

CITY OF INDIO CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009



CITY OF INDIO, CALIFORNIA
Comprehensive Annual Financial Report
Year Ended June 30, 2009

Prepared by
MANAGEMENT SERVICES DEPARTMENT



CITY OF INDIO
 Comprehensive Annual Financial Report
 Year Ended June 30, 2009

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INTRODUCTORY SECTION



CITY OF INDIO

100 CIVIC CENTER MALL • INDIO, CA 92201
760.391.4000 • FAX 760.391.4008 • WWW.INDIO.ORG

December 31, 2009

To the Honorable Mayor and Members 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, 2009. 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, 2009 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, 2009 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 2007-08
- 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, 2009, 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, 2009 the General Fund fund balance was \$16,083,567. Compared to the previous fiscal year, the balance decreased by \$5,385,872. This decrease was anticipated due to the current global recession that has affected tax and building revenues. 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. A portion of this reserve, \$4 million, will be used to balance the fiscal year 2009-10 budget.

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 40 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 2009-10 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 \$65 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 fiscal year 2009-10 we will receive grant funding that allows the city to add four officer positions in the Police Department. The new Terra Lago Fire Station is fully staffed. 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 continue in fiscal year 2009-10. To address the impact of the foreclosure crisis, the City created a Foreclosure Mitigation Program that has received national media attention. The City also established a Housing Resource Center to provide counseling and foreclosure process information. Federal Neighborhood Stabilization Program funds in the amount of \$2.8 million were received from the Riverside County Economic Development Agency. These funds will be used to rehabilitate foreclosed properties and resell them to low-income buyers.
- **Economic Development** – During fiscal year 2008-09, we saw a decrease in commercial and retail construction. We expect this trend to continue in fiscal year

2009-10. While several national retailers have come to Indio and more are scheduled in the future, we do not expect significant construction to occur until fiscal year 2011-12.

- **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 multi-modal transportation center, full-service hotel and a mixed-use (office/restaurant) project are all currently in the planning stages.

Water Infrastructure – The Indio Water Authority will continue to improve the City’s water system and increase storage capacity. Projects include the completion of the City’s Corporate Yard, one new booster station, one new 2.5 million gallon reservoir, one new five million gallon elevated reservoir at a 300 foot elevation called the Lost Horse Reservoir, two miles of new pipeline connecting the Lost Horse Reservoir, three new wells, a new recharge facility at Posse Park, and additional infrastructure upgrades to improve water delivery.

- **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, a 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 Senior Center has been completed and has been well received by the community. Patronage has more than doubled and the City’s intergenerational campus which consists of the Teen Center, Senior Center, and Public Library is almost complete.
- **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 fourth 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.

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 2008-09, 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 2007-08 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.

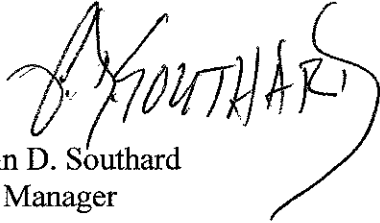
Preparation of this report was accomplished by the combined staff efforts of the Management Services Department and the City Manager’s Office. We appreciate the high level of professionalism and dedication that these staff members bring to the City. We would also like to thank the members of the City 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. The current global economic recession has affected our local economy. The City has taken steps to reduce expenditures while still maintaining existing levels of services as well as provide infrastructure improvements.

There is much work ahead of us in fiscal year 2009-10. 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,

A handwritten signature in black ink that reads "G. SOUTHARD". The signature is stylized with a large, sweeping flourish at the end.

Glenn D. Southard
City Manager

Prepared by:

A handwritten signature in black ink that reads "Susan Mahoney". The signature is written in a cursive style with a long horizontal flourish at the end.

Susan Mahoney
Management Services Director



CITY OF INDIO
City Officials
June 30, 2009

CITY COUNCIL

Mayor Melanie Fesmire
Mayor Pro Tem Gene Gilbert
Councilmember Ben Godfrey
Councilmember Glenn Miller
Councilmember Lupe Ramos Watson

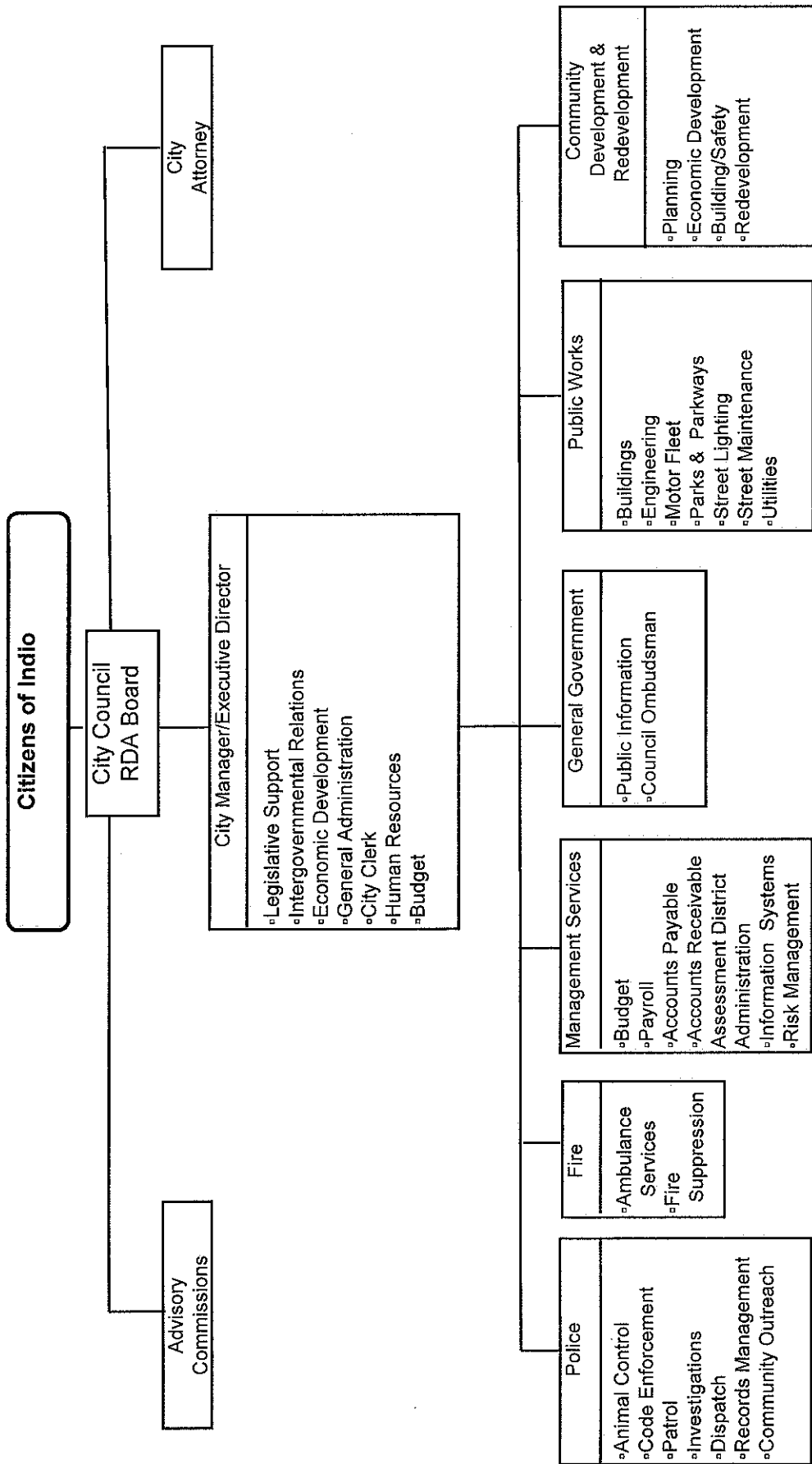
OTHER ELECTED OFFICIALS

Cynthia Hernandez, City Clerk
Sharon Ellis, Treasurer

EXECUTIVE TEAM

City Manager Glenn Southard
Assistant City Manager Tara Adams
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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is positioned above the title "President".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", is positioned above the title "Executive Director".

Executive Director



FINANCIAL SECTION



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

City Council
City of Indio
Indio, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Indio, California, as of and for the year ended June 30, 2009, 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, 2008 and, in our report dated December 15, 2008, 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, 2009, 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 16, 2009 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.

A handwritten signature in blue ink that reads "Mayer Hoffman McCann P.C.".

Irvine, California
December 16, 2009

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, 2009. Please read it in conjunction with the accompanying transmittal letter, basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

City of Indio

The assets of the City exceeded its liabilities at the close of the Fiscal Year (FY) by \$624,462,744 (net assets). Of this amount, \$26,235,354 are unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors, \$22,249,085 is restricted for specific purposes, and \$575,978,305 is invested in capital assets, net of related debt.

The City's total net assets increased by \$10,326,194 or 1.7 percent as compared to the prior year's amount. The increase in net assets is primarily due to \$35 million in additional capital assets (water and road infrastructure) offset by a \$9 million reduction in restricted assets for assessment districts, a \$5 million reduction in restricted assets for Community Development and an \$11 million reduction in unrestricted assets.

The City of Indio's total long-term debt increased by \$9,973,886 compared to the prior year. This is primarily due to a \$7 million loan from the Berger Foundations to fund construction of the new Senior Center and a \$2.2 million increase in the City's post employment benefit liability.

Governmental Funds

As of the close of the current fiscal year, the City of Indio governmental funds reported a combined ending fund balance of \$138,592,786, a decrease of \$34,654,746 in comparison with the prior year. Approximately one fourth of this total amount, \$21,886,701, is available for spending at the government's discretion. The decrease in governmental funds' fund balance is primarily due to capital project expenditures in the Redevelopment Agency and Assessment Districts. Also, \$5.4 million of prior year General Fund fund balance was used to offset revenue shortfalls caused by the current recession.

Major Funds

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,232,160, or 6 percent of total general fund expenditures. The General Fund fund balance at the end of the year was \$16.1 million, down \$5.4 million from the prior fiscal year. This decrease was anticipated and reflects current economic conditions.

Capital Project funds totaled \$23.8 million at the beginning of the fiscal year. This amount was reduced to \$12.5 million at year end. The \$11.3 million reduction was due to significant road and infrastructure construction expenditures offset by reduced impact fee revenues.

The RDA Capital Projects Fund balance decreased \$8.4 million to \$71.8 million at fiscal year end. The RDA is currently renovating Indio's historic downtown area using bond proceeds acquired in fiscal year 2007-08.

Assessment Districts Funds reflect a decrease in fund balance of \$8.5 million. This reduction is the result of a \$3 million bond redemption in the Terra Lago Community Facilities District and over \$6 million of infrastructure improvements in the Talavera Community Facilities District.

