</u> | <u>49,689</u>  | <u>71,201</u>                    |
| Total expenditures  | <u>104,212</u>          | <u>54,523</u> | <u>49,689</u>  | <u>71,201</u>                    |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(8,212)</u>          | <u>40,206</u> | <u>48,418</u>  | <u>37,124</u>                    |
| Fund balance at beginning of year                               | <u>57,598</u>           | <u>57,598</u> | <u>-</u>   | <u>20,474</u>                    |
| Fund balance at end of year                                     | <u>\$ 49,386</u>        | <u>97,804</u> | <u>48,418</u>  | <u>57,598</u>                    |



CITY OF INDIO  
 Department of Conservation Recycle Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u> | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|---------------|--|----------------------------------|
| Revenues:   |                         |               |  |                                  |
| Intergovernmental   | \$ -                    | 19,043        | 19,043   | -                                |
| Investment income   | <u>-</u>                | <u>195</u>    | <u>195</u>   | <u>-</u>                         |
| Total revenues  | <u>-</u>                | <u>19,238</u> | <u>19,238</u>  | <u>-</u>                         |
| Expenditures:   |                         |               |  |                                  |
| Current:  |                         |               |  |                                  |
| General government  | <u>-</u>                | <u>11,419</u> | <u>(11,419)</u>  | <u>-</u>                         |
| Total expenditures  | <u>-</u>                | <u>11,419</u> | <u>(11,419)</u>  | <u>-</u>                         |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>-</u>                | <u>7,819</u>  | <u>7,819</u>   | <u>-</u>                         |
| Fund balance at beginning of year                               | <u>-</u>                | <u>-</u>      | <u>-</u>   | <u>-</u>                         |
| Fund balance at end of year                                     | <u>\$ -</u>             | <u>7,819</u>  | <u>7,819</u>   | <u>-</u>                         |

CITY OF INDIO  
 Lighting and Landscape Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|------------------|---|--------------------------------|
| Revenues:   |                         |                  |   |                                |
| Special assessments   | \$ 1,179,109            | 1,145,518        | (33,591)  | 1,068,433                      |
| Investment income   | <u>27,350</u>           | <u>74,013</u>    | <u>46,663</u>   | <u>59,650</u>                  |
| Total revenues  | <u>1,206,459</u>        | <u>1,219,531</u> | <u>13,072</u>   | <u>1,128,083</u>               |
| Expenditures:   |                         |                  |   |                                |
| Current:  |                         |                  |   |                                |
| Public works  | <u>1,206,460</u>        | <u>872,176</u>   | <u>334,284</u>  | <u>615,005</u>                 |
| Total expenditures  | <u>1,206,460</u>        | <u>872,176</u>   | <u>334,284</u>  | <u>615,005</u>                 |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(1)</u>              | <u>347,355</u>   | <u>347,356</u>  | <u>513,078</u>                 |
| Fund balance at beginning of year                               | <u>1,537,541</u>        | <u>1,537,541</u> | <u>-</u>  | <u>1,024,463</u>               |
| Fund balance at end of year                                     | <u>\$ 1,537,540</u>     | <u>1,884,896</u> | <u>347,356</u>  | <u>1,537,541</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|-----------------|--|--------------------------------|
| Revenues:   |                         |                 |  |                                |
| Investment income   | \$ -                    | 2,981           | 2,981  | 6,217                          |
| Miscellaneous   | <u>-</u>                | <u>-</u>        | <u>-</u>   | <u>106,483</u>                 |
| Total revenues  | <u>-</u>                | <u>2,981</u>    | <u>2,981</u>   | <u>112,700</u>                 |
| Expenditures:   |                         |                 |  |                                |
| Current:  |                         |                 |  |                                |
| Public safety - police  | <u>72,300</u>           | <u>40,388</u>   | <u>31,912</u>  | <u>89,912</u>                  |
| Total expenditures  | <u>72,300</u>           | <u>40,388</u>   | <u>31,912</u>  | <u>89,912</u>                  |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(72,300)</u>         | <u>(37,407)</u> | <u>34,893</u>  | <u>22,788</u>                  |
| Fund balance at beginning of year                               | <u>74,106</u>           | <u>74,106</u>   | <u>-</u>   | <u>51,318</u>                  |
| Fund balance at end of year                                     | <u>\$ 1,806</u>         | <u>36,699</u>   | <u>34,893</u>  | <u>74,106</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br>Actual |
|---|-------------------------|------------------|---|-------------------------|
| Revenues:   |                         |                  |   |                         |
| Intergovernmental   | \$ 300,000              | -                | (300,000)   | 671,569                 |
| Investment income   | <u>10,000</u>           | <u>34,427</u>    | <u>24,427</u>   | <u>35,255</u>           |
| Total revenues  | <u>310,000</u>          | <u>34,427</u>    | <u>(275,573)</u>  | <u>706,824</u>          |
| Expenditures:   |                         |                  |   |                         |
| Current:  |                         |                  |   |                         |
| General government  | 483,308                 | 769,688          | (286,380)   | 325,409                 |
| Debt service:   |                         |                  |   |                         |
| Principal   | 102,753                 | 102,752          | 1   | -                       |
| Interest and other charges                                      | <u>17,361</u>           | <u>17,361</u>    | <u>-</u>  | <u>-</u>                |
| Total expenditures  | <u>603,422</u>          | <u>889,801</u>   | <u>(286,379)</u>  | <u>325,409</u>          |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(293,422)</u>        | <u>(855,374)</u> | <u>(561,952)</u>  | <u>381,415</u>          |
| Other financing sources (uses):                                 |                         |                  |   |                         |
| Interfund transfers out   | <u>(120,115)</u>        | <u>-</u>         | <u>120,115</u>  | <u>(120,115)</u>        |
| Total other financing<br>sources (uses)                         | <u>(120,115)</u>        | <u>-</u>         | <u>120,115</u>  | <u>(120,115)</u>        |
| Net change in fund balance                                      | (413,537)               | (855,374)        | (441,837)   | 261,300                 |
| Fund balance at beginning of year                               | <u>1,110,486</u>        | <u>1,110,486</u> | <u>-</u>  | <u>849,186</u>          |
| Fund balance at end of year                                     | <u>\$ 696,949</u>       | <u>255,112</u>   | <u>(441,837)</u>  | <u>1,110,486</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>  | Variance with<br>Final Budget<br>Positive<br>(Negative) | <u>Prior<br/>Year<br/>Actual</u> |
|---|-------------------------|----------------|---|----------------------------------|
| Revenues:   |                         |                |   |                                  |
| Intergovernmental   | \$ -                    | 20,190         | 20,190  | -                                |
| Fines   | 180,000                 | 219,492        | 39,492  | 33,030                           |
| Investment income   | -                       | 4,144          | 4,144   | -                                |
|   | <u>180,000</u>          | <u>243,826</u> | <u>63,826</u>   | <u>33,030</u>                    |
| Total revenues  |                         |                |   |                                  |
| Expenditures:   |                         |                |   |                                  |
| Current:  |                         |                |   |                                  |
| General government  | <u>11,538</u>           | <u>84,693</u>  | <u>(73,155)</u>   | <u>4,994</u>                     |
|   | <u>11,538</u>           | <u>84,693</u>  | <u>(73,155)</u>   | <u>4,994</u>                     |
| Total expenditures  |                         |                |   |                                  |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>168,462</u>          | <u>159,133</u> | <u>(9,329)</u>  | <u>28,036</u>                    |
| Fund balance at beginning of year                               | <u>28,036</u>           | <u>28,036</u>  | <u>-</u>  | <u>-</u>                         |
| Fund balance at end of year                                     | <u>\$ 196,498.00</u>    | <u>187,169</u> | <u>(9,329)</u>  | <u>28,036</u>                    |

CITY OF INDIO  
Community Facilities District Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>      | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|--------------------|---|--------------------------------|
| Revenues:   |                         |                    |   |                                |
| Special assessments   | \$ 1,400,000            | 1,794,549          | 394,549   | 1,343,708                      |
| Investment income   | <u>-</u>                | <u>22,081</u>      | <u>22,081</u>   | <u>19,840</u>                  |
| Total revenues  | <u>1,400,000</u>        | <u>1,816,630</u>   | <u>416,630</u>  | <u>1,363,548</u>               |
| Expenditures:   |                         |                    |   |                                |
| Current:  |                         |                    |   |                                |
| Public safety - police  | <u>82,324</u>           | <u>68,799</u>      | <u>13,525</u>   | <u>89,892</u>                  |
| Total expenditures  | <u>82,324</u>           | <u>68,799</u>      | <u>13,525</u>   | <u>89,892</u>                  |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | 1,317,676               | 1,747,831          | 430,155   | 1,273,656                      |
| Other financing sources (uses):                                 |                         |                    |   |                                |
| Interfund transfers out   | <u>(1,400,000)</u>      | <u>(1,715,343)</u> | <u>(315,343)</u>  | <u>(1,275,727)</u>             |
| Total other financing<br>sources (uses)                         | <u>(1,400,000)</u>      | <u>(1,715,343)</u> | <u>(315,343)</u>  | <u>(1,275,727)</u>             |
| Net change in fund balance                                      | (82,324)                | 32,488             | 114,812   | (2,071)                        |
| Fund balance at beginning of year                               | <u>83,618</u>           | <u>83,618</u>      | <u>-</u>  | <u>85,689</u>                  |
| Fund balance at end of year                                     | <u>\$ 1,294</u>         | <u>116,106</u>     | <u>114,812</u>  | <u>83,618</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, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br>Actual |
|---|-------------------------|------------------|---|-------------------------|
| Revenues:   |                         |                  |   |                         |
| Taxes   | \$ 2,075,000            | 2,813,006        | 738,006   | 2,437,065               |
| Investment income   | 50,000                  | 214,838          | 164,838   | 206,198                 |
| Miscellaneous   | <u>-</u>                | <u>1,000</u>     | <u>1,000</u>  | <u>33,427</u>           |
| Total revenues  | <u>2,125,000</u>        | <u>3,028,844</u> | <u>903,844</u>  | <u>2,676,690</u>        |
| Expenditures:   |                         |                  |   |                         |
| Current:  |                         |                  |   |                         |
| Community development   | <u>398,811</u>          | <u>219,004</u>   | <u>179,807</u>  | <u>163,598</u>          |
| Total expenditures  | <u>398,811</u>          | <u>219,004</u>   | <u>179,807</u>  | <u>163,598</u>          |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>1,726,189</u>        | <u>2,809,840</u> | <u>1,083,651</u>  | <u>2,513,092</u>        |
| Other financing sources (uses):                                 |                         |                  |   |                         |
| Interfund transfers out   | <u>-</u>                | <u>(326,276)</u> | <u>(326,276)</u>  | <u>(327,904)</u>        |
| Total other financing<br>sources (uses)                         | <u>-</u>                | <u>(326,276)</u> | <u>(326,276)</u>  | <u>(327,904)</u>        |
| Net change in fund balance                                      | 1,726,189               | 2,483,564        | 757,375   | 2,185,188               |
| Fund balance at beginning of year                               | <u>6,738,894</u>        | <u>6,738,894</u> | <u>-</u>  | <u>4,553,706</u>        |
| Fund balance at end of year                                     | <u>\$ 8,465,083</u>     | <u>9,222,458</u> | <u>757,375</u>  | <u>6,738,894</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:

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  
 General Debt Service Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>      | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior Year<br>Actual |
|---|-------------------------|--------------------|---|----------------------|
| Revenues:   |                         |                    |   |                      |
| Investment income   | \$ -                    | 42,276             | 42,276  | 84,780               |
| Total revenues  | <u>-</u>                | <u>42,276</u>      | <u>42,276</u>   | <u>84,780</u>        |
| Expenditures:   |                         |                    |   |                      |
| Debt service:   |                         |                    |   |                      |
| Principal   | -                       | -                  | -   | 402,573              |
| Interest and other charges                                      | <u>303,186</u>          | <u>1,593,524</u>   | <u>(1,290,338)</u>                                      | <u>850,530</u>       |
| Total expenditures  | <u>303,186</u>          | <u>1,593,524</u>   | <u>(1,290,338)</u>                                      | <u>1,253,103</u>     |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(303,186)</u>        | <u>(1,551,248)</u> | <u>(1,248,062)</u>                                      | <u>(1,168,323)</u>   |
| Other financing sources (uses):                                 |                         |                    |   |                      |
| Interfund transfers in  | -                       | 299,755            | 299,755   | 3,845,167            |
| Interfund transfers out   | <u>-</u>                | <u>(13,871)</u>    | <u>(13,871)</u>   | <u>(505,364)</u>     |
| Total other financing<br>sources (uses)                         | <u>-</u>                | <u>285,884</u>     | <u>285,884</u>  | <u>3,339,803</u>     |
| Net change in fund balance                                      | (303,186)               | (1,265,364)        | (962,178)   | 2,171,480            |
| Fund balance at beginning of year                               | <u>2,592,141</u>        | <u>2,592,141</u>   | <u>-</u>  | <u>420,661</u>       |
| Fund balance at end of year                                     | <u>\$ 2,288,955</u>     | <u>1,326,777</u>   | <u>(962,178)</u>  | <u>2,592,141</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, 2008

|   | Final<br>Budget     | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior Year<br>Actual |
|---|---------------------|--------------------|---|----------------------|
| Revenues:   |                     |                    |   |                      |
| Taxes   | \$ -                | -                  | -   | 9,748,261            |
| Investment income   | -                   | 312,412            | 312,412   | 842,552              |
| Total revenues  | <u>-</u>            | <u>312,412</u>     | <u>312,412</u>  | <u>10,590,813</u>    |
| Expenditures:   |                     |                    |   |                      |
| Current:  |                     |                    |   |                      |
| Community development   | -                   | -                  | -   | 700                  |
| Debt service:   |                     |                    |   |                      |
| Principal   | 770,000             | 775,000            | (5,000)   | 445,000              |
| Interest and other charges                                      | 2,374,939           | 2,681,947          | (307,008)   | 2,431,792            |
| Pass-through payments   | -                   | -                  | -   | 2,646,155            |
| Total expenditures  | <u>3,144,939</u>    | <u>3,456,947</u>   | <u>(312,008)</u>  | <u>5,523,647</u>     |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(3,144,939)</u>  | <u>(3,144,535)</u> | <u>404</u>  | <u>5,067,166</u>     |
| Other financing sources (uses):                                 |                     |                    |   |                      |
| Interfund transfer in   | -                   | 6,166,404          | 6,166,404   | 327,904              |
| Interfund transfers out   | -                   | (8,476,909)        | (8,476,909)   | (10,662,395)         |
| Total other financing<br>sources (uses)                         | <u>-</u>            | <u>(2,310,505)</u> | <u>(2,310,505)</u>                                      | <u>(10,334,491)</u>  |
| Net change in fund balance                                      | (3,144,939)         | (5,455,040)        | (2,310,101)   | (5,267,325)          |
| Fund balance at beginning of year                               | <u>10,463,639</u>   | <u>10,463,639</u>  | <u>-</u>  | <u>15,730,964</u>    |
| Fund balance at end of year                                     | <u>\$ 7,318,700</u> | <u>5,008,599</u>   | <u>(2,310,101)</u>                                      | <u>10,463,639</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:

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  
Capital Projects Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u>       | <u>Actual</u>            | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br>Actual  |
|---|-------------------------------|--------------------------|---|--------------------------|
| Revenues:   |                               |                          |   |                          |
| Intergovernmental   | \$ 9,796,555                  | 12,524,717               | 2,728,162   | 10,983,177               |
| Investment income   | 1,326,000                     | 2,099,975                | 773,975   | 2,178,617                |
| Developer fees  | <u>40,964,315</u>             | <u>8,565,788</u>         | <u>(32,398,527)</u>                                     | <u>15,986,795</u>        |
| Total revenues  | <u>52,086,870</u>             | <u>23,190,480</u>        | <u>(28,896,390)</u>                                     | <u>29,148,589</u>        |
| Expenditures:   |                               |                          |   |                          |
| Current:  |                               |                          |   |                          |
| Public works  | 110,166,612                   | 42,233,545               | 67,933,067  | 60,276,301               |
| Bond issuance costs   | -                             | -                        | -   | 841,003                  |
| Payment to bond escrow agent                                    | <u>-</u>                      | <u>-</u>                 | <u>-</u>  | <u>380,501</u>           |
| Total expenditures  | <u>110,166,612</u>            | <u>42,233,545</u>        | <u>67,933,067</u>                                       | <u>61,497,805</u>        |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(58,079,742)</u>           | <u>(19,043,065)</u>      | <u>39,036,677</u>                                       | <u>(32,349,216)</u>      |
| Other financing sources (uses):                                 |                               |                          |   |                          |
| Payment to bond escrow agent                                    | -                             | -                        | -   | (2,811,026)              |
| Original discount on bonds                                      | -                             | -                        | -   | (325,214)                |
| Interfund transfers in  | -                             | 44,457                   | 44,457  | 380,855                  |
| Interfund transfers out   | -                             | -                        | -   | (3,023,663)              |
| Issuance of debt  | <u>-</u>                      | <u>-</u>                 | <u>-</u>  | <u>39,325,000</u>        |
| Total other financing<br>sources (uses)                         | <u>-</u>                      | <u>44,457</u>            | <u>44,457</u>   | <u>33,545,952</u>        |
| Net change in fund balance                                      | (58,079,742)                  | (18,998,608)             | 39,081,134  | 1,196,736                |
| Fund balance at beginning of year                               | <u>44,725,494</u>             | <u>44,725,494</u>        | <u>-</u>  | <u>43,528,758</u>        |
| Fund balance (deficit) at end of year                           | <u><u>\$ (13,354,248)</u></u> | <u><u>25,726,886</u></u> | <u><u>39,081,134</u></u>                                | <u><u>44,725,494</u></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, 2008

|                                    | <u>Final<br/>Budget</u>     | <u>Actual</u>            | Variance with<br>Final Budget<br>Positive<br>(Negative) | Prior<br>Year<br><u>Actual</u> |
|------------------------------------|-----------------------------|--------------------------|---|--------------------------------|
| Revenues:                          |                             |                          |   |                                |
| Investment income                  | \$ 437,588                  | 748,827                  | 311,239   | 1,183,000                      |
| Miscellaneous                      | -                           | 17,343                   | 17,343  | 14,333                         |
| Contributions from property owners | <u>-</u>                    | <u>2,175,130</u>         | <u>2,175,130</u>  | <u>8,379,586</u>               |
| Total revenues                     | <u>437,588</u>              | <u>2,941,300</u>         | <u>2,503,712</u>  | <u>9,576,919</u>               |
| Expenditures:                      |                             |                          |   |                                |
| Current:                           |                             |                          |   |                                |
| Public works                       | <u>94,992</u>               | <u>8,842,577</u>         | <u>(8,747,585)</u>                                      | <u>11,311,338</u>              |
| Total expenditures                 | <u>94,992</u>               | <u>8,842,577</u>         | <u>(8,747,585)</u>                                      | <u>11,311,338</u>              |
| Net change in fund balance         | 342,596                     | (5,901,277)              | (6,243,873)   | (1,734,419)                    |
| Fund balance at beginning of year  | <u>21,967,828</u>           | <u>21,967,828</u>        | <u>-</u>  | <u>23,702,247</u>              |
| Fund balance at end of year        | <u><u>\$ 22,310,424</u></u> | <u><u>16,066,551</u></u> | <u><u>(6,243,873)</u></u>                               | <u><u>21,967,828</u></u>       |

CITY OF INDIO  
 Redevelopment Projects Capital Projects Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2008

|   | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> | Prior<br>Year<br><u>Actual</u> |
|---|-------------------------|-------------------|--|--------------------------------|
| Revenues:   |                         |                   |  |                                |
| Taxes   | \$ 8,302,000            | 11,252,025        | 2,950,025  | -                              |
| Charges for services  | 444,000                 | 612,726           | 168,726  | 445,359                        |
| Investment income   | 220,000                 | 460,188           | 240,188  | 13,606                         |
| Miscellaneous   | <u>6,000,000</u>        | <u>299,476</u>    | <u>(5,700,524)</u>   | <u>1,721,120</u>               |
| Total revenues  | <u>14,966,000</u>       | <u>12,624,415</u> | <u>(2,341,585)</u>   | <u>2,180,085</u>               |
| Expenditures:   |                         |                   |  |                                |
| Current:  |                         |                   |  |                                |
| Community development   | 11,490,953              | 2,183,465         | 9,307,488  | 1,912,289                      |
| Debt service:   |                         |                   |  |                                |
| Bond issuance costs   | 34,107                  | 943,083           | (908,976)  | -                              |
| Payment to bond escrow agent                                    | 99,836                  | 1,817,256         | (1,717,420)  | -                              |
| Pass-through payments   | <u>-</u>                | <u>5,792,700</u>  | <u>(5,792,700)</u>   | <u>-</u>                       |
| Total expenditures  | <u>11,624,896</u>       | <u>10,736,504</u> | <u>888,392</u>   | <u>1,912,289</u>               |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>3,341,104</u>        | <u>1,887,911</u>  | <u>(1,453,193)</u>   | <u>267,796</u>                 |
| Other financing sources (uses):                                 |                         |                   |  |                                |
| Payment to bond escrow agent                                    | -                       | (25,999,421)      | (25,999,421)   | -                              |
| Original discount on bonds                                      | -                       | (416,637)         | (416,637)  | -                              |
| Interfund transfers in  | -                       | 8,476,909         | 8,476,909  | 10,662,395                     |
| Interfund transfers out   | -                       | (5,840,128)       | (5,840,128)  | -                              |
| Issuance of debt  | <u>-</u>                | <u>67,240,000</u> | <u>67,240,000</u>  | <u>-</u>                       |
| Total other financing<br>sources (uses)                         | <u>-</u>                | <u>43,460,723</u> | <u>43,460,723</u>  | <u>10,662,395</u>              |
| Net change in fund balance                                      | 3,341,104               | 45,348,634        | 42,007,530   | 10,930,191                     |
| Fund balance at beginning of year                               | <u>34,803,415</u>       | <u>34,803,415</u> | <u>-</u>   | <u>23,873,224</u>              |
| Fund balance at end of year                                     | <u>\$ 38,144,519</u>    | <u>80,152,049</u> | <u>42,007,530</u>  | <u>34,803,415</u>              |

## NON-MAJOR ENTERPRISE FUNDS

The enterprise funds are used to account for services for which the City charges customers. Funds included are:

Golf – To account for the operations and maintenance of the City’s municipal golf course.