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 30-70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the City's net assets (92 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 111,095,255	\$ 160,470,556	\$ 39,048,093	\$ 52,934,713	\$ 150,143,348	\$ 213,405,269
Capital assets	463,533,688	403,596,101	196,648,605	185,208,941	660,182,293	588,805,042
Noncurrent assets	55,950,993	47,807,968	880,691	912,984	56,831,684	48,720,952
Total assets	630,579,936	611,874,625	236,577,389	239,056,638	867,157,325	850,931,263
Long-term liabilities outstanding	149,495,706	139,521,822	63,466,191	63,499,850	212,961,897	203,021,672
Other liabilities	25,197,924	28,603,819	4,534,760	5,169,222	29,732,684	33,773,041
Total liabilities	174,693,630	168,125,641	68,000,951	68,669,072	242,694,581	236,794,713
Net assets:						
Invested in capital assets, net of related debt	416,262,084	379,736,971	159,716,221	159,961,808	575,978,305	539,698,779
Restricted	22,249,085	36,977,050	-	-	22,249,085	36,977,050
Unrestricted	17,375,137	27,034,963	8,860,217	10,425,758	26,235,354	37,460,721
Total net assets	\$ 455,886,306	\$ 443,748,984	\$ 168,576,438	\$ 170,387,566	\$ 624,462,744	\$ 614,136,550

GOVERNMENTAL ACTIVITIES

Total expenses for the fiscal year for Governmental activities were approximately \$74.7 million. This is a decrease of \$8.0 million over the prior fiscal year. This is primarily due to an 8 percent

increase in Public Safety spending reflecting the City's emphasis on police and fire activities and a 56 percent decrease in Public Works spending reflecting current economic conditions. The City's overall governmental program revenues totaled \$43.1 million. This is a decrease of \$23.4 million over the prior fiscal year. The majority of this decrease is due to \$27 million less in capital contributions received from developers for infrastructure improvements as compared to the prior year. This amount was offset by \$4 million in additional operating contributions and grant revenue. Total general revenues and transfers are approximately \$45.6 million. The \$3.6 million decrease over the prior year is primarily due to an 18 percent decrease in sales tax revenue and a 48 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	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 10,480,158	\$ 10,355,286	\$ 15,481,749	\$ 13,312,564	\$ 25,961,907	\$ 23,667,850
Operating grants and contributions	18,632,672	14,797,455	-	-	18,632,672	14,797,455
Capital grants and contributions	14,035,375	39,512,484	4,015,762	6,346,686	18,051,137	45,859,170
General Revenues:						
Property taxes	23,843,870	23,918,352	-	-	23,843,870	23,916,352
Other taxes	16,011,872	18,486,952	-	-	16,011,872	18,486,952
Other	5,723,289	6,803,495	2,662,001	3,329,243	5,723,289	10,132,738
Total revenues	88,727,236	113,874,024	22,159,512	19,659,250	110,886,748	133,533,274
Expenses:						
General government	4,785,320	5,830,939	1,077,286	889,940	5,862,606	6,720,879
Public Safety	44,942,845	41,487,196	-	-	44,942,845	41,487,196
Public Works	7,058,210	16,202,621	22,874,679	21,551,956	29,932,889	37,754,577
Community development	6,704,136	8,068,075	-	-	6,704,136	8,068,075
Human Services	2,827,057	3,681,998	-	-	2,827,057	3,681,98
Interest expense and other charges	8,366,118	7,460,392	-	-	8,366,118	7,460,392
Total Expenses	74,683,686	82,731,221	23,951,965	22,441,896	98,635,651	105,173,117
Change in net assets before transfers	14,043,550	31,142,803	(1,792,453)	2,782,646	12,251,097	33,925,449
Transfers	18,675	-	(18,675)	-	-	-
Change in net assets	14,062,225	31,142,803	(1,811,128)	546,597	12,251,097	31,689,400
Net Assets - beginning of year	441,824,081	410,681,278	170,387,566	169,840,969	612,211,647	580,522,247
Net assets - end of year	\$ 455,886,306	\$ 441,824,081	\$ 168,576,438	\$ 170,387,566	\$ 624,462,744	\$ 612,211,647

BUSINESS TYPE ACTIVITIES

The cost of all business type activities this year was approximately \$24 million. The majority of the costs, \$22.7 million, were for Water activities. This increase of 5 percent over the prior year is due primarily to increased operating expenses. The costs for Golf activities increased to \$1,077,286 from \$889,940 in the prior year due to increases in electricity costs and facilities maintenance. A new fund, Solid Waste, has been added to the business type activities. The Solid Waste expenses (\$186,253) reflect the cost of recovering recyclables from the waste stream.

Total revenue before interfund transfers and capital contributions for all business type activities this year was approximately \$18,143,750 up from \$16,641,807 in the prior year. The majority of this increase is due to increased rates for water service.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities, was \$149,495,706 at the end of fiscal year 2008-09. This is an increase of \$10 million over the prior year. A \$7.0 million loan to fund the construction of the Senior Center, an increase of \$2.3 in the post employment benefit liability and \$1.5 increase in claims payable were offset by approximately \$900,000 in scheduled debt service payments.

Debt considered a liability of business-type activities was \$63,499,850, a decrease of \$33,659 due to a scheduled debt service adjustments.

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 50-63.

CITY OF INDIO'S Outstanding Debt

	Governmental activities		Business-Type activities		Total	
	2009	2008	2009	2008	2009	2008
Claims Payable	\$ 2,644,901	\$ 1,201,231			\$ 2,644,901	\$ 1,201,231
RDA Bonds	80,550,000	80,845,000			80,550,000	80,845,000
Lease Revenue Bonds	39,325,000	39,325,000			39,325,000	39,325,000
Water Bonds			63,250,904	63,303,735	63,250,904	63,303,735
Capital Lease	226,614	481,864			226,614	481,864
Certificates of Participation	7,134,050	7,474,050			7,134,050	7,474,050
Notes payable	11,000,000	4,000,000			11,000,000	4,000,000
Post employment benefit liability	6,159,278	3,882,624			6,159,278	3,882,624
Compensated absences	2,455,863	2,312,053	215,287	196,115	2,671,150	2,312,053
Total	\$149,495,706	\$139,521,822	\$ 63,466,191	\$ 63,499,850	\$212,961,897	\$203,021,672

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, 2009, net capital assets of the governmental activities totaled \$463,533,688 and the net capital assets of the business-type activities totaled \$196,648,605.

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 47-49.

CITY OF INDIO'S Capital Assets

	Governmental activities		Business-Type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 41,730,424	\$ 41,106,729	\$ 1,221,859	\$ 1,221,860	\$ 42,952,283	\$ 42,328,589
Right of way	52,590,557	51,403,393			52,590,557	51,403,393
Structures and improvements	22,215,932	10,610,145	38,865	38,865	22,254,797	10,649,010
Machinery, equipment and vehicles	14,543,858	13,782,928	2,439,940	1,956,812	16,983,798	15,739,740
Infrastructure	418,087,139	369,742,674	247,803,203	230,739,313	665,890,342	600,481,987
Construction in progress	62,555,401	54,059,970	15,787,091	15,925,450	78,342,492	69,985,420
Capital Assets	611,723,311	540,705,839	267,250,958	249,882,300	879,014,269	790,588,139
Accumulated depreciation	148,189,623	137,109,738	70,602,353	64,673,359	218,811,976	201,783,097
Net Capital Assets	<u>\$463,533,688</u>	<u>\$403,596,101</u>	<u>\$196,648,605</u>	<u>\$185,208,941</u>	<u>\$660,182,293</u>	<u>\$588,805,042</u>

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 2008-09. 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 2008-09 adopted General Fund expenditure budget amount of \$55,878,110 to the final budget amount of \$55,524,545, shows a decrease of \$353,565. This decrease is primarily due to a mid-year budget adjustment that reduced contract engineering and community development services to reflect current economic conditions. This reduction was partially offset by an increase in public safety expenditures.

General Fund adopted revenues of \$50,977,773 were reduced to \$45,222,695 to reflect current economic conditions. This decrease of \$5,755,078 reflects adjustments to sales tax revenue (\$2.7 million), building permit revenue (\$1.0 million) and utility users and license fee taxes (\$2.1 million).

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 2009-10, staff used the following criteria for the key assumptions:

- Sales tax revenue will decrease approximately 6% due to current economic conditions.
- Property taxes and building permit/plan check fees are anticipated to reflect the current decline in the housing market and the County Assessor's administrative reduction of the assessed value for many properties in Riverside County. Projections are approximately 14% less than fiscal year 2008-09 levels.
- Costs for additional staffing and start-up costs for the new Senior Center were included in expenditures.
- Interest earnings, reflecting record low return rates, were decreased 50%.

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) 391.4115, www.finance@indio.org.

BASIC FINANCIAL STATEMENTS

CITY OF INDIO
Statement of Net Assets
June 30, 2009

	Primary Government		Totals	
	Governmental	Business-Type		
	Activities	Activities	2009	2008
Assets:				
Cash and investments (note 2)	\$ 54,939,741	10,300,249	65,239,990	79,955,094
Cash with fiscal agent (note 2)	50,107,837	26,318,520	76,426,357	122,515,821
Deposits with other agencies	47,340	-	47,340	46,490
Accounts receivable, net	2,740,824	2,234,628	4,975,452	3,212,802
Interest receivable	137,651	22,017	159,668	440,416
Notes receivable (note 4)	4,191,729	-	4,191,729	3,077,838
Due from other governments	3,048,706	-	3,048,706	6,010,922
Prepaid items	73,155	-	73,155	852,820
Inventory	-	172,679	172,679	370,904
Deferred charges	3,713,824	880,691	4,594,515	4,761,953
Land held for resale	48,045,440	-	48,045,440	40,881,161
Capital assets, not depreciated (note 5)	156,876,382	17,008,950	173,885,332	163,717,402
Capital assets, depreciated, net (note 5)	306,657,306	179,639,655	486,296,961	425,087,640
Total assets	<u>630,579,935</u>	<u>236,577,389</u>	<u>867,157,324</u>	<u>850,931,263</u>
Liabilities:				
Accounts payable	6,644,496	3,267,345	9,911,841	14,054,738
Accrued payroll	2,382,593	187,682	2,570,275	1,163,856
Deposits	2,717,325	401,880	3,119,205	5,391,837
Interest payable	5,303,629	367,867	5,671,496	3,328,719
Pass-through payable	2,418,125	-	2,418,125	3,578,780
Retentions payable	978,257	309,986	1,288,243	863,064
Unearned revenue	4,753,499	-	4,753,499	5,392,047
Long-term liabilities (notes 6 to 13):				
Portion due within one year	5,008,642	176,831	5,185,473	3,449,775
Portion due in more than one year	<u>144,487,066</u>	<u>63,289,360</u>	<u>207,776,426</u>	<u>199,571,897</u>
Total liabilities	<u>174,693,632</u>	<u>68,000,951</u>	<u>242,694,583</u>	<u>236,794,713</u>
Net assets:				
Invested in capital assets, net of related debt	416,262,084	159,716,221	575,978,305	539,698,779
Restricted for:				
Public works	2,596,100	-	2,596,100	3,732,256
Assessment districts	7,183,817	-	7,183,817	16,066,551
Low and moderate housing	6,949,001	-	6,949,001	5,887,458
Community development	4,940,965	-	4,940,965	9,973,165
Public safety	579,202	-	579,202	1,317,620
Unrestricted	<u>17,375,134</u>	<u>8,860,217</u>	<u>26,235,351</u>	<u>37,460,721</u>
Total net assets	<u>\$ 455,886,303</u>	<u>168,576,438</u>	<u>624,462,741</u>	<u>614,136,550</u>

See accompanying notes to basic financial statements.



CITY OF INDIO
Statement of Activities
Year Ended June 30, 2009

	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	
Governmental activities:				
General government	\$ 4,824,692	560,649	-	-
Public safety	35,625,276	2,297,599	219,271	427,809
Public works	16,285,740	3,891,097	18,366,158	13,607,566
Community development	6,747,163	3,112,247	47,243	-
Human services	2,832,226	618,566	-	-
Interest expense and other charges	8,366,119	-	-	-
Total governmental activities	74,681,216	10,480,158	18,632,672	14,035,375
Business-type activities:				
Water	22,688,426	14,377,188	-	4,015,762
Golf	1,077,286	951,561	-	-
Solid waste	186,253	153,000	-	-
Total business-type activities	23,951,965	15,481,749	-	4,015,762
Total primary government	\$ 98,633,181	25,961,907	18,632,672	18,051,137

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Investment income

State motor vehicle in lieu tax (unrestricted)

Other

Transfers

Total general revenues

Change in net assets

Net assets at beginning of year, as restated (note 19)

Net assets at end of year

See accompanying notes to basic financial statements.

Net (Expenses) Revenues
and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	<u>2009</u>	<u>2008</u>
(4,264,043)	-	(4,264,043)	(5,346,111)
(32,680,597)	-	(32,680,597)	(38,044,307)
19,579,081	-	19,579,081	40,341,023
(3,587,673)	-	(3,587,673)	(4,724,160)
(2,213,660)	-	(2,213,660)	(907,146)
(8,366,119)	-	(8,366,119)	(7,460,392)
<u>(31,533,011)</u>	<u>-</u>	<u>(31,533,011)</u>	<u>(16,141,093)</u>
-	(4,295,476)	(4,295,476)	(2,927,494)
-	(125,725)	(125,725)	(106,349)
-	(33,253)	(33,253)	251,197
<u>-</u>	<u>(4,454,454)</u>	<u>(4,454,454)</u>	<u>(2,782,646)</u>
<u>(31,533,011)</u>	<u>(4,454,454)</u>	<u>(35,987,465)</u>	<u>(18,923,739)</u>
23,843,870	-	23,843,870	23,918,352
7,021,230	-	7,021,230	8,547,782
1,941,561	-	1,941,561	2,070,205
1,982,884	-	1,982,884	2,040,291
5,066,197	-	5,066,197	5,828,674
1,641,323	2,196,531	3,837,854	6,190,297
306,680	-	306,680	374,712
3,772,813	465,470	4,238,283	3,567,729
18,675	(18,675)	-	-
<u>45,595,233</u>	<u>2,643,326</u>	<u>48,238,559</u>	<u>52,538,042</u>
14,062,222	(1,811,128)	12,251,094	33,614,303
<u>441,824,081</u>	<u>170,387,566</u>	<u>612,211,647</u>	<u>580,522,247</u>
<u>\$ 455,886,303</u>	<u>168,576,438</u>	<u>624,462,741</u>	<u>614,136,550</u>

CITY OF INDIO
Governmental Funds

Balance Sheet

June 30, 2009

	<u>General Fund</u>	<u>RDA Debt Service Fund</u>	<u>Capital Projects Fund</u>
<u>Assets</u>			
Cash and investments	\$ 7,392,687	6,721,750	17,616,094
Cash with fiscal agent	-	4,978,016	4,792,741
Accounts receivable	954,950	-	1,413,507
Due from other governments	1,671,217	-	-
Due from other funds (note 3)	316,104	-	-
Interest receivable	2,537	11,604	39,573
Notes receivable	-	-	-
Prepaid items	50,355	-	-
Advances to other funds (note 3)	5,702,010	-	-
Land held for resale	7,017,394	-	-
Total assets	\$ 23,107,254	11,711,370	23,861,915
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 3,304,602	475	1,044,329
Accrued liabilities	1,000,964	-	6,670
Due to other funds (note 3)	-	-	-
Advances from other funds (note 3)	-	-	4,600,000
Deferred revenue	-	-	-
Unearned revenue	-	-	4,753,499
Retentions payable	796	-	965,353
Pass-through payable	-	2,418,125	-
Deposits payable	2,717,325	-	-
Total liabilities	7,023,687	2,418,600	11,369,851
Fund balances:			
Reserved:			
Encumbrances	81,648	-	4,413,202
Prepaid items	50,355	-	-
Notes receivable	-	-	-
Low and moderate housing	-	-	-
Advances	5,702,010	-	-
Land held for resale	7,017,394	-	-
Debt service	-	9,292,770	-
Construction projects	-	-	4,792,741
Unreserved, reported in:			
General fund	3,232,160	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	3,286,121
Total fund balances	16,083,567	9,292,770	12,492,064
Total liabilities and fund balances	\$ 23,107,254	11,711,370	23,861,915

See accompanying notes to basic financial statements.

Assessment Districts <u>Fund</u>	RDA Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
-	4,762,481	13,052,514	49,545,526	66,083,246
8,434,770	26,879,238	5,023,072	50,107,837	81,021,783
-	51,580	318,016	2,738,053	1,323,062
-	97,212	1,280,277	3,048,706	6,010,922
-	-	-	316,104	-
24,147	11,016	37,940	126,817	377,760
-	762,538	3,429,191	4,191,729	3,077,838
-	-	22,800	73,155	16,825
-	-	-	5,702,010	4,095,692
-	41,028,046	-	48,045,440	40,881,161
<u>8,458,917</u>	<u>73,592,111</u>	<u>23,163,810</u>	<u>163,895,377</u>	<u>202,888,289</u>
-	694,698	1,187,605	6,231,709	10,314,519
1,275,100	21,638	24,884	2,329,256	994,629
-	-	106,594	106,594	-
-	1,102,010	-	5,702,010	4,095,692
-	12,538	53,278	65,816	24,597.00
-	-	-	4,753,499	5,392,047
-	-	12,108	978,257	334,629
-	-	-	2,418,125	3,578,780
-	-	-	2,717,325	4,905,864
<u>1,275,100</u>	<u>1,830,884</u>	<u>1,384,469</u>	<u>25,302,591</u>	<u>29,640,757</u>
-	1,035,129	2,995,289	8,525,268	10,288,121
-	-	22,800	73,155	16,825
-	762,538	3,375,913	4,138,451	3,053,241
-	-	6,753,804	6,753,804	6,239,217
-	-	-	5,702,010	4,095,692
-	41,028,046	-	48,045,440	40,881,161
-	-	1,409,065	10,701,835	6,335,376
7,183,817	26,879,238	2,435,594	41,291,390	73,429,935
-	-	-	3,232,160	10,266,122
-	-	4,786,876	4,786,876	6,598,976
-	2,056,276	-	5,342,397	12,042,866
<u>7,183,817</u>	<u>71,761,227</u>	<u>21,779,341</u>	<u>138,592,786</u>	<u>173,247,532</u>
<u>8,458,917</u>	<u>73,592,111</u>	<u>23,163,810</u>	<u>163,895,377</u>	<u>202,888,289</u>

CITY OF INDIO
 Governmental Funds
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2009

Fund balances of governmental funds \$ 138,592,786

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	597,179,453
Accumulated depreciation	(138,650,631)

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

Bonds payable	(119,875,000)
Certificates of participation	(7,134,050)
Capital lease obligations	(226,615)
Note payable	(11,000,000)
Compensated absences	(2,455,863)
Post employment benefit liability	(6,159,278)
Unamortized bond issuance costs	3,713,824

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (5,303,629)

Deferred revenue balances relating to certain receivables are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria. 65,816

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	5,004,864
Long-term liabilities	(2,644,901)
Other assets and liabilities	<u>4,779,527</u>

Net assets of governmental activities \$ 455,886,303

See accompanying notes to basic financial statements.



CITY OF INDIO
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2009

	General Fund	RDA Debt Service Fund	Capital Projects Fund
Revenues:			
Taxes	\$ 22,923,074	-	-
Special assessments	-	-	-
Licenses and permits	2,259,409	-	-
Intergovernmental	9,025,468	-	13,408,749
Charges for services	10,329,156	-	-
Fines	718,227	-	-
Investment income	109,899	86,762	1,214,274
Developer fees	-	-	5,309,082
Miscellaneous	1,090,019	-	-
Contributions from property owners	-	-	-
Total revenues	<u>46,455,252</u>	<u>86,762</u>	<u>19,932,105</u>
Expenditures			
Current:			
General government	4,758,158	-	-
Public safety	32,399,034	-	-
Public works	7,998,974	-	38,055,439
Community development	6,329,494	-	-
Human services	2,300,855	-	-
Other	438,139	-	-
Debt service:			
Principal	-	295,000	-
Interest and other charges	-	3,534,583	-
Bond issuance costs	-	-	-
Payment to bond escrow agent	-	-	-
Pass-through payments	-	4,254,714	-
Total expenditures	<u>54,224,654</u>	<u>8,084,297</u>	<u>38,055,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,769,402)</u>	<u>(7,997,535)</u>	<u>(18,123,334)</u>
Other financing sources (uses):			
Payment to bond escrow agent	-	-	-
Original discount on bonds	-	-	-
Interfund transfers in (note 3)	2,383,530	12,300,818	7,127,947
Interfund transfers out (note 3)	-	(19,112)	(314,532)
Issuance of debt	-	-	-
Total other financing sources (uses)	<u>2,383,530</u>	<u>12,281,706</u>	<u>6,813,415</u>
Net change in fund balances	(5,385,872)	4,284,171	(11,309,919)
Fund balances at beginning of year, as restated (note 19)	<u>21,469,439</u>	<u>5,008,599</u>	<u>23,801,983</u>
Fund balances at end of year	<u>\$ 16,083,567</u>	<u>9,292,770</u>	<u>12,492,064</u>

See accompanying notes to basic financial statements.