Solid Waste – To account for the operations and maintenance of the City’s program to recover waste from the waste stream that our contract hauler does not handle. The City has entered into a Transfer Station Joint Powers Agreement with the City of Coachella to facilitate this program.

CITY OF INDIO  
Non-major Enterprise Funds  
Combining Statement of Net Assets  
June 30, 2008

|   | <u>Golf</u>         | <u>Solid<br/>Waste</u> | <u>Totals</u>    |                  |
|---|---------------------|------------------------|------------------|------------------|
|   |                     |                        | <u>2008</u>      | <u>2007</u>      |
| Assets:   |                     |                        |                  |                  |
| Current assets:   |                     |                        |                  |                  |
| Cash and investments                                      | \$ 710,894          | 581,365                | 1,292,259        | 798,112          |
| Accounts receivable                                       | 1,455               | -                      | 1,455            | -                |
| Interest receivable                                       | <u>3,925</u>        | <u>4,126</u>           | <u>8,051</u>     | <u>5,177</u>     |
| Total current assets                                      | <u>716,274</u>      | <u>585,491</u>         | <u>1,301,765</u> | <u>803,289</u>   |
| Noncurrent assets:  |                     |                        |                  |                  |
| Capital assets:   |                     |                        |                  |                  |
| Land  | 465,960             | -                      | 465,960          | 465,960          |
| Structures and improvements                               | 38,865              | -                      | 38,865           | 38,865           |
| Machinery and equipment                                   | 70,464              | -                      | 70,464           | 70,464           |
| Vehicles  | 98,121              | -                      | 98,121           | 98,121           |
| Accumulated depreciation                                  | <u>(170,607)</u>    | <u>-</u>               | <u>(170,607)</u> | <u>(151,272)</u> |
| Total capital assets (net of<br>accumulated depreciation) | <u>502,803</u>      | <u>-</u>               | <u>502,803</u>   | <u>522,138</u>   |
| Total assets  | <u>1,219,077</u>    | <u>585,491</u>         | <u>1,804,568</u> | <u>1,325,427</u> |
| Liabilities:  |                     |                        |                  |                  |
| Current liabilities:                                      |                     |                        |                  |                  |
| Accounts payable  | 28,554              | 34,507                 | 63,061           | 57,889           |
| Deposits payable  | <u>-</u>            | <u>286,958</u>         | <u>286,958</u>   | <u>-</u>         |
| Total liabilities   | <u>28,554</u>       | <u>321,465</u>         | <u>350,019</u>   | <u>57,889</u>    |
| Net assets (deficit):                                     |                     |                        |                  |                  |
| Invested in capital assets                                | 502,803             | -                      | 502,803          | 522,138          |
| Unrestricted  | <u>687,720</u>      | <u>264,026</u>         | <u>951,746</u>   | <u>745,400</u>   |
| Total net assets (deficit)                                | <u>\$ 1,190,523</u> | <u>264,026</u>         | <u>1,454,549</u> | <u>1,267,538</u> |



CITY OF INDIO  
Non-major Enterprise Funds

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

Year Ended June 30, 2008

|                                 | <u>Golf</u>         | <u>Solid<br/>Waste</u> | <u>Totals</u>    |                  |
|---------------------------------|---------------------|------------------------|------------------|------------------|
|                                 |                     |                        | <u>2008</u>      | <u>2007</u>      |
| Operating revenues:             |                     |                        |                  |                  |
| Charges for services            | \$ 781,788          | 253,000                | 1,034,788        | 620,923          |
| Total operating revenues        | <u>781,788</u>      | <u>253,000</u>         | <u>1,034,788</u> | <u>620,923</u>   |
| Operating expenses:             |                     |                        |                  |                  |
| Contractual services            | 468,791             | -                      | 468,791          | 408,017          |
| Depreciation                    | 19,335              | -                      | 19,335           | 20,049           |
| Repairs and maintenance         | 59,323              | -                      | 59,323           | 112,734          |
| Material and supplies           | 340,688             | 1,803                  | 342,491          | 252,800          |
| Total operating expenses        | <u>888,137</u>      | <u>1,803</u>           | <u>889,940</u>   | <u>793,600</u>   |
| Operating income (loss)         | <u>(106,349)</u>    | <u>251,197</u>         | <u>144,848</u>   | <u>(172,677)</u> |
| Nonoperating revenues:          |                     |                        |                  |                  |
| Investment income               | 28,028              | 12,829                 | 40,857           | 41,996           |
| Other income                    | 1,306               | -                      | 1,306            | -                |
| Total nonoperating revenues     | <u>29,334</u>       | <u>12,829</u>          | <u>42,163</u>    | <u>41,996</u>    |
| Net change in net assets        | (77,015)            | 264,026                | 187,011          | (130,681)        |
| Net assets at beginning of year | <u>1,267,538</u>    | <u>-</u>               | <u>1,267,538</u> | <u>1,398,219</u> |
| Net assets at end of year       | <u>\$ 1,190,523</u> | <u>264,026</u>         | <u>1,454,549</u> | <u>1,267,538</u> |

CITY OF INDIO  
Non-major Enterprise Funds

Combining Statement of Cash Flows

Year Ended June 30, 2008

|  | <u>Golf</u>         | <u>Solid<br/>Waste</u> | <u>Totals</u>    |                  |
|--|---------------------|------------------------|------------------|------------------|
|  |                     |                        | <u>2008</u>      | <u>2007</u>      |
| Cash flows from operating activities:  |                     |                        |                  |                  |
| Cash received from customers   | \$ 780,333          | 574,465                | 1,354,798        | 621,969          |
| Cash payments to suppliers of goods and services   | (898,137)           | (1,803)                | (899,940)        | (727,717)        |
| Miscellaneous receipts   | <u>1,306</u>        | <u>-</u>               | <u>1,306</u>     | <u>-</u>         |
| Net cash provided by (used for)<br>operating activities  | <u>(116,498)</u>    | <u>572,662</u>         | <u>456,164</u>   | <u>(105,748)</u> |
| Cash flows from investing activities:  |                     |                        |                  |                  |
| Interest received on investments   | <u>29,280</u>       | <u>8,703</u>           | <u>37,983</u>    | <u>41,140</u>    |
| Net cash provided by (used for)<br>investing activities  | <u>29,280</u>       | <u>8,703</u>           | <u>37,983</u>    | <u>41,140</u>    |
| Net increase (decrease) in cash<br>and cash equivalents  | (87,218)            | 581,365                | 494,147          | (64,608)         |
| Cash and cash equivalents at beginning of year   | <u>798,112</u>      | <u>-</u>               | <u>798,112</u>   | <u>862,720</u>   |
| Cash and cash equivalents at end of year   | <u>\$ 710,894</u>   | <u>581,365</u>         | <u>1,292,259</u> | <u>798,112</u>   |
| Reconciliation of operating income to net cash<br>provided by operating activities:                  |                     |                        |                  |                  |
| Operating income (loss)  | \$ (106,349)        | 251,197                | 144,848          | (172,677)        |
| Adjustments to reconcile operating<br>income (loss) to net cash provided by<br>operating activities: |                     |                        |                  |                  |
| Depreciation   | 19,335              | -                      | 19,335           | 20,049           |
| Miscellaneous nonoperating income  | 1,306               | -                      | 1,306            | -                |
| (Increase) decrease in accounts receivable   | (1,455)             | -                      | (1,455)          | 1,009            |
| (Increase) decrease in inventory   | -                   | -                      | -                | 36               |
| Increase (decrease) in accounts payable  | (29,335)            | 34,507                 | 5,172            | 45,835           |
| Increase (decrease) in deposits payable  | <u>-</u>            | <u>286,958</u>         | <u>286,958</u>   | <u>-</u>         |
| Net cash provided by (used for)<br>operating activities  | <u>\$ (116,498)</u> | <u>572,662</u>         | <u>456,164</u>   | <u>(105,748)</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:

Risk Management – This fund is used to account for activities involved in providing general liability and worker’s compensation programs, property insurance and retiree health benefits.

Information Technology – This fund encompasses the City’s computer technology and telecommunications systems. It provides for future technology needs and assistance and provides technical training to employees to ensure equipment and software are used in the most efficient manner.

Vehicle Replacement – This fund accounts for activities involved in providing replacement of fully depreciated, damaged or non-operational rolling stock.

Buildings and Grounds – This fund accounts for maintenance costs associated with City buildings and their grounds.

Fleet Maintenance – This fund accounts for the maintenance and repair of the City’s vehicles, motorcycles, and heavy equipment rolling stock.

Centralized Services – This fund accounts for the costs associated with services that can be applied to all City departments.

CITY OF INDIO  
Internal Service Funds

Combining Statement of Net Assets

June 30, 2008

|  | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> | <u>Vehicle<br/>Replacement</u> |
|--|----------------------------|-----------------------------------|--------------------------------|
| Assets:  |                            |                                   |                                |
| Current assets:  |                            |                                   |                                |
| Cash and investments                                   | \$ 1,449,563               | 193,370                           | 2,490,740                      |
| Deposit with other agencies                            | 46,490                     | -                                 | -                              |
| Accounts receivable                                    | 65,670                     | -                                 | -                              |
| Interest receivable                                    | 12,147                     | -                                 | 13,281                         |
| Prepaid items  | 829,071                    | 6,923                             | -                              |
| Inventory of materials                                 | -                          | -                                 | -                              |
|  | <u>2,402,941</u>           | <u>200,293</u>                    | <u>2,504,021</u>               |
| Noncurrent assets:                                     |                            |                                   |                                |
| Capital assets:  |                            |                                   |                                |
| Machinery and equipment                                | -                          | 4,030,057                         | -                              |
| Vehicles   | -                          | -                                 | 9,752,871                      |
| Accumulated depreciation                               | -                          | <u>(3,055,007)</u>                | <u>(5,534,260)</u>             |
|  | <u>-</u>                   | <u>975,050</u>                    | <u>4,218,611</u>               |
| Total capital assets (net of accumulated depreciation) | <u>-</u>                   | <u>975,050</u>                    | <u>4,218,611</u>               |
|  | <u>2,402,941</u>           | <u>1,175,343</u>                  | <u>6,722,632</u>               |
| Total assets   |                            |                                   |                                |
| Liabilities:   |                            |                                   |                                |
| Current liabilities:                                   |                            |                                   |                                |
| Accounts payable                                       | 4,391                      | 38,030                            | 94,271                         |
| Accrued payroll  | -                          | 17,492                            | -                              |
| Claims payable   | 367,547                    | -                                 | -                              |
| Noncurrent liabilities:                                |                            |                                   |                                |
| Claims payable   | 833,683                    | -                                 | -                              |
|  | <u>1,205,621</u>           | <u>55,522</u>                     | <u>94,271</u>                  |
| Total liabilities                                      | <u>1,205,621</u>           | <u>55,522</u>                     | <u>94,271</u>                  |
| Net assets (deficit):                                  |                            |                                   |                                |
| Invested in capital assets                             | -                          | 975,050                           | 4,218,611                      |
| Unrestricted   | 1,197,320                  | 144,771                           | 2,409,750                      |
|  | <u>1,197,320</u>           | <u>1,119,821</u>                  | <u>6,628,361</u>               |
| Total net assets (deficit)                             | <u>\$ 1,197,320</u>        | <u>1,119,821</u>                  | <u>6,628,361</u>               |