Assessment Districts Fund	RDA Capital Projects Fund	Other Governmental Funds	Totals	
			<u>2009</u>	<u>2008</u>
-	10,607,493	5,528,251	39,058,818	42,998,428
-	-	3,539,533	3,539,533	2,940,067
-	-	-	2,259,409	2,629,512
-	-	5,206,193	27,640,410	23,168,141
-	596,580	-	10,925,736	11,140,672
-	-	403,595	1,121,822	1,002,426
199,322	707,108	553,969	2,871,334	5,385,065
-	-	-	5,309,082	8,565,788
6,125	141,785	2,655,810	3,893,739	2,484,867
<u>1,991,448</u>	<u>-</u>	<u>-</u>	<u>1,991,448</u>	<u>2,175,130</u>
<u>2,196,895</u>	<u>12,052,966</u>	<u>17,887,351</u>	<u>98,611,331</u>	<u>102,490,096</u>
-	-	477,223	5,235,381	5,933,748
-	-	704,941	33,103,975	33,533,774
11,079,629	-	11,587,807	68,721,849	66,646,222
-	7,926,525	2,784,860	17,040,879	9,482,930
-	-	-	2,300,855	1,643,038
-	-	-	438,139	1,687,061
-	-	595,249	890,249	8,018,892
-	66,444	1,945,621	5,546,648	4,884,099
-	-	-	-	1,312,140
-	-	-	-	1,817,256
-	827,160	-	5,081,874	5,792,700
<u>11,079,629</u>	<u>8,820,129</u>	<u>18,095,701</u>	<u>138,359,849</u>	<u>140,751,860</u>
<u>(8,882,734)</u>	<u>3,232,837</u>	<u>(208,350)</u>	<u>(39,748,518)</u>	<u>(38,261,764)</u>
-	-	-	-	(25,999,421)
-	-	-	-	(469,049)
-	19,112	333,207	22,164,614	16,840,656
-	(11,642,771)	(10,169,524)	(22,145,939)	(16,840,656)
-	-	7,000,000	7,000,000	74,767,290
-	(11,623,659)	(2,836,317)	7,018,675	48,298,820
<u>(8,882,734)</u>	<u>(8,390,822)</u>	<u>(3,044,667)</u>	<u>(32,729,843)</u>	<u>10,037,056</u>
<u>16,066,551</u>	<u>80,152,049</u>	<u>24,824,008</u>	<u>171,322,629</u>	<u>163,210,476</u>
<u>7,183,817</u>	<u>71,761,227</u>	<u>21,779,341</u>	<u>138,592,786</u>	<u>173,247,532</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, 2009

Changes in fund balances of governmental funds \$ (32,729,843)

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	70,370,827
Depreciation of capital assets	(10,247,039)

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	890,249
Debt issued	(7,000,000)
Amortization of bond issuance costs	(135,144)

To record as an expense the net change in post employment benefit liability in the Statement of Activities.	(2,276,654)
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To record as an expense the net change in compensated absences in the Statement of Activities.	(143,810)
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Accrued Interest

The Statement of Net Assets includes accrued interest on long-term debt.	(2,710,644)
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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.	(1,999,532)
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Deferred Revenue

Earned revenue has been deferred in the fund financial statements if it is collectible after the availability period.	43,812
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Changes in net assets of governmental activities	\$ 14,062,222
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See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds
Statement of Net Assets
June 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water	Nonmajor Funds	2009	2008	2009	2008
Assets:						
Current assets:						
Cash and investments	\$ 9,200,302	1,099,947	10,300,249	9,211,148	5,394,215	4,660,700
Cash with fiscal agent	26,318,520	-	26,318,520	41,494,038	-	-
Deposit with other agencies	-	-	-	-	47,340	46,490
Accounts receivable, net	2,234,428	200	2,234,628	1,822,057	2,772	67,683
Interest receivable	18,867	3,150	22,017	36,566	10,834	26,090
Prepaid items	-	-	-	-	-	835,994
Inventory	153,727	18,952	172,679	370,904	-	-
Total current assets	37,925,844	1,122,249	39,048,093	52,934,713	5,455,161	5,636,957
Noncurrent assets:						
Deferred charges	880,691	-	880,691	912,984	-	-
Capital assets:						
Land	755,900	465,959	1,221,859	1,221,860	-	-
Structures and improvements	-	38,865	38,865	38,865	-	-
Machinery and equipment	930,848	70,465	1,001,313	736,149	4,161,331	4,030,057
Vehicles	1,300,506	98,121	1,398,627	1,220,662	10,382,526	9,752,871
Utility distribution system	247,803,203	-	247,803,203	230,739,314	-	-
Construction in progress	15,787,091	-	15,787,091	15,925,450	-	-
Accumulated depreciation	(70,415,149)	(187,204)	(70,602,353)	(64,673,359)	(9,538,993)	(8,589,267)
Total capital assets (net of accumulated depreciation)	196,162,399	486,206	196,648,605	185,208,941	5,004,864	5,193,661
Total noncurrent assets	197,043,090	486,206	197,529,296	186,121,925	5,004,864	5,193,661
Total assets	234,968,934	1,608,455	236,577,389	239,056,638	10,460,025	10,830,618
Liabilities:						
Current liabilities:						
Accounts payable	3,150,945	116,400	3,267,345	3,286,951	412,777	453,268
Accrued liabilities	187,682	-	187,682	132,129	53,337	37,098
Due to other funds	-	-	-	-	209,510	-
Deposits payable	218,957	182,923	401,880	485,973	-	-
Interest payable	367,867	-	367,867	735,734	-	-
Retention payable	309,986	-	309,986	528,435	-	-
Long-term liabilities, portion due within one year	176,831	-	176,831	187,677	367,547	367,547
Total current liabilities	4,412,268	299,323	4,711,591	5,356,899	1,043,171	857,913
Noncurrent liabilities:						
Long-term liabilities, portion due within more than one year	63,289,360	-	63,289,360	63,312,173	2,277,364	833,683
Total liabilities	67,701,628	299,323	68,000,951	68,669,072	3,320,535	1,691,596
Net assets:						
Invested in capital assets, net of related debt	159,230,015	486,206	159,716,221	159,961,808	5,004,864	5,193,661
Unrestricted	8,037,291	822,926	8,860,217	10,425,758	2,134,626	3,945,361
Total net assets	\$ 167,267,306	1,309,132	168,576,438	170,387,566	7,139,490	9,139,022

See accompanying notes to basic financial statements

CITY OF INDIO
Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Asset
Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water	Nonmajor Funds	2009	2008	2009	2008
Operating revenues:						
Charges for services	\$ 14,377,188	1,104,561	15,481,749	13,312,564	7,636,306	9,082,186
Total operating revenues	14,377,188	1,104,561	15,481,749	13,312,564	7,636,306	9,082,186
Operating expenses:						
Personnel services	5,712,550	136,217	5,848,767	5,525,228	3,212,426	2,189,676
Contractual services	1,611,627	579,266	2,190,893	2,177,246	1,199,380	1,132,321
Utility	1,828,444	-	1,828,444	2,063,927	-	-
Depreciation	5,932,397	16,597	5,948,994	5,727,183	1,269,479	1,455,670
Rental and leases	1,287,092	-	1,287,092	1,268,044	-	-
Repairs and maintenance	3,240,883	148,657	3,389,540	813,095	1,074,126	985,778
Materials and supplies	513,462	382,802	896,264	1,969,863	1,556,044	1,977,528
Claims and judgments	-	-	-	-	1,925,357	1,164,823
Total operating expenses	20,126,455	1,263,539	21,389,994	19,544,586	10,236,812	8,905,796
Operating income (loss)	(5,749,267)	(158,978)	(5,908,245)	(6,232,022)	(2,600,506)	176,390
Nonoperating revenues (expenses)						
Investment income	2,164,295	32,236	2,196,531	3,029,175	115,021	183,517
Interest expense	(2,561,971)	-	(2,561,971)	(2,897,310)	-	-
Other income	465,470	-	465,470	300,068	213,015	189,761
Total nonoperating revenues (expenses)	67,794	32,236	100,030	431,933	328,036	373,278
Income (loss) before transfers and capital contributions	(5,681,473)	(126,742)	(5,808,215)	(5,800,089)	(2,272,470)	549,668
Interfund transfers and capital contributions:						
Interfund transfers out	-	(18,675)	(18,675)	-	-	-
Capital assets contributed	4,015,762	-	4,015,762	6,346,686	272,938	1,174,740
Changes in net assets	(1,665,711)	(145,417)	(1,811,128)	546,597	(1,999,532)	1,724,408
Net assets at beginning of year	168,933,017	1,454,549	170,387,566	169,840,969	9,139,022	7,414,614
Net assets at end of year	\$ 167,267,306	1,309,132	168,576,438	170,387,566	7,139,490	9,139,022

See accompanying notes to basic financial statements

CITY OF INDIO
Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water	Nonmajor Funds	2009	2008	2009	2008
Cash flows from operating activities:						
Cash received from customers	\$ 13,983,304	1,041,963	15,025,267	13,439,860	-	-
Cash received from user departments	-	-	-	-	7,699,996	8,242,934
Cash payments to suppliers for for goods and services	(8,568,359)	(1,116,520)	(9,684,879)	(7,626,830)	(3,454,561)	(3,829,529)
Cash payments to employees for services	(5,637,825)	(136,217)	(5,774,042)	(5,461,272)	(3,196,187)	(1,928,642)
Miscellaneous receipts	465,470	-	465,470	300,068	213,015	189,761
Net cash provided by (used for) operating activities	<u>242,590</u>	<u>(210,774)</u>	<u>31,816</u>	<u>651,826</u>	<u>1,262,263</u>	<u>2,674,524</u>
Cash flows from non-capital and related financing activities:						
Cash received from other funds	-	-	-	-	209,510	-
Cash paid to other funds	-	(18,675)	(18,675)	-	-	-
Net cash provided by (used for) non- capital and related financing activities	<u>-</u>	<u>(18,675)</u>	<u>(18,675)</u>	<u>-</u>	<u>209,510</u>	<u>-</u>
Cash flows from capital and related activities:						
Acquisition of capital assets	(13,372,896)	-	(13,372,896)	(15,631,819)	(868,917)	(910,653)
Interest payments on debt	(2,937,742)	-	(2,937,742)	(2,897,310)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(16,310,638)</u>	<u>-</u>	<u>(16,310,638)</u>	<u>(18,529,129)</u>	<u>(868,917)</u>	<u>(910,653)</u>
Cash flows from investing activities:						
Interest received on investments	2,173,943	37,137	2,211,080	3,063,348	130,609	178,025
Net cash provided by (used for) investing activities	<u>2,173,943</u>	<u>37,137</u>	<u>2,211,080</u>	<u>3,063,348</u>	<u>130,609</u>	<u>178,025</u>
Net increase (decrease) in cash and cash equivalents	(13,894,105)	(192,312)	(14,086,417)	(14,813,955)	733,465	1,941,896
Cash and cash equivalents at beginning of year	49,412,927	1,292,259	50,705,186	65,519,141	4,660,700	2,718,804
Cash and cash equivalents at end of year	<u>\$ 35,518,822</u>	<u>1,099,947</u>	<u>36,618,769</u>	<u>50,705,186</u>	<u>5,394,215</u>	<u>4,660,700</u>

(Continued)

See accompanying notes to basic financial statements.