| Building and<br>Grounds | Fleet<br>Maintenance | Centralized<br>Services | Totals            |                  |
|-------------------------|----------------------|-------------------------|-------------------|------------------|
|                         |                      |                         | 2008              | 2007             |
| 155,929                 | 227,215              | 143,883                 | 4,660,700         | 2,718,804        |
| -                       | -                    | -                       | 46,490            | 48,997           |
| -                       | 2,013                | -                       | 67,683            | 163,199          |
| -                       | -                    | 662                     | 26,090            | 20,598           |
| -                       | -                    | -                       | 835,994           | 778,180          |
| -                       | -                    | -                       | -                 | 61,849           |
| <u>155,929</u>          | <u>229,228</u>       | <u>144,545</u>          | <u>5,636,957</u>  | <u>3,791,627</u> |
| -                       | -                    | -                       | 4,030,057         | 3,595,350        |
| -                       | -                    | -                       | 9,752,871         | 8,181,670        |
| -                       | -                    | -                       | (8,589,267)       | (7,213,084)      |
| -                       | -                    | -                       | <u>5,193,661</u>  | <u>4,563,936</u> |
| <u>155,929</u>          | <u>229,228</u>       | <u>144,545</u>          | <u>10,830,618</u> | <u>8,355,563</u> |
| 150,176                 | 154,571              | 11,829                  | 453,268           | 170,354          |
| 6,799                   | 12,807               | -                       | 37,098            | 31,686           |
| -                       | -                    | -                       | 367,547           | 197,114          |
| -                       | -                    | -                       | 833,683           | 541,795          |
| <u>156,975</u>          | <u>167,378</u>       | <u>11,829</u>           | <u>1,691,596</u>  | <u>940,949</u>   |
| -                       | -                    | -                       | 5,193,661         | 4,563,936        |
| (1,046)                 | 61,850               | 132,716                 | 3,945,361         | 2,850,678        |
| <u>(1,046)</u>          | <u>61,850</u>        | <u>132,716</u>          | <u>9,139,022</u>  | <u>7,414,614</u> |

CITY OF INDIO  
Internal Service Funds

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

Year Ended June 30, 2008

|   | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> | <u>Vehicle<br/>Replacement</u> |
|---|----------------------------|-----------------------------------|--------------------------------|
| Operating revenues:                               |                            |                                   |                                |
| Charges for services                              | \$ <u>2,948,056</u>        | <u>1,187,860</u>                  | <u>1,019,106</u>               |
| Total operating revenues                          | <u>2,948,056</u>           | <u>1,187,860</u>                  | <u>1,019,106</u>               |
| Operating expenses:                               |                            |                                   |                                |
| Personnel services                                | 1,002,674                  | 417,505                           | -                              |
| Contractual services                              | 509,424                    | 273,036                           | -                              |
| Depreciation                                      | -                          | 512,309                           | 943,361                        |
| Repairs and maintenance                           | -                          | 84,733                            | 182,424                        |
| Material and supplies                             | 10,414                     | -                                 | -                              |
| Claims and judgments                              | <u>1,164,823</u>           | <u>-</u>                          | <u>-</u>                       |
| Total operating expenses                          | <u>2,687,335</u>           | <u>1,287,583</u>                  | <u>1,125,785</u>               |
| Operating income (loss)                           | <u>260,721</u>             | <u>(99,723)</u>                   | <u>(106,679)</u>               |
| Nonoperating revenues:                            |                            |                                   |                                |
| Investment income                                 | 73,700                     | -                                 | 100,218                        |
| Other income                                      | <u>174,761</u>             | <u>15,000</u>                     | <u>-</u>                       |
| Total nonoperating revenues                       | <u>248,461</u>             | <u>15,000</u>                     | <u>100,218</u>                 |
| Income before transfers and capital contributions | 509,182                    | (84,723)                          | (6,461)                        |
| Transfers in                                      | -                          | -                                 | -                              |
| Capital contributions                             | <u>-</u>                   | <u>-</u>                          | <u>1,174,740</u>               |
| Net change in net assets                          | 509,182                    | (84,723)                          | 1,168,279                      |
| Net assets at beginning of year                   | <u>688,138</u>             | <u>1,204,544</u>                  | <u>5,460,082</u>               |
| Net assets (deficit) at end of year               | <u>\$ 1,197,320</u>        | <u>1,119,821</u>                  | <u>6,628,361</u>               |

| Building and<br>Grounds | Fleet<br>Maintenance | Centralized<br>Services | Totals           |                  |
|-------------------------|----------------------|-------------------------|------------------|------------------|
|                         |                      |                         | 2008             | 2007             |
| <u>1,508,661</u>        | <u>1,847,116</u>     | <u>571,387</u>          | <u>9,082,186</u> | <u>7,169,446</u> |
| <u>1,508,661</u>        | <u>1,847,116</u>     | <u>571,387</u>          | <u>9,082,186</u> | <u>7,169,446</u> |
| 262,421                 | 507,076              | -                       | 2,189,676        | 1,787,704        |
| 166,490                 | 38,706               | 144,665                 | 1,132,321        | 1,021,184        |
| -                       | -                    | -                       | 1,455,670        | 1,247,479        |
| 174,952                 | 536,010              | 7,659                   | 985,778          | 753,983          |
| 907,694                 | 768,054              | 291,366                 | 1,977,528        | 2,367,342        |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>1,164,823</u> | <u>909,217</u>   |
| <u>1,511,557</u>        | <u>1,849,846</u>     | <u>443,690</u>          | <u>8,905,796</u> | <u>8,086,909</u> |
| <u>(2,896)</u>          | <u>(2,730)</u>       | <u>127,697</u>          | <u>176,390</u>   | <u>(917,463)</u> |
| 1,850                   | 2,730                | 5,019                   | 183,517          | 156,259          |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>189,761</u>   | <u>3,325</u>     |
| <u>1,850</u>            | <u>2,730</u>         | <u>5,019</u>            | <u>373,278</u>   | <u>159,584</u>   |
| (1,046)                 | -                    | 132,716                 | 549,668          | (757,879)        |
| -                       | -                    | -                       | -                | 7,660            |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>1,174,740</u> | <u>1,931,806</u> |
| (1,046)                 | -                    | 132,716                 | 1,724,408        | 1,181,587        |
| <u>-</u>                | <u>61,850</u>        | <u>-</u>                | <u>7,414,614</u> | <u>6,233,027</u> |
| <u>(1,046)</u>          | <u>61,850</u>        | <u>132,716</u>          | <u>9,139,022</u> | <u>7,414,614</u> |

CITY OF INDIO  
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2008

|  | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> | <u>Vehicle<br/>Replacement</u> |
|--|----------------------------|-----------------------------------|--------------------------------|
| Cash flows from operating activities:  |                            |                                   |                                |
| Cash received from user departments  | \$ 2,908,694               | 1,187,860                         | 1,019,106                      |
| Cash payments to suppliers of goods and services                               | (1,273,297)                | (348,655)                         | (100,802)                      |
| Cash payments to employee for services   | (1,002,674)                | (418,306)                         | -                              |
| Miscellaneous receipts   | <u>174,761</u>             | <u>15,000</u>                     | <u>-</u>                       |
| Net cash provided by (used for)<br>operating activities                        | <u>807,484</u>             | <u>435,899</u>                    | <u>918,304</u>                 |
| Cash flows from non-capital financing activities:                              |                            |                                   |                                |
| Cash paid to other funds   | -                          | -                                 | -                              |
| Cash received from other funds   | <u>-</u>                   | <u>-</u>                          | <u>-</u>                       |
| Net cash provided by (used for)<br>non-capital and related activities          | <u>-</u>                   | <u>-</u>                          | <u>-</u>                       |
| Cash flows from capital and related financing activities:                      |                            |                                   |                                |
| Acquisition of capital assets  | <u>-</u>                   | <u>(371,333)</u>                  | <u>(539,320)</u>               |
| Net cash provided by (used for)<br>capital and related financing<br>activities | <u>-</u>                   | <u>(371,333)</u>                  | <u>(539,320)</u>               |
| Cash flows from investing activities:  |                            |                                   |                                |
| Interest received on investments   | <u>67,054</u>              | <u>-</u>                          | <u>102,034</u>                 |
| Net cash provided by (used for)<br>investing activities                        | <u>67,054</u>              | <u>-</u>                          | <u>102,034</u>                 |
| Net increase (decrease) in cash<br>and cash equivalents                        | 874,538                    | 64,566                            | 481,018                        |
| Cash and cash equivalents at beginning of year                                 | <u>575,025</u>             | <u>128,804</u>                    | <u>2,009,722</u>               |
| Cash and cash equivalents at end of year                                       | <u>\$ 1,449,563</u>        | <u>193,370</u>                    | <u>2,490,740</u>               |



| Building and<br>Grounds | Fleet<br>Maintenance | Centralized<br>Services | Totals           |                  |
|-------------------------|----------------------|-------------------------|------------------|------------------|
|                         |                      |                         | 2008             | 2007             |
| 571,387                 | 1,984,500            | 571,387                 | 8,242,934        | 7,015,813        |
| (417,308)               | (1,257,606)          | (431,861)               | (3,829,529)      | (5,884,486)      |
| -                       | (507,662)            | -                       | (1,928,642)      | (1,803,252)      |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>189,761</u>   | <u>3,325</u>     |
| <u>154,079</u>          | <u>219,232</u>       | <u>139,526</u>          | <u>2,674,524</u> | <u>(668,600)</u> |
| -                       | -                    | -                       | -                | -                |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>-</u>         | <u>7,660</u>     |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>-</u>         | <u>7,660</u>     |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>(910,653)</u> | <u>-</u>         |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>(910,653)</u> | <u>-</u>         |
| <u>1,850</u>            | <u>2,730</u>         | <u>4,357</u>            | <u>178,025</u>   | <u>144,818</u>   |
| <u>1,850</u>            | <u>2,730</u>         | <u>4,357</u>            | <u>178,025</u>   | <u>144,818</u>   |
| 155,929                 | 221,962              | 143,883                 | 1,941,896        | (516,122)        |
| <u>-</u>                | <u>5,253</u>         | <u>-</u>                | <u>2,718,804</u> | <u>3,234,926</u> |
| <u>155,929</u>          | <u>227,215</u>       | <u>143,883</u>          | <u>4,660,700</u> | <u>2,718,804</u> |

(Continued)