CITY OF INDIO
Proprietary Funds
Statement of Cash Flows

(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water	Nonmajor Funds	2009	2008	2009	2008
Reconciliation of amounts reported on the Statement of Net Assets:						
Reported on the Statement of Net Assets:						
Cash and investments	\$ 9,200,302	1,099,947	10,300,249	9,211,148	5,394,215	4,660,700
Cash with fiscal agents	<u>26,318,520</u>	<u>-</u>	<u>26,318,520</u>	<u>41,494,038</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 35,518,822</u>	<u>1,099,947</u>	<u>36,618,769</u>	<u>50,705,186</u>	<u>5,394,215</u>	<u>4,660,700</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (5,749,267)	(158,978)	(5,908,245)	(6,232,022)	(2,600,506)	176,390
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	5,932,397	16,597	5,948,994	5,727,183	1,269,479	1,455,670
Miscellaneous nonoperating income (expense)	465,470	-	465,470	300,068	274,188	189,761
Net change in amortization of deferred charges and related bond costs	(12,634)	-	(12,634)	(20,638)	-	-
(Increase) decrease in deposits with other agencies	-	-	-	-	(850)	2,507
(Increase) decrease in accounts receivable	(413,826)	1,255	(412,571)	(136,794)	64,529	95,515
(Increase) decrease in prepaid items	-	-	-	-	835,994	(57,814)
(Increase) decrease in inventory	217,177	(18,952)	198,225	(48,699)	-	61,849
Increase (decrease) in accounts payable	(72,945)	53,339	(19,606)	452,470	(40,491)	282,913
Increase (decrease) in accrued payroll	55,553	-	55,553	45,149	16,239	5,412
Increase (decrease) in deposits	19,942	(104,035)	(84,093)	229,583	-	-
Increase (decrease) in retentions payable	(218,449)	-	(218,449)	316,719	-	-
Increase (decrease) in compensated absences	19,172	-	19,172	18,807	-	-
Increase (decrease) in claims and judgments payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,443,681</u>	<u>462,321</u>
Net cash provided by (used for) operating activities	<u>\$ 242,590</u>	<u>(210,774)</u>	<u>31,816</u>	<u>651,826</u>	<u>1,262,263</u>	<u>2,674,524</u>
Non-cash investing, capital and financing activities:						
Contributed capital assets	<u>\$ 4,015,762</u>	<u>-</u>	<u>4,015,762</u>	<u>-</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, 2009

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash and investments (note 2)	\$ 7,137,047	5,821,512
Cash with fiscal agent (note 2)	7,823,493	8,479,071
Due from other governments	940,338	350,657
Interest receivable	<u>12,209</u>	<u>24,494</u>
Total assets	<u>\$ 15,913,087</u>	<u>14,675,734</u>
<u>Liabilities</u>		
Accounts payable	\$ 11,386	68,165
Due to members	172,225	-
Due to bondholders	15,662,675	14,540,768
Deposits payable	<u>66,801</u>	<u>66,801</u>
Total liabilities	<u>\$ 15,913,087</u>	<u>14,675,734</u>

See accompanying notes to basic financial statements.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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. Separate financial statements of the Agency can be obtained at City Hall.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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, 2009

(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, 2009

(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, 2009

(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, 2009

(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, 2009

(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, 2009

(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 XIIB 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, 2009, 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, 2009

(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, 2009

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

(h) Compensated Absences, (Continued)

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

If material, a proprietary fund liability is accrued for all leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year end. All other amounts are recorded in the government-wide financial statements. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due.

(i) Advances to Other Funds

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

(j) Inventories

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

(k) Property Taxes

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

The property tax calendar is as follows:

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

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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, deferred charges.

(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, 2009

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 65,239,990
Cash and investments held by bond trustee	76,426,357
Agency Funds:	
Cash and investments	7,137,047
Cash and investments held by bond trustee	<u>7,823,493</u>
 Total cash and investments	 <u>\$ 156,626,887</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 8,650
Deposits with financial institutions	997,488
Investments	<u>155,620,749</u>
 Total cash and investments	 <u>\$ 156,626,887</u>

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

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

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

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(2) Cash and Investments, (Continued)

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

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

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Currently, the City does not have a formalized policy that addresses interest rate risk.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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	\$ 44,814,322	44,814,322	-	-	-
US Treasury Notes	6,929,333	-	6,929,333	-	-
Federal Agency Securities	19,624,946	3,969,892	8,173,108	7,481,946	-
Money Market Funds	2,297	2,297	-	-	-
Held by Bond Trustee:					
Investment Contracts	27,490,690	-	-	-	27,490,690
Money Market Funds	<u>56,759,161</u>	<u>56,759,161</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$155,620,749	105,545,672	15,102,441	7,481,946	27,490,690

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	\$ 44,814,322	N/A	-	-	-	44,814,322
US Treasury Notes	6,929,333	N/A	6,929,333	-	-	-
Federal Agency Securities	19,624,946	N/A	-	19,624,946	-	-
Money Market Funds	2,297	A	-	2,297	-	-
Held by Bond Trustee:						
Investment Contracts	27,490,690	N/A	-	-	-	27,490,690
Money Market Funds	<u>56,759,161</u>	AAA	<u>-</u>	<u>56,759,161</u>	<u>-</u>	<u>-</u>
Total	\$155,620,749		6,929,333	76,386,404	-	72,305,012

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Redevelopment Capital Projects	\$1,102,010	(a)
General Fund	Capital Projects Fund	<u>4,600,000</u>	(b)
	Total	<u>\$5,702,010</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.
- (c) In December 2008, the General Fund loaned the Capital Projects Fund \$2,000,000 to assist in payment for the formation of a community facilities district at the Terra Lago fire station. The General Fund will be repaid using proceeds from the Terra Lago CFD Area #2 bond issue.

Transfers in and out for the year ended June 30, 2009 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>	
Capital Projects Fund	Other Governmental Funds	\$ 314,532	(a)
Nonmajor Enterprise Fund	Other Governmental Funds	18,675	
Other Governmental Funds	General Fund	2,383,530	(b)
Other Governmental Funds	RDA Debt Service Fund	658,047	(c)
Other Governmental Funds	Capital Projects Fund	7,127,947	
RDA Capital Projects Fund	RDA Debt Service Fund	11,642,771	(d)
RDA Debt Service Fund	RDA Capital Projects Fund	<u>19,112</u>	(e)
	Total	<u>\$22,164,614</u>	

Interfund transfers were principally used for the following purposes:

- (a) \$284,789 was transferred from the Capital Projects Fund to the General Debt Service Fund to cover debt service payments that were originally paid out of the Capital Projects Fund. The remaining amounts are for various other transfers.
- (b) \$2,053,825 was transferred from the Community Facilities District Fund to the General Fund to reimburse the General Fund for police and fire related expenditures.
- (c) \$658,047 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) \$11,642,771 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) \$19,112 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, 2009

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

Current interfund receivables and payables as of June 30, 2009 are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 106,594
General Fund	Internal Service Fund	<u>209,510</u>
		<u>\$316,104</u>

Interfund balances are a result of short-term interfund borrowings to manage cash flows.

(4) Notes Receivable

	<u>Outstanding at June 30, 2009</u>
Various first time home buyer notes were issued to homeowners.	\$ 107,750
Desert Theatre rehabilitation	69,040
Jackalope	512,538
10-West Motor Sports	180,960
Horizons at Indio senior housing project.	<u>3,321,441</u>
Total	<u>\$4,191,729</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 note for the Jackalope Restaurant was loaned to Morcus Management Company and Jackalope, LLC for the purpose of purchasing new furniture, fixtures, and equipment for the Restaurant. The note accrues interest at 4% annually. Annual payments will commence on March 31, 2010 and the note is due in full on March 31, 2016.

The note with 10-West Motor Sports is a promissory note secured by a second deed of trust with John Baird. The note was issued on May 1, 2009 and accrues interest at 5% annually. Annual payments commenced on May 3, 2010 and the note is due in full on May 2, 2016.

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.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(5) Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

Governmental Activities:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Structures and improvements	\$ 10,610,145	13,321,789	(1,716,002)	22,215,932
Machinery and equipment	4,030,057	198,500	(67,225)	4,161,332
Vehicles	9,752,871	983,253	(353,598)	10,382,526
Infrastructure:				
Street network	<u>369,742,674</u>	<u>48,344,465</u>	<u>-</u>	<u>418,087,139</u>
Total cost of depreciable assets	<u>394,135,747</u>	<u>62,848,007</u>	<u>(2,136,825)</u>	<u>454,846,929</u>
Less accumulated depreciation:				
Structures and improvements	2,593,733	399,166	(111,926)	2,880,973
Machinery and equipment	3,055,007	244,129	(6,054)	3,293,082
Vehicles	5,536,852	1,025,350	(316,292)	6,245,910
Infrastructure:				
Street network	<u>125,924,146</u>	<u>9,847,873</u>	<u>(2,361)</u>	<u>135,769,658</u>
Total accumulated depreciation	<u>137,109,738</u>	<u>11,516,518</u>	<u>(436,633)</u>	<u>148,189,623</u>
Net depreciable assets	257,026,009	51,331,489	(1,700,192)	306,657,306
Capital assets not depreciated:				
Construction in progress	54,059,970	33,710,198	(25,214,767)	62,555,401
Land	41,106,729	1,443,413	(819,718)	41,730,424
Rights of way	<u>51,403,393</u>	<u>1,187,164</u>	<u>-</u>	<u>52,590,557</u>
Capital assets, net	<u>\$403,596,101</u>	<u>87,672,264</u>	<u>(27,734,707)</u>	<u>463,533,688</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(5) Capital Assets, (Continued)

Depreciation expense, including \$1,269,479 of internal service depreciation, was charged in the following functions in the Statement of Activities:

General government	\$ 348,238
Public works	10,684,248
Public safety	82,914
Community development	358,096
Human services	<u>43,022</u>
	<u>\$11,516,518</u>

Business-type activities – Golf Course:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Structures and improvements	\$ 38,865	-	-	38,865
Machinery and equipment	70,465	-	-	70,465
Vehicles	<u>98,121</u>	<u>-</u>	<u>-</u>	<u>98,121</u>
Total cost of depreciable assets	<u>207,451</u>	<u>-</u>	<u>-</u>	<u>207,451</u>
Less accumulated depreciation:				
Structures and improvements	27,072	1,966	-	29,038
Machinery and equipment	59,118	10,066	-	69,184
Vehicles	<u>84,417</u>	<u>4,565</u>	<u>-</u>	<u>88,982</u>
Total accumulated depreciation	<u>170,607</u>	<u>16,597</u>	<u>-</u>	<u>187,204</u>
Net depreciable assets	36,844	(16,597)	-	20,247
Capital assets not depreciated:				
Land	<u>465,959</u>	<u>-</u>	<u>-</u>	<u>465,959</u>
Capital assets, net	<u>\$502,803</u>	<u>(16,597)</u>	<u>-</u>	<u>486,206</u>

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

Golf	<u>\$16,597</u>
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CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(5) Capital Assets, (Continued)

Business-type activities – Water:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Machinery and equipment	\$ 665,686	265,162	-	930,848
Vehicles	1,122,541	197,965	(20,000)	1,300,506
Utility distribution system	<u>230,739,313</u>	<u>17,063,890</u>	<u>-</u>	<u>247,803,203</u>
Total cost of depreciable assets	<u>232,527,540</u>	<u>17,527,017</u>	<u>(20,000)</u>	<u>250,034,557</u>
Less accumulated depreciation:				
Machinery and equipment	316,147	83,870	-	400,017
Vehicles	644,195	106,598	(20,000)	730,793
Utility distribution system	<u>63,542,410</u>	<u>5,741,929</u>	<u>-</u>	<u>69,284,339</u>
Total accumulated depreciation	<u>64,502,752</u>	<u>5,932,397</u>	<u>(20,000)</u>	<u>70,415,149</u>
Net depreciable assets	168,024,788	11,594,620	-	179,619,408
Capital assets not depreciated:				
Land	755,900	-	-	755,900
Construction in progress	<u>15,925,450</u>	<u>10,806,153</u>	<u>(10,944,512)</u>	<u>15,787,091</u>
Capital assets, net	<u>\$ 184,706,138</u>	<u>22,400,773</u>	<u>(10,944,512)</u>	<u>196,162,399</u>