CITY OF INDIO  
Internal Service Funds

Combining Statement of Cash Flows

(Continued)

|  | <u>Risk<br/>Management</u> | <u>Information<br/>Technology</u> | <u>Vehicle<br/>Replacement</u> |
|--|----------------------------|-----------------------------------|--------------------------------|
| Reconciliation of operating income to net cash provided by operating activities:               |                            |                                   |                                |
| Operating income (loss)  | \$ 260,721                 | (99,723)                          | (106,679)                      |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |                            |                                   |                                |
| Depreciation   | -                          | 512,309                           | 943,361                        |
| Miscellaneous nonoperating income  | 174,761                    | 15,000                            | -                              |
| (Increase) decrease in deposits with other agencies  | 2,507                      | -                                 | -                              |
| (Increase) decrease in accounts receivable   | (41,869)                   | -                                 | -                              |
| (Increase) decrease in prepaid items   | (50,891)                   | (6,923)                           | -                              |
| (Increase) decrease in inventory   | -                          | -                                 | 41,868                         |
| Increase (decrease) in accounts payable  | (66)                       | 16,037                            | 39,754                         |
| Increase (decrease) in accrued payroll   | -                          | (801)                             | -                              |
| Increase (decrease) in claims and judgments payable  | <u>462,321</u>             | <u>-</u>                          | <u>-</u>                       |
| <br>Net cash provided by (used for)<br>operating activities                                    | <br><u>\$ 807,484</u>      | <br><u>435,899</u>                | <br><u>918,304</u>             |

| Building and<br>Grounds | Fleet<br>Maintenance | Centralized<br>Services | Totals           |                  |
|-------------------------|----------------------|-------------------------|------------------|------------------|
|                         |                      |                         | <u>2008</u>      | <u>2007</u>      |
| (2,896)                 | (2,730)              | 127,697                 | 176,390          | (917,463)        |
| -                       | -                    | -                       | 1,455,670        | 1,247,479        |
| -                       | -                    | -                       | 189,761          | 3,325            |
| -                       | -                    | -                       | 2,507            | 2,576            |
| -                       | 137,384              | -                       | 95,515           | (156,209)        |
| -                       | -                    | -                       | (57,814)         | (752,806)        |
| -                       | 19,981               | -                       | 61,849           | (5,114)          |
| 150,176                 | 65,183               | 11,829                  | 282,913          | (411,412)        |
| 6,799                   | (586)                | -                       | 5,412            | (12,223)         |
| <u>-</u>                | <u>-</u>             | <u>-</u>                | <u>462,321</u>   | <u>333,247</u>   |
| <u>154,079</u>          | <u>219,232</u>       | <u>139,526</u>          | <u>2,674,524</u> | <u>(668,600)</u> |

## AGENCY FUNDS

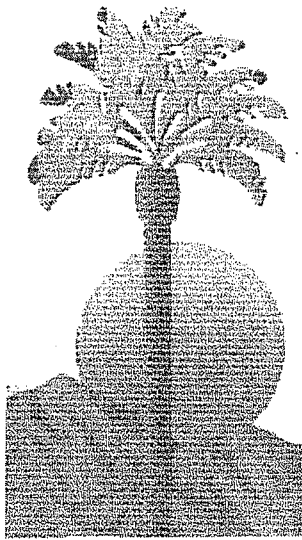
The Agency funds are used to account for assets held by the City as an agent for other governmental units.

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

Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2008

|                                    | <u>Balance at</u><br><u>June 30, 2007</u> | <u>Additions</u>  | <u>Deletions</u>    | <u>Balance at</u><br><u>June 30, 2008</u> |
|------------------------------------|---|-------------------|---------------------|---|
| <b><u>ASSESSMENT DISTRICTS</u></b> |   |                   |                     |   |
| <u>Assets</u>                      |   |                   |                     |   |
| Cash and investments               | \$ 5,392,489                              | 8,202,048         | (7,773,025)         | 5,821,512                                 |
| Cash with fiscal agent             | 8,838,800                                 | 8,040,025         | (8,399,754)         | 8,479,071                                 |
| Due from other governments         | 387,323                                   | 350,655           | (387,321)           | 350,657                                   |
| Interest receivable                | <u>20,211</u>                             | <u>24,495</u>     | <u>(20,212)</u>     | <u>24,494</u>                             |
| Total assets                       | <u>\$ 14,638,823</u>                      | <u>16,617,223</u> | <u>(16,580,312)</u> | <u>14,675,734</u>                         |
| <u>Liabilities</u>                 |   |                   |                     |   |
| Accounts payable                   | \$ 52,316                                 | 2,841,366         | (2,825,517)         | 68,165                                    |
| Due to bondholders                 | 14,279,077                                | 9,206,767         | (8,945,076)         | 14,540,768                                |
| Deposits payable                   | <u>307,430</u>                            | <u>58,199</u>     | <u>(298,828)</u>    | <u>66,801</u>                             |
| Total liabilities                  | <u>\$ 14,638,823</u>                      | <u>12,106,332</u> | <u>(12,069,421)</u> | <u>14,675,734</u>                         |



# STATISTICAL SECTION





CITY OF INDIO

STATISTICAL SECTION TABLE OF CONTENTS

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| <p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>  |           |
| Revenue Capacity  | 133 - 136 |
| <p>These schedules contain information to help the reader assess the City's ability to generate revenues. Property taxes, sales tax, state motor vehicle in lieu tax, intergovernmental revenue and charges for services are the City's most significant revenue sources.</p> |           |
| Debt Capacity   | 137 - 141 |
| <p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>  |           |
| Demographic and Economic Information  | 142 - 143 |
| <p>These schedules offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.</p>   |           |
| Operating Information   | 144 - 149 |
| <p>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>   |           |

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

|  | Fiscal Year     |                 |                  |                  |                  |                   |
|--|-----------------|-----------------|------------------|------------------|------------------|-------------------|
|  | 2003            | 2004            | 2005             | 2006             | 2007             | 2008              |
| Governmental activities:                           |                 |                 |                  |                  |                  |                   |
| Invested in capital assets,<br>net of related debt | \$15,387        | \$24,600        | \$223,825        | \$278,101        | \$326,774        | \$ 379,737        |
| Restricted   | 19,952          | 23,003          | 53,566           | 79,377           | 72,743           | 36,977            |
| Unrestricted                                       | <u>10,613</u>   | <u>24,277</u>   | <u>19,814</u>    | <u>23,690</u>    | <u>11,164</u>    | <u>27,035</u>     |
| 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> | <u>\$ 443,749</u> |
| Business-type activities:                          |                 |                 |                  |                  |                  |                   |
| Invested in capital assets,<br>net of related debt | \$16,435        | \$17,732        | \$136,406        | \$140,536        | \$158,649        | \$ 159,962        |
| Restricted   | -               | -               | -                | -                | -                | -                 |
| Unrestricted                                       | <u>2,938</u>    | <u>4,192</u>    | <u>9,452</u>     | <u>11,314</u>    | <u>11,192</u>    | <u>10,426</u>     |
| 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> | <u>\$ 170,388</u> |
| Primary government:                                |                 |                 |                  |                  |                  |                   |
| Invested in capital assets,<br>net of related debt | \$31,822        | \$42,332        | \$360,231        | \$418,637        | \$485,423        | \$ 539,699        |
| Restricted   | 19,952          | 23,003          | 53,566           | 79,377           | 72,743           | 36,977            |
| Unrestricted                                       | <u>13,551</u>   | <u>28,469</u>   | <u>29,266</u>    | <u>35,004</u>    | <u>22,356</u>    | <u>37,461</u>     |
| 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> | <u>\$ 614,137</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 Six Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

|   | Fiscal Year   |               |               |                |               |                |
|---|---------------|---------------|---------------|----------------|---------------|----------------|
|   | 2003          | 2004          | 2005          | 2006           | 2007          | 2008           |
| Expenses:                                       |               |               |               |                |               |                |
| Governmental activities:                        |               |               |               |                |               |                |
| General government                              | \$ 3,973      | \$ 4,855      | \$ 6,722      | \$ 8,532       | \$ 8,947      | \$ 5,831       |
| Public safety                                   | 16,042        | 14,005        | 17,660        | 22,793         | 33,986        | 41,487         |
| Public works                                    | 8,039         | 8,811         | 16,952        | 17,074         | 25,051        | 16,203         |
| Community development                           | 4,478         | 3,759         | 7,639         | 10,255         | 6,890         | 8,068          |
| Human services                                  | 966           | 968           | 3,731         | 1,776          | 1,888         | 3,682          |
| Interest expense and other charges              | <u>1,158</u>  | <u>1,234</u>  | <u>4,108</u>  | <u>3,268</u>   | <u>4,624</u>  | <u>7,460</u>   |
| Total governmental activities expenses          | <u>34,656</u> | <u>33,632</u> | <u>56,812</u> | <u>63,698</u>  | <u>81,386</u> | <u>82,731</u>  |
| Business-type activities:                       |               |               |               |                |               |                |
| Water   | 5,343         | 5,898         | 9,379         | 11,346         | 16,453        | 21,552         |
| Golf  | <u>655</u>    | <u>587</u>    | <u>783</u>    | <u>718</u>     | <u>793</u>    | <u>890</u>     |
| 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> | <u>22,442</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> | <u>105,173</u> |
| Program revenues:                               |               |               |               |                |               |                |
| Governmental activities:                        |               |               |               |                |               |                |
| Charges for services:                           |               |               |               |                |               |                |
| General government                              | 372           | 355           | 453           | 1,636          | 87            | 485            |
| Public safety                                   | 1,926         | 1,504         | 1,692         | 2,628          | 3,434         | 2,515          |
| Public works                                    | 926           | 1,117         | 1,712         | 2,679          | 3,587         | 3,178          |
| Community development                           | 4,484         | 6,984         | 7,777         | 10,140         | 5,592         | 3,172          |
| Human services                                  | 386           | 598           | 599           | 5              | 1             | 1,005          |
| Operating contributions and grants              | 3,237         | 2,843         | 6,272         | 4,660          | 12,863        | 14,797         |
| Capital contributions and grants                | <u>13,673</u> | <u>21,351</u> | <u>32,662</u> | <u>83,871</u>  | <u>32,490</u> | <u>41,437</u>  |
| 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> | <u>66,589</u>  |
| Business-type activities:                       |               |               |               |                |               |                |
| Charges for services:                           |               |               |               |                |               |                |
| Water   | 7,719         | 6,279         | 6,233         | 8,182          | 10,442        | 12,278         |
| Golf  | 780           | 686           | 673           | 615            | 621           | 1,035          |
| Capital contributions and grants                | <u>-</u>      | <u>1,805</u>  | <u>2,756</u>  | <u>8,482</u>   | <u>21,689</u> | <u>6,347</u>   |
| 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> | <u>19,660</u>  |

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

|   | Fiscal Year     |                 |                 |                 |                 |                  |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|   | 2003            | 2004            | 2005            | 2006            | 2007            | 2008             |
| Total primary government activities               |                 |                 |                 |                 |                 |                  |
| program revenues                                  | <u>33,503</u>   | <u>43,522</u>   | <u>60,829</u>   | <u>122,898</u>  | <u>90,806</u>   | <u>86,249</u>    |
| Net revenues (expenses):                          |                 |                 |                 |                 |                 |                  |
| Governmental activities                           | (9,652)         | 1,120           | (5,645)         | 41,921          | (23,332)        | (16,142)         |
| Business-type activities                          | <u>2,501</u>    | <u>2,285</u>    | <u>(500)</u>    | <u>5,215</u>    | <u>15,506</u>   | <u>(2,782)</u>   |
| Total primary government net expense              | (7,151)         | 3,405           | (6,145)         | 47,136          | (7,826)         | (18,924)         |
| General revenues and other changes in net assets: |                 |                 |                 |                 |                 |                  |
| Governmental activities:                          |                 |                 |                 |                 |                 |                  |
| Taxes:  |                 |                 |                 |                 |                 |                  |
| Property taxes                                    | 5,112           | 5,497           | 11,908          | 20,012          | 25,309          | 23,918           |
| Sales tax   | 6,390           | 7,198           | 8,879           | 9,514           | 9,803           | 8,548            |
| Transient occupancy taxes                         | 1,018           | 1,162           | 1,220           | 1,331           | 1,818           | 2,070            |
| Other taxes                                       | 3,108           | 4,457           | 5,186           | 6,073           | 7,054           | 7,869            |
| Investment income                                 | 934             | 727             | 1,768           | 2,957           | 5,777           | 3,161            |
| Motor vehicle in lieu, unrestricted               | 3,040           | 2,503           | 387             | 433             | 416             | 375              |
| Other general revenues                            | 4,340           | 3,567           | 2,220           | 2,352           | 2,668           | 3,268            |
| Transfers   | <u>89</u>       | <u>51</u>       | <u>-</u>        | <u>-</u>        | <u>-</u>        | <u>-</u>         |
| Total governmental activities                     | <u>24,031</u>   | <u>25,162</u>   | <u>31,568</u>   | <u>42,672</u>   | <u>52,845</u>   | <u>49,209</u>    |
| Business-type activities:                         |                 |                 |                 |                 |                 |                  |
| Investment income                                 | 18              | 14              | 19              | 31              | 2,216           | 3,029            |
| Transfers   | (89)            | (51)            | -               | -               | -               | -                |
| Other general revenues                            | <u>-</u>        | <u>3</u>        | <u>2</u>        | <u>15</u>       | <u>268</u>      | <u>300</u>       |
| Total business-type activities                    | <u>(71)</u>     | <u>(34)</u>     | <u>21</u>       | <u>46</u>       | <u>2,484</u>    | <u>3,329</u>     |
| Total primary government                          | <u>23,960</u>   | <u>25,128</u>   | <u>31,589</u>   | <u>42,718</u>   | <u>55,329</u>   | <u>52,538</u>    |
| Changes in net assets                             |                 |                 |                 |                 |                 |                  |
| Governmental activities                           | 14,379          | 26,282          | 25,923          | 84,593          | 29,513          | 33,067           |
| Business-type activities                          | <u>2,430</u>    | <u>2,251</u>    | <u>(479)</u>    | <u>5,261</u>    | <u>17,990</u>   | <u>547</u>       |
| Total primary government                          | <u>\$16,809</u> | <u>\$28,533</u> | <u>\$25,444</u> | <u>\$89,854</u> | <u>\$47,503</u> | <u>\$ 33,614</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  
Fund Balances of Governmental Funds  
Last Six Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

|                                    | Fiscal Year     |                 |                 |                   |                   |                   |
|------------------------------------|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|
|                                    | 2003            | 2004            | 2005            | 2006              | 2007              | 2008              |
| General fund:                      |                 |                 |                 |                   |                   |                   |
| Reserved                           | \$ 4,856        | \$ 5,627        | \$ 2,670        | \$ 9,633          | \$ 11,948         | \$ 11,203         |
| Unreserved                         | <u>6,856</u>    | <u>11,923</u>   | <u>16,187</u>   | <u>20,722</u>     | <u>22,930</u>     | <u>10,266</u>     |
| Total general fund                 | <u>\$11,712</u> | <u>\$17,550</u> | <u>\$18,857</u> | <u>\$ 30,355</u>  | <u>\$ 34,878</u>  | <u>\$ 21,469</u>  |
| All other governmental funds:      |                 |                 |                 |                   |                   |                   |
| Reserved                           | \$ 8,924        | \$10,738        | \$52,484        | \$ 74,693         | \$ 104,226        | \$ 133,137        |
| Unreserved, reported in:           |                 |                 |                 |                   |                   |                   |
| Special revenue funds              | 5,906           | 5,682           | 8,090           | 7,649             | 6,134             | 6,599             |
| Capital projects funds             | <u>21,106</u>   | <u>27,906</u>   | <u>30,355</u>   | <u>37,729</u>     | <u>17,972</u>     | <u>12,043</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> | <u>\$ 151,779</u> |

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

Source: City of Indio Management Services Department

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

|   | Fiscal Year     |                 |                 |                 |                 |                  |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|   | 2003            | 2004            | 2005            | 2006            | 2007            | 2008             |
| <b>Revenues:</b>  |                 |                 |                 |                 |                 |                  |
| Taxes   | \$18,440        | \$24,011        | \$26,910        | \$33,922        | \$40,159        | \$ 42,998        |
| Special assessments                                       | 2,181           | 497             | 777             | 1,444           | 2,412           | 2,940            |
| Licenses and permits                                      | 4,787           | 5,093           | 5,932           | 7,871           | 4,340           | 2,630            |
| Intergovernmental   | 7,858           | 6,618           | 9,655           | 11,620          | 19,710          | 23,168           |
| Charges for services                                      | 4,042           | 5,711           | 6,460           | 9,573           | 11,070          | 11,141           |
| Fines and forfeitures                                     | 737             | 662             | 780             | 815             | 1,072           | 1,002            |
| Investment earnings                                       | 778             | 962             | 2,350           | 4,750           | 6,365           | 5,385            |
| Developer fees  | 1,922           | 4,136           | 15,731          | 37,028          | 15,987          | 8,566            |
| Contributions from property owners                        | 6,434           | 11,485          | 10,921          | 35,964          | 8,380           | 2,485            |
| Miscellaneous   | 2,415           | 952             | 1,010           | 4,738           | 4,596           | 2,175            |
| Total revenues  | <u>49,594</u>   | <u>60,127</u>   | <u>80,526</u>   | <u>147,725</u>  | <u>114,091</u>  | <u>102,490</u>   |
| <b>Expenditures</b>                                       |                 |                 |                 |                 |                 |                  |
| Current:  |                 |                 |                 |                 |                 |                  |
| General government  | 4,798           | 5,165           | 6,150           | 8,038           | 8,032           | 5,934            |
| Public safety   | 15,249          | 14,142          | 17,714          | 21,594          | 27,272          | 33,534           |
| Public works  | 19,659          | 15,964          | 20,859          | 66,092          | 85,887          | 66,646           |
| Community development                                     | 5,255           | 5,623           | 7,306           | 10,963          | 10,100          | 9,483            |
| Human services  | 891             | 955             | 3,697           | 1,722           | 1,827           | 1,643            |
| Other   | -               | -               | -               | -               | -               | 1,687            |
| Debt service:   |                 |                 |                 |                 |                 |                  |
| Principal retirement                                      | 4,120           | 1,452           | 1,505           | 1,158           | 1,068           | 8,019            |
| Interest and fiscal charges                               | 1,173           | 1,096           | 3,286           | 2,759           | 4,656           | 4,884            |
| Other charges   | 705             | 1,198           | 1,690           | 2,367           | 2,646           | 8,922            |
| Total expenditures  | <u>51,850</u>   | <u>45,595</u>   | <u>62,207</u>   | <u>114,693</u>  | <u>141,488</u>  | <u>140,752</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> | <u>(38,262)</u>  |
| <b>Other financing sources (uses):</b>                    |                 |                 |                 |                 |                 |                  |
| Transfers in  | 7,513           | 6,683           | 10,642          | 21,050          | 17,456          | 16,841           |
| Transfers out   | (7,424)         | (6,632)         | (10,642)        | (20,441)        | (17,464)        | (16,841)         |
| Lease purchase and loan proceeds                          | 943             | -               | -               | -               | -               | -                |
| Issuance of bonds   | 3,750           | -               | 28,615          | 7,000           | 43,000          | 74,767           |
| Original discount on bonds                                | -               | -               | -               | -               | -               | (469)            |
| Payment to bond escrow agent                              | -               | -               | (2,335)         | -               | (2,811)         | (25,999)         |
| Total other financing sources (uses)                      | <u>4,782</u>    | <u>51</u>       | <u>26,280</u>   | <u>7,609</u>    | <u>40,181</u>   | <u>48,299</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> | <u>\$ 10,037</u> |
| Debt service as a percentage of noncapital expenditures   | 11.6%           | 8.2%            | 10.4%           | 5.5%            | 5.9%            | 15.5%            |

*The City of Indio has elected to show only six 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       |
| 2008        | \$ 5,397,921 | \$ 358,429 | \$ 193,611 | \$ 1,173,690 | \$ 68,199  | \$ 7,055,452  | 0.2460     |
| 2007        | 4,136,642    | 306,118    | 122,931    | 1,083,542    | 76,109     | 5,573,124     | 0.2479     |
| 2006        | 2,925,420    | 280,621    | 108,080    | 771,412      | 73,006     | 4,012,527     | 0.2532     |
| 2005        | 1,934,495    | 260,013    | 91,402     | 650,153      | 50,651     | 2,885,412     | 0.2623     |
| 2004        | 1,474,791    | 236,163    | 86,598     | 503,289      | 44,772     | 2,256,069     | 0.2518     |
| 2003        | 1,241,421    | 247,807    | 69,880     | 476,030      | 44,872     | 1,990,266     | 0.2821     |
| 2002        | 1,023,611    | 239,208    | 62,036     | 453,777      | 42,635     | 1,735,997     | 0.2486     |
| 2001        | 917,826      | 212,958    | 57,528     | 435,753      | 41,580     | 1,582,485     | 0.2307     |
| 2000        | 852,316      | 199,896    | 58,141     | 376,735      | 40,648     | 1,446,440     | 0.2317     |
| 1999        | 804,375      | 196,234    | 56,671     | 350,390      | 39,398     | 1,368,272     | 0.2629     |

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: HdL, Coren & Cone

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

|                                      | 1999           | 2000           | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City of Indio                        | 0.19501        | 0.19501        | 0.19501        | 0.19501        | 0.19501        | 0.19501        | 0.19501        | 0.19501        | 0.19501        | 0.19501        |
| Redevelopment Agency                 | 0.06790        | 0.03670        | 0.03572        | 0.05360        | 0.08713        | 0.05679        | 0.06727        | 0.05819        | 0.05290        | 0.05098        |
| Total City Direct Rate               | <u>0.26291</u> | <u>0.23171</u> | <u>0.23073</u> | <u>0.24861</u> | <u>0.28214</u> | <u>0.25180</u> | <u>0.26228</u> | <u>0.25320</u> | <u>0.24791</u> | <u>0.24599</u> |
| Overlapping Rates:                   |                |                |                |                |                |                |                |                |                |                |
| Coachella Valley Unified School      | 0.05181        | 0.05195        | 0.04876        | 0.04505        | 0.03698        | 0.03258        | 0.03054        | 0.05956        | 0.05990        | 0.05708        |
| Coachella Valley Water District      | 0.02080        | 0.02080        | 0.02080        | 0.02080        | 0.02080        | 0.02080        | 0.02080        | 0.02080        | 0.02080        | 0.04000        |
| CVWD Imp Dist 53                     | 0.00590        | 0.00540        | 0.00190        | 0.00170        | 0.00170        | 0.00060        | 0.00020        | 0.00020        | -              | 0.00090        |
| CVWD Imp Dist 55                     | -              | -              | -              | -              | -              | 0.03050        | 0.02690        | 0.02340        | 0.01240        | 0.00840        |
| CVWD Imp Dist 58                     | 0.07310        | 0.06770        | 0.04060        | 0.03060        | 0.03060        | 0.02870        | 0.02690        | 0.02520        | 0.01560        | 0.00230        |
| Desert Community College             | -              | -              | -              | -              | -              | -              | 0.01994        | 0.01995        | 0.01995        | 0.01995        |
| Desert Sands Unified School District | 0.09750        | 0.09750        | 0.09750        | 0.09750        | 0.09750        | 0.09750        | 0.09581        | 0.07674        | 0.07613        | 0.07561        |
| County of Riverside                  | 0.73709        | 0.76829        | 0.76927        | 0.75139        | 0.71786        | 0.74820        | 0.73772        | 0.74680        | 0.75209        | 0.75401        |
| Total Tax Rate                       | <u>1.24911</u> | <u>1.24335</u> | <u>1.20956</u> | <u>1.19565</u> | <u>1.18758</u> | <u>1.21068</u> | <u>1.22109</u> | <u>1.22585</u> | <u>1.20478</u> | <u>1.20424</u> |

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 property taxes as a percentage of assessed property values for the payment of certain other bonds.