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

Water \$5,932,397

CITY OF INDIO
Notes to Basic Financial Statements
Year Ended June 30, 2009

(6) Changes in Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2009 were as follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amount Due Balance at June 30, 2009</u>	<u>Amount Due Within One Year</u>	<u>Beyond One Year</u>
<u>Governmental activities:</u>						
Bonds payable:						
1997 Series A Bonds	\$ 800,000	-	(45,000)	755,000	45,000	710,000
1999 Revenue Refunding Bonds	3,335,000	-	(150,000)	3,185,000	160,000	3,025,000
2004 A Tax Allocation Refunding Bonds	9,470,000	-	(100,000)	9,370,000	110,000	9,260,000
2007 A Lease Revenue Bonds	20,210,000	-	-	20,210,000	385,000	19,825,000
2007 B Lease Revenue Bonds	19,115,000	-	-	19,115,000	360,000	18,755,000
2008 A Tax Allocation Refunding Bonds	60,600,000	-	-	60,600,000	770,000	59,830,000
2008 B Tax Allocation Refunding Bonds	<u>6,640,000</u>	<u>-</u>	<u>-</u>	<u>6,640,000</u>	<u>565,000</u>	<u>6,075,000</u>
Subtotal	<u>120,170,000</u>	<u>-</u>	<u>(295,000)</u>	<u>119,875,000</u>	<u>2,395,000</u>	<u>117,480,000</u>
Capital lease obligations	481,864	-	(255,249)	226,615	111,095	115,520
Certificates of participation	7,474,050	-	(340,000)	7,134,050	390,000	6,744,050
Post employment benefit liability	3,882,624	3,271,114	(994,460)	6,159,278	-	6,159,278
Notes payable	4,000,000	7,000,000	-	11,000,000	480,000	10,520,000
Compensated absences	2,312,053	952,026	(808,216)	2,455,863	1,265,000	1,190,863
Claims payable	<u>1,201,231</u>	<u>2,868,636</u>	<u>(1,424,965)</u>	<u>2,644,902</u>	<u>367,547</u>	<u>2,277,355</u>
Subtotal	<u>19,351,822</u>	<u>14,091,776</u>	<u>(3,822,890)</u>	<u>29,620,708</u>	<u>2,613,642</u>	<u>27,007,066</u>
Total	<u>\$139,521,822</u>	<u>14,091,776</u>	<u>(4,117,890)</u>	<u>149,495,708</u>	<u>5,008,642</u>	<u>144,487,066</u>

CITY OF INDIO
Notes to Basic Financial Statements
Year Ended June 30, 2009

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

Business-type activities:

Due	Balance at June 30, 2008	Additions	Retirements	Balance at June 30, 2009	Amount Due Within One Year	Amount Beyond One Year
Bonds payable:						
2006 Water Revenue bonds	\$61,795,000	-	-	61,795,000	-	61,795,000
Subtotal	<u>61,795,000</u>	-	-	<u>61,795,000</u>	-	<u>61,795,000</u>
Unamortized loss on refunding	(873,853)	-	30,769	(843,084)	(30,769)	(812,315)
Premium on bonds	<u>2,382,588</u>	-	<u>(83,600)</u>	<u>2,298,988</u>	<u>83,600</u>	<u>2,215,388</u>
Subtotal	<u>1,508,735</u>	-	<u>(52,831)</u>	<u>1,455,904</u>	<u>52,831</u>	<u>1,403,073</u>
Subtotal	<u>63,303,735</u>	-	<u>(52,831)</u>	<u>63,250,904</u>	<u>52,831</u>	<u>63,198,073</u>
Compensated absences	<u>196,115</u>	<u>143,459</u>	<u>(124,287)</u>	<u>215,287</u>	<u>124,000</u>	<u>91,287</u>
Total	<u>\$63,499,850</u>	<u>143,459</u>	<u>(177,118)</u>	<u>63,466,191</u>	<u>176,831</u>	<u>63,289,360</u>

(7) Obligations under Capital Leases

Governmental Activities:

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, 2009 on this contract was \$226,614. The net book value of the fire truck was \$454,795, as of June 30, 2009.

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

	<u>Governmental Activities</u>
Amount of future lease payments <u>for the year ending June 30,</u>	<u>Fire Truck</u>
2010	\$120,114
2011	<u>120,114</u>
Less amount representing interest	<u>(13,613)</u>
Present value of future lease payments	<u>\$226,615</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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, 2009

(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 2008 and 2009 were as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Prior Year Changes <u>in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2007-08	882,131	1,221,343	(902,243)	1,201,231
2008-09	1,201,231	2,868,635	(1,424,965)	2,644,901

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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, 2009 was \$755,000.

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, 2009 was \$3,185,000.

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, 2009 the actual reserve amount was \$335,236.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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, 2009, the reserve was fully funded and the outstanding balance of the Series 2004A was \$9,370,000.

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, 2009

(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, 2009, 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, 2009, 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.

Debt Service Requirements to Maturity

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,840,000	6,108,182	8,948,182
2015-2019	16,245,000	28,402,840	44,647,840
2020-2024	19,355,000	20,545,032	39,900,032
2025-2029	23,695,000	15,591,120	39,286,120
2030-2034	31,065,000	8,907,101	39,972,101
2035-2038	<u>16,445,000</u>	<u>1,557,238</u>	<u>18,002,238</u>
Total	<u>\$119,875,000</u>	<u>106,382,942</u>	<u>226,257,942</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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. Defeased debt outstanding as of June 30, 2009 is as follows:

1997 Series B Tax Increment Revenue	\$ 6,285,000
2004 Series B Tax Allocation Refunding Bonds	18,220,000

(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, 2009, the reserves were fully funded and the outstanding balance of the Series 2008A was \$14,225,000. The City's obligation is 51% or \$7,134,050 as of June 30, 2009.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(10) Certificates of Participation, (Continued)

Debt Service Requirements to Maturity

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 390,000	289,312	679,312
2011	405,000	273,712	678,712
2012	420,000	257,512	677,512
2013	435,000	240,712	675,712
2014	455,000	223,312	678,312
2015-2019	2,555,000	829,560	3,384,560
2020-2024	<u>2,474,050</u>	<u>266,574</u>	<u>2,740,624</u>
Total	<u>\$7,134,050</u>	<u>2,380,694</u>	<u>9,514,744</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 Commission's funds outstanding under the 2005 Commercial Paper Program. The outstanding amount of the note as of June 30, 2009 was \$4,000,000.

On January 26, 2009, the City of Indio entered into an agreement with the H. N. and Frances C. Berger Foundation (the "Foundation"), where the Foundation provided a construction loan to the City of \$7,000,000 to be used for the construction of the Indio Senior center. The note accrues interest at 6% on the unpaid balance of the 30 year term loan. Payments commence after the construction of the Senior Center is completed.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(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.

Plan Description: The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits. The City pays \$460 per month for eligible retirees' health coverage.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	114
Active plan members	<u>210</u>
Total	<u>324</u>

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2008-09, the City contributed \$994,460 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$3,271,114
Interest on net OPEB obligation	-
Adjustments to annual required contributions	<u>-</u>
Annual OPEB cost (expense)	3,271,114
Contributions made (including premiums paid)	<u>(994,460)</u>
Increase in net OPEB obligation	2,276,654
Net OPEB obligation-beginning of year	<u>3,882,624</u>
Net OPEB obligation-end of year	<u>\$6,159,278</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(12) Post Employment Benefits, (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/07	\$2,819,700	28.8%	\$ 2,074,213
6/30/08	2,819,700	33.5%	3,382,624
6/30/09	3,271,114	30.4%	6,159,278

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$28,176,358
Actuarial value of plan assets	—
Unfunded actuarial accrued liability (UAAL)	<u>\$28,176,358</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	15,182,839
UAAL as a percentage of covered payroll	185%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(12) Post Employment Benefits, (Continued)

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions included an annual healthcare cost trend rate of 5 percent. The UAAL is being amortized as a level percentage of projected payroll over 20 years. It is assumed the City's payroll will increase 3 percent per year.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/01/06	\$0	\$22,428,071	22,428,071	0%	\$15,289,423	146%
7/01/08	0	28,176,358	28,176,358	0%	15,182,839	185%

(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.

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, 2009, the reserve was fully funded and the outstanding balance of the Series 2006 bonds was \$61,795,000.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(13) Water Enterprise Revenue Bond, (Continued)

Enterprise Revenue Bonds, Series 2006, (Continued)

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:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,365,000	2,786,637	4,151,637
2014	1,400,000	2,732,038	4,132,038
2015-2019	8,090,000	12,734,937	20,824,937
2020-2024	10,170,000	10,646,313	20,816,313
2025-2029	12,860,000	7,960,749	20,820,749
2030-2034	16,345,000	4,466,250	20,811,250
2031-2036	<u>7,740,000</u>	<u>585,250</u>	<u>8,325,250</u>
Total	<u>\$61,795,000</u>	<u>50,591,787</u>	<u>112,386,787</u>

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(14) Pledged Revenues

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Tax increment revenues	\$10,607,493	2,056,745	19.4%
Gas tax revenues	1,311,784	676,319	51.6%

(15) 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, 2009 was \$1,685,000.

\$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, 2009 was \$5,650,000.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

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

\$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, 2009 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.

<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, 2009</u>
A.D. No. 99-1	12/16/1999	\$3,160,000	7.125%	9/2/2020	\$ 2,335,000
A.D. No. 01-1	7/10/2001	\$4,840,143	6.500%	9/2/2026	\$ 4,155,000
A.D. No. 02-1	5/2/2002	\$4,403,000	5.25% to 6.375%	9/2/2027	\$ 3,905,000
A.D. No. 02-2	8/8/2002	\$2,761,000	2.75% to 6.125%	9/2/2027	\$ 2,395,000
A.D. No. 02-3	11/27/2002	\$5,319,050	4.00% to 6.35%	9/2/2027	\$ 4,570,000
A. D. No. 90-1	7/18/2002	\$2,260,000	4.700%	9/2/2013	\$ 1,040,000
A.D. No. 03-1	1/15/2004	\$2,450,500	2.375% to 6.10%	9/2/2014	\$ 2,215,000
A.D. No. 03-2	1/15/2004	\$1,965,000	2.375% to 6.10%	9/2/2014	\$ 1,785,000
A.D. No. 03-3	12/23/2003	\$5,654,000	2.25% to 6.125%	9/2/2014	\$ 5,125,000
A.D. No. 03-5	3/9/2004	\$1,890,000	2.20% to 5.875%	9/2/2022	\$ 1,710,000
A.D. No. 03-6	3/31/2004	\$2,301,600	2.35% to 5.50%	9/2/2018	\$ 2,080,000
A.D. No. 04-1	9/30/2004	\$2,265,000	2.80% to 6.00%	9/2/2030	\$ 2,110,000
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	\$ 6,840,000
C.F.D No. 04-3 (Terra Lago)	9/15/2005	\$26,330,000	3.35% to 5.15%	9/1/2035	\$ 22,575,000
C.F. D No. 05-1 (Talavera No. 1)	12/7/2005	\$10,170,000	3.5% to 5.25%	9/1/2036	\$ 9,850,000
C.F.D No. 05-1 (Talavera No. 2)	12/14/2005	\$9,145,000	4.00% to 5.25%	9/1/2036	\$ 8,920,000
C.F.D. No. 02-1 (Sonora Wells)	10/18/2006	\$10,225,000	3.90% to 5.125%	9/1/2036	\$ 9,800,000

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(16) 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, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The contribution rate indicated for the period is 26.872% and 12.750% of payroll for the Safety Plan and Miscellaneous Plan, respectively. The City's covered payroll for PERS was \$7,262,418 and \$15,182,839 for the Safety Plan and Miscellaneous Plan, respectively, for the year ended June 30, 2009. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, the contribution rate would be multiplied by the payroll of covered employees that was actually paid from the period from July 1, 2008 to June 30, 2009.