Source: HdL, Coren & Cone



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

| Taxpayer                         | 2008                         |  | 1999                         |  |
|----------------------------------|------------------------------|--|------------------------------|--|
|                                  | Taxable<br>Assessed<br>Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value |
| Peter Solomon Trust              | \$ 25,721,259                | 0.36%  |                              |  |
| A G Indio Fashion Mall           | 20,990,861                   | 0.30%  |                              |  |
| Andorra Apartment Investors      | 18,801,150                   | 0.27%  |                              |  |
| WN Indio                         | 16,822,470                   | 0.24%  |                              |  |
| J D G Properties                 | 16,584,440                   | 0.24%  | 5,756,729                    | 4.21%  |
| 450 460 North Palm Drive         | 15,402,000                   | 0.22%  |                              |  |
| Orco Block Company Inc           | 14,191,177                   | 0.20%  |                              |  |
| Calvin F Worth Trust             | 13,307,431                   | 0.19%  |                              |  |
| Richard K. Rifenbark Trust       | 12,853,041                   | 0.18%  | 6,780,000                    | 0.50%  |
| Seecon Partners                  | 12,841,895                   | 0.18%  |                              |  |
| Colony Cablevision of California |                              |  | 15,020,817                   | 1.10%  |
| Paseo Group Limited Partnership  |                              |  | 13,835,175                   | 1.01%  |
| JPH Associates                   |                              |  | 12,468,587                   | 0.91%  |
| American Stores Properties Inc   |                              |  | 10,315,639                   | 0.75%  |
| Richard M. & Frances M. Marsch   |                              |  | 7,719,940                    | 0.56%  |
| DSL Service Company              |                              |  | 7,138,674                    | 0.52%  |
| Requa Associates                 |                              |  | 6,913,694                    | 0.51%  |
| Sunrise Pointe Associates        |                              |  | 6,681,656                    | 0.49%  |
|                                  | \$167,515,724                | 2.37%  | \$ 92,630,911                | 6.77%  |

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 Three Fiscal Years

| Fiscal<br>Year Ended<br>June 30 | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of Levy |                    | Collections in<br>Subsequent<br>Years | Total Collections to Date |                    |
|---------------------------------|--|---|--------------------|---------------------------------------|---------------------------|--------------------|
|                                 |  | Amount                                      | Percent<br>of Levy |                                       | Amount                    | Percent<br>of Levy |
| 2008                            | \$28,730,955                           | \$20,775,644                                | 72.31%             | \$ 7,955,311                          | \$28,730,955              | 100.00%            |
| 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 three 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.

Sources: HdL, Coren & Cone  
City of Indio Management Services Department

CITY OF INDIO  
Ratios of Outstanding Debt by Type  
(amounts expressed in thousands)  
Last Three 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) | Loans (1) | Total Governmental Activities | Water Revenue Bonds (1) | Population |                              |                |                     |                               |                 | Personal Income (3) |
|                           |                             |                          |                                   |                         |           |                               |                         |            |                              |                |                     |                               |                 |                     |
| 2008                      | 4,135                       | 76,710                   | 7,527                             | 39,325                  | 4,000     | 131,697                       | 61,795                  | 81,512     | 1,496,971                    | 12.93%         | 2.37                |                               |                 |                     |
| 2007                      | 10,975                      | 28,425                   | -                                 | 39,325                  | 11,000    | 89,725                        | 61,795                  | 77,146     | 1,254,780                    | 12.08%         | 1.96                |                               |                 |                     |
| 2006                      | 11,325                      | 28,520                   | 3,325                             | -                       | 7,000     | 50,170                        | 11,530                  | 71,654     | 1,169,752                    | 5.27%          | 0.86                |                               |                 |                     |

*The City of Indio has elected to show only three 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) Coachella Valley Economic Partnership

CITY OF INDIO

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

| Fiscal Year<br>Ended<br>June 30 | Outstanding General Bonded Debt |                               |                            |                           |                                  |         |                   |                        |                                 |      | Debt<br>Per<br>Capita |
|---------------------------------|---------------------------------|-------------------------------|----------------------------|---------------------------|----------------------------------|---------|-------------------|------------------------|---------------------------------|------|-----------------------|
|                                 | Water<br>Revenue<br>Bond        | Revenue<br>Refunding<br>Bonds | Tax<br>Allocation<br>Bonds | Lease<br>Revenue<br>Bonds | Certificates of<br>Participation | Total   | Population<br>(1) | Personal<br>Income (2) | Percent of<br>Assessed<br>Value |      |                       |
|                                 |                                 |                               |                            |                           |                                  |         |                   |                        |                                 |      |                       |
| 2008                            | 61,795                          | 4,135                         | 76,710                     | 39,325                    | 7,527                            | 189,492 | 81,512            | 1,496,971              | 2.69%                           | 2.32 |                       |
| 2007                            | 61,795                          | 10,975                        | 28,425                     | 39,325                    | -                                | 140,520 | 77,146            | 1,254,780              | 2.52%                           | 1.82 |                       |
| 2006                            | 11,530                          | 11,325                        | 28,520                     | -                         | 3,325                            | 54,700  | 71,654            | 1,169,752              | 1.36%                           | 0.76 |                       |

*The City of Indio has elected to show only three 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.

Sources: City of Indio Management Services Department

(1) State Department of Finance

(2) Coachella Valley Economic Partnership

CITY OF INDIO  
Direct and Overlapping Debt  
June 30, 2008

2007-08 Assessed Valuation: \$7,054,930,183  
Redevelopment Incremental Valuation: 1,136,466,583  
Adjusted Assessed Valuation: \$5,918,463,600

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>                              | Total Debt<br><u>6/30/08</u> | <u>% Applicable (1)</u> | City's Share of<br>Debt <u>6/30/08</u> |
|--|------------------------------|-------------------------|--|
| Desert Community College District  | \$337,870,330                | 16.712%                 | \$ 56,464,890                          |
| Coachella Valley Unified School District                                 | 93,982,458                   | 18.674                  | 17,550,284                             |
| Desert Sands Unified School District                                     | 214,839,044                  | 31.981                  | 68,707,675                             |
| Desert Sands Unified School District Lease Tax Obligations               | 13,590,000                   | 31.981                  | 4,346,218                              |
| Coachella Valley County Water District, I.D. No. 55                      | 4,590,000                    | 8.816                   | 404,654                                |
| Coachella Valley County Water District, I.D. No. 58                      | 2,160,000                    | 18.587                  | 401,479                                |
| City of Indio Community Facilities District No. 2004-3                   | 25,945,000                   | 100.                    | 25,945,000                             |
| City of Indio Community Facilities District No. 2005-1, I.A. No. 1 and 2 | 19,085,000                   | 100.                    | 19,085,000                             |
| 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             | 3,460,000                    | 99.286                  | 3,435,296                              |
| City of Indio 1915 Act Bonds   | 45,030,000                   | 100.                    | 45,030,000                             |
| Valley Sanitary District Assessment District No. 2004-VSD                | 8,630,000                    | 100.                    | <u>8,630,000</u>                       |
| <b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>                         |                              |                         | <b>\$260,225,496</b>                   |

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

|  |                   |             |                     |
|--|-------------------|-------------|---------------------|
| Riverside County General Fund Obligations  | \$701,562,556     | 3.406%      | \$23,895,000        |
| Riverside County Pension Obligations   | 387,995,000       | 3.406       | 13,215,000          |
| Riverside County Board of Education Certificates of Participation                | 9,275,000         | 3.406       | 315,907             |
| Coachella Valley Unified School District Certificates of Participation           | 53,830,000        | 18.674      | 10,052,214          |
| Desert Sands Unified School District Certificates of Participation               | 12,420,000        | 31.981      | 3,972,040           |
| <b>City of Indio General Fund Obligations</b>                                    | <b>39,325,000</b> | <b>100.</b> | <b>39,325,000</b>   |
| Coachella Valley Recreation and Park District Certificates of Participation      | 2,510,000         | 28.107      | 705,486             |
| Coachella Valley County Water District, I.D. No.71 Certificates of Participation | 6,390,000         | 24.894      | <u>1,590,727</u>    |
| <b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>                      |                   |             | <b>\$93,071,374</b> |
| Less: Riverside County self-supporting obligations                               |                   |             | <u>596,189</u>      |
| <b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>                        |                   |             | <b>\$92,475,185</b> |

|                           |               |     |
|---------------------------|---------------|-----|
| GROSS COMBINED TOTAL DEBT | \$353,296,870 | (2) |
| NET COMBINED TOTAL DEBT   | \$352,700,681 |     |

- (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 ..... 3.69%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$39,325,000)..... 0.66%**  
Gross Combined Total Debt..... 5.97%  
Net Combined Total Debt..... 5.96%

Source: California Municipal Statistics, Inc.