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, 2006
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%.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(16) Defined Benefit Plan, (Continued)

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>Annual Pension Cost (Employer Contribution)</u>				
<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$1,474,881	1,292,642	100%	-
6/30/08	1,760,641	1,659,762	100%	-
6/30/09	1,904,579	1,951,667	100%	-

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

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/04	\$24,248,377	23,388,399	859,978	96.5%	6,152,163	14.0%
6/30/05	26,904,871	24,974,127	1,930,744	92.8%	7,158,745	27.0%
6/30/06	30,376,806	29,242,107	1,134,699	96.3%	9,624,340	12.0%

Information is based on the most recent Actuarial Valuation.

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(17) Compliance with Budgetary Limitations

For the fiscal year ended June 30, 2009, the following funds reflected expenditures in excess of budgeted amounts:

	<u>Amount of Excess</u>
General Fund	
General Government:	
Finance	\$ (168,526)
Public Safety:	
Police field service	(472,707)
Code enforcement	(22,120)
Public works:	
Public works administration	(6,439)
Facilities and construction	(67,930)
Street maintenance	(5,154)
Graffiti	(8,807)
Street cleaning	(7,244)
Community Development:	
Promotion and publicity	(8,039)
Community development administration	(12,015)
Planning	(83,266)
Human Services:	
Youth services	(104,073)
Human services	(20,465)
Public art	(1,973)
Senior services	(91,561)
Other	(48,139)
Special Revenue Funds:	
Traffic Safety	(10,503)
Public Safety	(457,454)
LLEBG	(6,902)
Unclaimed Property	(13,178)
NPDES	(20,269)
Department of Conservation Recycle Grant	(5,616)
Asset Forfeiture	(11,056)
Indian Gaming	(377,643)
Waste Recycling	(84,964)
Community Facilities Districts	(21,116)
Debt Service Funds:	
General Debt Service	(1,588,335)
Redevelopment Agency	(2,132,867)
Capital Projects Fund:	
Assessment District	(10,907,429)

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(18) Contingent Liabilities

Normal Course of Operations

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

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 2008-2009, payment in the amount of \$282,223 was made to the County.

State Issuance of Debt to Remit Borrowed Local Government Revenues

On July 28, 2009, legislation was signed into law that enabled the State of California to borrow a portion of the property tax revenue due to be remitted to local governments in fiscal year 2009-10. This action was taken to replace a portion of the shortfall in state revenues associated with current economic conditions. The amount to be borrowed in 2009-10 from each local government represents approximately 8% of the general levy property taxes received by that local government in fiscal year 2008-09.

On November 10, 2009, the California Statewide Communities Development Authority (CSCDA) issued debt to provide to participating local governments all of the revenues that had been authorized to be borrowed by the State in its 2009-10 budget. The bonds provide for the borrowed funds to be remitted to the participating local governments in two installments (on January 15, 2010 and on May 3, 2010).

CITY OF INDIO

Notes to Basic Financial Statements

Year Ended June 30, 2009

(19) Restatement of Net Assets and Fund Balances

During fiscal year 2008-2009, net assets/fund balances were restated for the Capital Projects Fund and the Governmental Activities as a result of inadvertently recorded receivables.

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

	<u>Governmental Activities</u>
Net assets at beginning of year, as previously reported	\$443,748,984
Adjustment as noted above	<u>(1,924,903)</u>
Net assets at beginning of year, as restated	<u>\$441,824,081</u>

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

	<u>Capital Project Fund</u>
Fund balance at beginning of year, as previously reported	\$ 25,726,886
Adjustment as noted above	<u>(1,924,903)</u>
Fund balance at beginning of year, as restated	<u>\$ 23,801,983</u>

(20) Joint Venture Agreements

Eastern Riverside County Interoperable Communications Authority (“ERICA”)

The Eastern Riverside Interoperable Communications Authority (“ERICA”) was created in July 2008 by a Joint Exercise of Powers Agreement between public agency parties located in Riverside County, California. ERICA was formed to enable the Members to acquire real, personal and intangible property and to plan, design, finance, construct, operate, and maintain public safety radio communication systems, facilities and related structures to assist the Members in meeting public safety communication needs. The goal and intent of the ERICA is one of voluntary cooperation among cities for the collective benefit of cities in Riverside County. The City of Indio is a member of the ERICA and is responsible for the accounting records of joint venture.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INDIO
 General Fund
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2009

	Budget		Actual	Variance with Final Budget	Prior Year Actual
	Original	Final		Positive (Negative)	
Taxes:					
Property taxes	\$ 7,000,000	7,000,000	6,949,049	(50,951)	7,128,639
Document transfer tax	400,000	400,000	304,847	(95,153)	392,675
Sales tax	7,600,000	5,488,121	5,070,881	(417,240)	5,831,662
In-lieu sales tax	2,300,000	1,660,879	1,607,655	(53,224)	2,327,153
Utility taxes	6,850,000	5,080,000	5,066,197	(13,803)	5,828,674
Franchise taxes	2,100,000	2,100,000	1,982,884	(117,116)	2,010,073
Transient occupancy tax	2,200,000	2,200,000	1,941,561	(258,439)	2,070,205
Total taxes	<u>28,450,000</u>	<u>23,929,000</u>	<u>22,923,074</u>	<u>(1,005,926)</u>	<u>25,589,081</u>
Licenses and permits:					
Business licenses	800,000	800,000	952,354	152,354	827,273
Building permits	1,721,000	1,201,936	1,167,495	(34,441)	1,658,038
Other licenses and permits	136,835	116,677	139,560	22,883	144,201
Total licenses and permits	<u>2,657,835</u>	<u>2,118,613</u>	<u>2,259,409</u>	<u>140,796</u>	<u>2,629,512</u>
Intergovernmental:					
Motor vehicle license fees	8,401,000	8,001,000	8,719,162	718,162	8,439,189
Grants	120,000	120,000	306,306	186,306	119,608
Total intergovernmental	<u>8,521,000</u>	<u>8,121,000</u>	<u>9,025,468</u>	<u>904,468</u>	<u>8,558,797</u>
Charges for services:					
Plan checks and inspections	1,526,750	1,066,274	2,206,251	1,139,977	1,650,365
Facility rentals	1,481,000	1,481,000	1,520,501	39,501	1,477,612
Fire and ambulance	1,010,000	1,010,000	1,115,402	105,402	1,188,216
Police	279,802	279,500	190,525	(88,975)	313,957
Other	4,748,186	4,748,186	5,296,477	548,291	5,897,796
Total charges for services	<u>9,045,738</u>	<u>8,584,960</u>	<u>10,329,156</u>	<u>1,744,196</u>	<u>10,527,946</u>
Fines:					
Vehicle fines	300,000	300,000	452,101	152,101	414,416
Parking fines	200,000	200,000	79,541	(120,459)	159,635
Other fines	46,000	46,000	186,585	140,585	32,123
Total fines	<u>546,000</u>	<u>546,000</u>	<u>718,227</u>	<u>172,227</u>	<u>606,174</u>
Investment income	634,000	634,000	109,899	(524,101)	1,157,275
Miscellaneous:					
Other	1,123,200	1,289,122	1,090,019	(199,103)	1,446,989
Total miscellaneous	<u>1,123,200</u>	<u>1,289,122</u>	<u>1,090,019</u>	<u>(199,103)</u>	<u>1,446,989</u>
Total revenues	<u>\$ 50,977,773</u>	<u>45,222,695</u>	<u>46,455,252</u>	<u>1,232,557</u>	<u>50,515,774</u>

CITY OF INDIO
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive	Prior Year Actual
	Original	Final		(Negative)	
General Government:					
City council	\$ 444,834	444,834	414,834	30,000	382,178
City attorney	801,121	801,121	734,722	66,399	750,279
City manager	1,104,647	1,204,647	1,193,329	11,318	1,212,319
Human resources	600,386	777,386	565,228	212,158	627,682
City clerk	291,055	291,055	288,710	2,345	367,648
Finance	1,417,809	1,392,809	1,561,335	(168,526)	1,727,842
Total general government	<u>4,659,852</u>	<u>4,911,852</u>	<u>4,758,158</u>	<u>153,694</u>	<u>5,067,948</u>
Public Safety:					
Police administration	1,631,539	1,519,974	1,399,410	120,564	1,517,941
Police field services	9,196,618	9,790,768	10,263,475	(472,707)	13,996,428
Police investigations	4,837,298	5,013,108	4,320,472	692,636	3,469,379
Police traffic safety	1,210,012	1,310,012	1,154,677	155,335	512,156
Police support services	2,657,991	2,807,991	2,683,418	124,573	-
Fire and ambulance service	10,558,113	10,030,203	9,760,050	270,153	11,004,287
Animal control	1,336,046	1,377,046	1,184,946	192,100	985,758
Code enforcement	1,560,466	1,610,466	1,632,586	(22,120)	1,157,112
Total public safety	<u>32,988,083</u>	<u>33,459,568</u>	<u>32,399,034</u>	<u>1,060,534</u>	<u>32,643,061</u>
Public works:					
Public works administration	300,207	300,207	306,646	(6,439)	207,106
Streets administration	200,956	250,956	214,117	36,839	185,122
Facilities and construction	446,117	446,117	514,047	(67,930)	422,245
Traffic signals	503,675	476,875	472,858	4,017	282,982
Street lighting	601,265	231,265	175,317	55,948	623,397
Street maintenance	1,141,450	1,171,450	1,176,604	(5,154)	1,467,411
Graffiti	224,344	224,344	233,151	(8,807)	144,574
Street cleaning	644,130	644,130	651,374	(7,244)	646,421
Engineering	2,728,890	2,405,090	2,323,510	81,580	3,449,836
Parks and parkways	1,947,390	1,947,390	1,931,350	16,040	1,926,907
Total public works	<u>8,738,424</u>	<u>8,097,824</u>	<u>7,998,974</u>	<u>98,850</u>	<u>9,356,001</u>
Community development:					
Promotion and publicity	811,100	769,100	777,139	(8,039)	917,251
Building safety	2,072,982	2,105,582	1,928,523	177,059	1,742,220
Economic development	1,813,648	1,561,348	1,542,227	19,121	2,386,130
Community development administration	350,333	350,333	362,348	(12,015)	548,037
Planning	1,785,991	1,635,991	1,719,257	(83,266)	1,486,823
Total community development	<u>6,834,054</u>	<u>6,422,354</u>	<u>6,329,494</u>	<u>92,860</u>	<u>7,080,461</u>
Human services:					
Special events	799,875	736,625	696,575	40,050	810,731
Youth services	433,990	475,990	580,063	(104,073)	187,976
Human services	422,091	418,591	439,056	(20,465)	288,253
Public art	35,860	35,860	37,833	(1,973)	4,364
Senior services	455,767	455,767	547,328	(91,561)	351,714
Total human services	<u>2,147,583</u>	<u>2,122,833</u>	<u>2,300,855</u>	<u>(178,022)</u>	<u>1,643,038</u>
Other	390,000	390,000	438,139	(48,139)	1,687,061
Debt service:					
Principal	98,820	98,820	-	98,820	7,141,140
Interest and other charges	21,294	21,294	-	21,294	591,267
Total expenditures	<u>\$ 55,878,110</u>	<u>55,524,545</u>	<u>54,224,654</u>	<u>1,299,891</u>	<u>65,209,977</u>