CITY OF INDIO  
 Legal Debt Margin Information  
 (amounts expressed in thousands)  
 Last Six Fiscal Years

|   | Fiscal Year       |                   |                   |                   |                   |                     |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|   | 2003              | 2004              | 2005              | 2006              | 2007              | 2008                |
| Assessed valuation (1)  | \$2,878,828       | \$3,216,544       | \$4,012,495       | \$5,122,808       | \$5,580,002       | \$ 7,055,452        |
| Debt limit percentage   | 15%               | 15%               | 15%               | 15%               | 15%               | 15%                 |
| Debt limit  | 431,824           | 482,482           | 601,874           | 768,421           | 837,000           | 1,058,318           |
| Total net debt applicable to limit:<br>General obligation bonds     | -                 | -                 | -                 | -                 | -                 | -                   |
| Legal debt margin   | <u>\$ 431,824</u> | <u>\$ 482,482</u> | <u>\$ 601,874</u> | <u>\$ 768,421</u> | <u>\$ 837,000</u> | <u>\$ 1,058,318</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%              | 0.0%                |

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

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

Sources: City of Indio Management Services Department  
 (1) HdL, Coren & Cone

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

| Water Revenue Bonds             |                  |                               |                             |              |          |          |
|---------------------------------|------------------|-------------------------------|-----------------------------|--------------|----------|----------|
| Fiscal Year<br>Ended<br>June 30 | Water<br>Revenue | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |          | Coverage |
|                                 |                  |                               |                             | Principal    | Interest |          |
| 2008                            | 2,949            | 6                             | 2,943                       | -            | 2,943    | 1.00     |
| 2007                            | 13,276           | 28                            | 13,248                      | 11,530       | 1,718    | 1.00     |
| 2006                            | 890              | 21                            | 869                         | 270          | 556      | 1.05     |

| Certificate of Participation Bonds |         |                               |                             |              |          |          |
|------------------------------------|---------|-------------------------------|-----------------------------|--------------|----------|----------|
| Fiscal Year<br>Ended<br>June 30    | Revenue | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |          | Coverage |
|                                    |         |                               |                             | Principal    | Interest |          |
| 2008                               | 8       | -                             | 8                           | -            | -        | -        |
| 2007                               | -       | -                             | -                           | -            | -        | -        |
| 2006                               | 372     | 6                             | 366                         | 215          | 154      | 0.99     |

| 2007 Lease Revenue Bonds        |         |                               |                             |              |          |          |
|---------------------------------|---------|-------------------------------|-----------------------------|--------------|----------|----------|
| Fiscal Year<br>Ended<br>June 30 | Revenue | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |          | Coverage |
|                                 |         |                               |                             | Principal    | Interest |          |
| 2008                            | 1,571   | 1                             | 1,570                       | -            | 1,570    | 1.00     |
| 2007                            | 3,819   | 6                             | 3,813                       | 3,325        | 488      | 1.00     |
| 2006                            | -       | -                             | -                           | -            | -        | -        |

| RDA Tax Allocation Bonds        |                  |              |          |          |
|---------------------------------|------------------|--------------|----------|----------|
| Fiscal Year<br>Ended<br>June 30 | Tax<br>Increment | Debt Service |          | Coverage |
|                                 |                  | Principal    | Interest |          |
| 2008                            | 11,252           | 18,955       | 1,770    | 0.54     |
| 2007                            | 9,733            | 95           | 1,783    | 5.18     |
| 2006                            | 7,181            | 95           | 1,787    | 3.82     |

| RDA Revenue Refunding Bonds     |                  |              |          |          |
|---------------------------------|------------------|--------------|----------|----------|
| Fiscal Year<br>Ended<br>June 30 | Tax<br>Increment | Debt Service |          | Coverage |
|                                 |                  | Principal    | Interest |          |
| 2008                            | 2,813            | 6,840        | 590      | 0.38     |
| 2007                            | 2,437            | 350          | 615      | 2.53     |
| 2006                            | 1,795            | 375          | 775      | 1.56     |

*The City of Indio has elected to show only three 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 Four Calendar Years

| Calendar Year | Population (1) | Median Age (2) | Average Household Size (2) | Median Household Income (3) | Per Capita Personal Income (3) | Unemployment Rate (4) |
|---------------|----------------|----------------|----------------------------|-----------------------------|--------------------------------|-----------------------|
| 2008          | 81,512         | 29.6           | 3.16                       | \$ 56,039                   | \$ 18,365                      | 10.1%                 |
| 2007          | 77,146         | 29.0           | 3.45                       | 43,001                      | 16,265                         | 6.2%                  |
| 2006          | 71,654         | 30.3           | 2.97                       | 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 four years of data for this schedule.*

- Sources:
- (1) State Department of Finance
  - (2) U.S. Census Bureau
  - (3) Coachella Valley Economic Partnership
  - (4) State of California Employment Development Department website



CITY OF INDIO  
Principal Employers  
Current Year and Nine Years Ago

| <u>Employer (1) (2)</u>              | <u>2008</u>                    |  | <u>1999</u>                    |  |
|--------------------------------------|--------------------------------|--|--------------------------------|--|
|                                      | <u>Number of<br/>Employees</u> | <u>Percent of<br/>Total<br/>Employment</u> | <u>Number of<br/>Employees</u> | <u>Percent of<br/>Total<br/>Employment</u> |
| Desert Sands Unified School District | 1,085                          | 4.02%                                      |                                |  |
| County of Riverside                  | 800                            | 2.96%                                      |                                |  |
| John F. Kennedy Memorial Hospital    | 575                            | 2.13%                                      |                                |  |
| City of Indio                        | 289                            | 1.07%                                      |                                |  |
| Boulder West Components              | 145                            | 0.54%                                      |                                |  |
| Mathis Brothers                      | 140                            | 0.52%                                      |                                |  |
| Home Depot                           | 125                            | 0.46%                                      |                                |  |
| Tidwell Concrete Construction, Inc.  | 120                            | 0.44%                                      |                                |  |
| Gomez Farm Labor Contracting         | 100                            | 0.37%                                      |                                |  |
| La Hacienda Nursery - Landscape      | 93                             | 0.34%                                      |                                |  |
| <br>                                 |                                |  |                                |  |
| Total Employment Listed              | 3,472                          | 12.86%                                     |                                | Not Available                              |
| Total City Employment (3)            | 27,000                         |  | 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 Six Fiscal Years

Full-Time and Part-time Employees as of June 30, 2008

| <u>Function</u>       | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government    | 31          | 32          | 34          | 32          | 46          | 41          |
| Police                | 104         | 99          | 97          | 121         | 127         | 136         |
| Public works          | 48          | 41          | 43          | 41          | 50          | 53          |
| Community development | 17          | 20          | 21          | 39          | 30          | 29          |
| Water                 | <u>23</u>   | <u>24</u>   | <u>23</u>   | <u>27</u>   | <u>31</u>   | <u>30</u>   |
|                       | <u>223</u>  | <u>216</u>  | <u>218</u>  | <u>260</u>  | <u>284</u>  | <u>289</u>  |

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

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

Source: City of Indio Management Services Department

CITY OF INDIO  
 Operating Indicators  
 by Function  
 Last Three Fiscal Years

|  | Fiscal Year |        |        |
|--|-------------|--------|--------|
|  | 2006        | 2007   | 2008   |
| Police:  |             |        |        |
| Arrests  | 5,311       | 2,462  | 2,909  |
| Traffic citations issued                           | 8,332       | 10,914 | 9,306  |
| Parking citations issued                           | Unavailable | 1,574  | 972    |
| Fire:  |             |        |        |
| Number of emergency calls                          | 9,896       | 10,384 | 9,948  |
| Inspections  | 1,262       | 1,340  | 536    |
| Public works:                                      |             |        |        |
| Street resurfacing (miles)                         | 40.6        | 56.8   | 34.0   |
| Water:   |             |        |        |
| New connections                                    | 2,196       | 823    | 964    |
| Average daily consumption<br>(millions of gallons) | 22          | 21     | 20     |
| Golf course:                                       |             |        |        |
| Golf rounds played                                 | 20,980      | 24,402 | 29,533 |

*The City of Indio has elected to show only three 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<br>2007 | Fiscal Year<br>2008 |
|---|---------------------|---------------------|
| Police:   |                     |                     |
| Stations  | 1                   | 1                   |
| Sub-stations                                    | 2                   | 2                   |
| Animal care centers                             | 1                   | 1                   |
| Fire:   |                     |                     |
| Fire stations                                   | 3                   | 4                   |
| Public works:                                   |                     |                     |
| Paved streets (miles)                           | 220                 | 230                 |
| Streetlights                                    | 2,644               | 2,754               |
| Traffic signals                                 | 66                  | 73                  |
| Recreation:                                     |                     |                     |
| Parks   | 10                  | 11                  |
| Senior centers                                  | 1                   | 1                   |
| Water:  |                     |                     |
| Water mains (miles)                             | 301                 | 313                 |
| Maximum daily capacity<br>(millions of gallons) | 67                  | 59                  |
| Golf Course:                                    |                     |                     |
| Municipal golf courses                          | 1                   | 1                   |

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

Source: City of Indio Management Services Department

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

|   | Fiscal Year   |               |                |               |
|---|---------------|---------------|----------------|---------------|
|   | 2005          | 2006          | 2007           | 2008          |
| Type of Customer:                           |               |               |                |               |
| Single-Family Residential                   | 4,435,620     | 5,220,351     | 5,978,060      | 5,837,410     |
| Multi-Family Residential                    | 1,221,544     | 1,168,366     | 1,190,415      | 1,252,174     |
| Commercial/Institutional                    | 2,445,359     | 2,012,073     | 2,018,372      | 1,581,580     |
| Industrial                                  | 139,514       | 102,982       | 108,758        | 90,848        |
| Landscape Irrigation                        | 541,712       | 664,680       | 821,906        | 955,825       |
| <br>Total                                   | <br>8,783,749 | <br>9,168,452 | <br>10,117,511 | <br>9,717,837 |
| <br>Total direct rate<br>per 100 cubic Feet | <br>\$ 0.63   | <br>\$ 0.71   | <br>\$ 0.71    | <br>\$ 0.88   |

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

The decrease in Fiscal Year 2008 is due to conservation efforts.

Source: Indio Water Authority

INDIO WATER AUTHORITY  
Water Rates  
Last Two Fiscal Years

| <u>Fiscal Year<br/>Ended<br/>June 30</u> | <u>Monthly<br/>Base<br/>Rate (1)</u> | <u>Rate per<br/>100 Cubic<br/>Feet</u> |
|--|--------------------------------------|--|
| 2008                                     | \$ 7.01                              | \$ 0.88                                |
| 2007                                     | 5.70                                 | 0.71                                   |

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

(1) 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 Four Fiscal Years

| Water Customer                             | Account Class    | Fiscal Year      |                                 |                  |                                 |                  |                                 |                  |                                 |
|--|------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|
|  |                  | 2005             |                                 | 2006             |                                 | 2007             |                                 | 2008             |                                 |
|  |                  | Water Charges    | Percent of Total Water Revenues | 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%                           | \$ 63,683        | 0.54%                           |
| Cabazon Indian Reservation                 | Casino           | 121,103          | 1.94%                           | 117,983          | 1.70%                           | 139,773          | 1.41%                           | 72,834           | 0.61%                           |
| 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%                           | 67,248           | 0.57%                           |
| Desert Sands Unif Sch Dist - Indio High    | School           | 33,226           | 0.53%                           | 47,443           | 0.68%                           | 41,301           | 0.42%                           | 53,909           | 0.45%                           |
| Desert Sands Unif Sch Dist - Middle School | School           |                  |                                 |                  |                                 |                  |                                 | 37,432           | 0.31%                           |
| Indio Housing Authority                    | Apartments       | 43,496           | 0.70%                           | 66,824           | 0.96%                           | 59,828           | 0.60%                           | 69,175           | 0.58%                           |
| 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 Park | 32,847           | 0.53%                           | 51,715           | 0.75%                           | 46,907           | 0.47%                           | 56,671           | 0.48%                           |
| Rancho Casa Blanca                         | Mobile Home Park | 33,748           | 0.54%                           | 29,035           | 0.42%                           | 51,805           | 0.52%                           | 84,352           | 0.71%                           |
| Riverside County-Juvenile Hall             | Government       | 24,422           | 0.39%                           |                  |                                 |                  |                                 | 36,990           | 0.31%                           |
| Sunrise Point Apartments                   | Apartments       |                  |                                 | 33,723           | 0.49%                           | 51,324           | 0.52%                           | 70,721           | 0.59%                           |
|  |                  | <u>\$399,715</u> | 6.41%                           | <u>\$511,479</u> | 7.37%                           | <u>\$583,197</u> | 5.87%                           | <u>\$613,015</u> | 5.16%                           |

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

Source: Indio Water Authority