CITY OF INDIO

Notes to the Required Supplementary Information

Year Ended June 30, 2009

(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, 2009, expenditures exceeded appropriations in the following:

	<u>Amount of Excess</u>
General Fund	
General Government:	
Finance	\$ (168,526)
Police field service	(472,707)
Code enforcement	(22,120)
Public works administration	(6,439)
Facilities and construction	(67,930)
Street maintenance	(5,154)
Graffiti	(8,807)
Street cleaning	(7,244)
Promotion and publicity	(8,039)
Community development administration	(12,015)
Planning	(83,266)
Youth services	(104,073)
Human services	(20,465)
Public art	(1,973)
Senior services	(91,561)
Other	(48,139)

SUPPLEMENTARY SCHEDULES

CITY OF INDIO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
<u>Assets</u>				
Cash and investments	\$ 11,653,755	1,398,759	13,052,514	13,235,733
Cash and investments with fiscal agent	5,023,068	4	5,023,072	8,780,371
Accounts receivable	318,016	-	318,016	-
Due from other governments	1,280,277	-	1,280,277	1,022,461
Interest receivable	27,188	10,752	37,940	83,098
Notes receivable	3,429,191	-	3,429,191	3,007,838
Prepaid items	22,800	-	22,800	-
	<u>\$ 21,754,295</u>	<u>1,409,515</u>	<u>23,163,810</u>	<u>26,129,501</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 1,187,155	450	1,187,605	1,260,045
Accrued liabilities	24,884	-	24,884	11,346
Due to other funds	106,594	-	106,594	-
Deferred revenue	53,278	-	53,278	24,597
Retentions payable	12,108	-	12,108	-
Deposits payable	-	-	-	9,505
	<u>1,384,019</u>	<u>450</u>	<u>1,384,469</u>	<u>1,305,493</u>
Fund balances:				
Reserved:				
Encumbrances	2,995,289	-	2,995,289	557,346
Prepaid items	22,800	-	22,800	-
Notes receivable	3,375,913	-	3,375,913	2,983,241
Low and moderate housing	6,753,804	-	6,753,804	6,239,217
Debt service	-	1,409,065	1,409,065	1,326,777
Construction projects	2,435,594	-	2,435,594	7,118,451
Unreserved:				
Designated for special projects and programs	4,786,876	-	4,786,876	6,598,976
Undesignated	-	-	-	-
	<u>20,370,276</u>	<u>1,409,065</u>	<u>21,779,341</u>	<u>24,824,008</u>
Total liabilities and fund balances	<u>\$ 21,754,295</u>	<u>1,409,515</u>	<u>23,163,810</u>	<u>26,129,501</u>

CITY OF INDIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Special Revenue Funds	Debt Service Funds	Totals	
			2009	2008
Revenues:				
Taxes	\$ 5,528,251	-	5,528,251	6,157,322
Special assessments	3,539,533	-	3,539,533	2,940,067
Intergovernmental	5,206,193	-	5,206,193	2,084,627
Fines	403,595	-	403,595	396,252
Investment income	370,522	183,447	553,969	606,388
Miscellaneous	2,655,810	-	2,655,810	721,059
	<u>17,703,904</u>	<u>183,447</u>	<u>17,887,351</u>	<u>12,905,715</u>
Expenditures:				
Current:				
General government	477,223	-	477,223	865,800
Public safety - police	704,941	-	704,941	890,713
Public works	11,587,807	-	11,587,807	6,214,099
Community development	2,784,860	-	2,784,860	219,004
Debt service:				
Principal	595,249	-	595,249	102,752
Interest and other charges	357,286	1,588,335	1,945,621	1,610,885
Bond issuance costs	-	-	-	369,057
	<u>16,507,366</u>	<u>1,588,335</u>	<u>18,095,701</u>	<u>10,272,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,196,538</u>	<u>(1,404,888)</u>	<u>(208,350)</u>	<u>2,633,405</u>
Other financing sources (uses):				
Original discount on bonds	-	-	-	(52,412)
Interfund transfers in	29,743	303,464	333,207	433,818
Interfund transfers out	(4,353,236)	(5,816,288)	(10,169,524)	(2,089,801)
Issuance of debt	-	7,000,000	7,000,000	7,527,290
	<u>(4,323,493)</u>	<u>1,487,176</u>	<u>(2,836,317)</u>	<u>5,818,895</u>
Net change in fund balances	(3,126,955)	82,288	(3,044,667)	8,452,300
Fund balances at beginning of year	<u>23,497,231</u>	<u>1,326,777</u>	<u>24,824,008</u>	<u>16,371,708</u>
Fund balances at end of year	<u>\$ 20,370,276</u>	<u>1,409,065</u>	<u>21,779,341</u>	<u>24,824,008</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.

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.

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.

Community Development Block Grant Fund - To account for Federal funds directed toward programs that improve low-income housing, public improvements, neighborhood programs, and community development needs.

HBRRP Fund - To account for Highway Bridge Replacement and Rehabilitation grant funds used to improve the condition of the City's bridges.

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, 2009

	<u>Gas Tax</u>	<u>Traffic Safety Fund</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcemen</u>	<u>Proposition 1B</u>	<u>LLEBG</u>
<u>Assets</u>						
Cash and investments	\$ 319,161	69,299	129,054	198,436	906,671	98,196
Cash with fiscal agent	4,689,077	-	-	-	-	-
Accounts receivable	108,589	-	-	-	-	-
Due from other governments	165,709	-	22,954	59,687	495,020	-
Interest receivable	509	149	337	332	1,966	205
Notes receivable	-	-	-	-	-	-
Prepaid items	-	22,800	-	-	-	-
Total assets	<u>\$ 5,283,045</u>	<u>92,248</u>	<u>152,345</u>	<u>258,455</u>	<u>1,403,657</u>	<u>98,401</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 444,285	1,073	20,855	-	8,100	-
Accrued liabilities	5,104	-	368	-	-	7
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Retentions payable	9,311	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	<u>458,700</u>	<u>1,073</u>	<u>21,223</u>	<u>-</u>	<u>8,100</u>	<u>7</u>
Fund balances:						
Reserved for:						
Encumbrances	2,253,483	-	23,512	-	208,729	-
Prepaid items	-	22,800	-	-	-	-
Notes receivable	-	-	-	-	-	-
Low and moderate housing	-	-	-	-	-	-
Construction projects	2,435,594	-	-	-	-	-
Unreserved:						
Designated for special projects and programs	<u>135,268</u>	<u>68,375</u>	<u>107,610</u>	<u>258,455</u>	<u>1,186,828</u>	<u>98,394</u>
Total fund balances (deficits)	<u>4,824,345</u>	<u>91,175</u>	<u>131,122</u>	<u>258,455</u>	<u>1,395,557</u>	<u>98,394</u>
Total liabilities and fund balances	<u>\$ 5,283,045</u>	<u>92,248</u>	<u>152,345</u>	<u>258,455</u>	<u>1,403,657</u>	<u>98,401</u>

Abandoned Vehicle	Unclaimed Property	Measure A	Article 3	NPDES	Air Quality	Department of Conservation Recycle Grant	Lighting and Landscape	Asset Forfeiture	Community Development Block Grant
-	8,309	609,181	325	7,796	126,823	17,884	2,398,406	24,320	-
-	-	-	-	-	-	-	-	-	-
-	-	56,241	-	-	-	-	14,269	-	-
-	-	289,749	-	-	25,483	-	54,768	-	-
56	29	858	1	23	248	44	5,235	42	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>56</u>	<u>8,338</u>	<u>956,029</u>	<u>326</u>	<u>7,819</u>	<u>152,554</u>	<u>17,928</u>	<u>2,472,678</u>	<u>24,362</u>	<u>-</u>
-	-	447,951	-	-	-	-	222,984	1,557	-
-	-	-	-	890	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	2,797	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>450,748</u>	<u>-</u>	<u>890</u>	<u>-</u>	<u>-</u>	<u>222,984</u>	<u>1,557</u>	<u>-</u>
-	-	505,281	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>56</u>	<u>8,338</u>	<u>-</u>	<u>326</u>	<u>6,929</u>	<u>152,554</u>	<u>17,928</u>	<u>2,249,694</u>	<u>22,805</u>	<u>-</u>
<u>56</u>	<u>8,338</u>	<u>505,281</u>	<u>326</u>	<u>6,929</u>	<u>152,554</u>	<u>17,928</u>	<u>2,249,694</u>	<u>22,805</u>	<u>-</u>
<u>56</u>	<u>8,338</u>	<u>956,029</u>	<u>326</u>	<u>7,819</u>	<u>152,554</u>	<u>17,928</u>	<u>2,472,678</u>	<u>24,362</u>	<u>-</u>

(Continued)

CITY OF INDIO
Combining Balance Sheet

Nonmajor Special Revenue Funds

(Continued)

	<u>HBRRP</u>	<u>Indian Gaming SB 621</u>	<u>Waste Recycling AB939</u>	<u>Community Facilities District</u>	<u>Low and Moderate Housing</u>	<u>Totals</u>	
						<u>2009</u>	<u>2008</u>
<u>Assets</u>							
Cash and investments	\$ -	80,797	222,329	-	6,436,768	11,653,755	13,231,983
Cash with fiscal agents	-	-	-	-	333,991	5,023,068	7,453,594
Accounts receivable	110,532	-	28,385	-	-	318,016	-
Due from other governments	-	-	2,853	139,751	24,303	1,280,277	1,022,461
Interest receivable	-	153	444	3,661	12,896	27,188	83,098
Notes receivable	-	-	-	-	3,429,191	3,429,191	3,007,838
Prepaid items	-	-	-	-	-	22,800	-
Total assets	<u>\$ 110,532</u>	<u>80,950</u>	<u>254,011</u>	<u>143,412</u>	<u>10,237,149</u>	<u>21,754,295</u>	<u>24,798,974</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 3,938	-	2,347	-	34,065	1,187,155	1,256,295
Accrued liabilities	-	-	2,710	-	15,805	24,884	11,346
Due to other funds	106,594	-	-	-	-	106,594	-
Deferred revenue	-	-	-	-	53,278	53,278	24,597
Retentions payable	-	-	-	-	-	12,108	-
Deposits payable	-	-	-	-	-	-	9,505
Total liabilities	<u>110,532</u>	<u>-</u>	<u>5,057</u>	<u>-</u>	<u>103,148</u>	<u>1,384,019</u>	<u>1,301,743</u>
Fund balances:							
Reserved for:							
Encumbrances	-	-	-	-	4,284	2,995,289	557,346
Prepaid items	-	-	-	-	-	22,800	-
Notes receivable	-	-	-	-	3,375,913	3,375,913	2,983,241
Low and moderate housing	-	-	-	-	6,753,804	6,753,804	6,239,217
Construction projects	-	-	-	-	-	2,435,594	7,118,451
Unreserved:							
Designated for special projects and programs	-	80,950	248,954	143,412	-	4,786,876	6,598,976
Total fund balances (deficits)	<u>-</u>	<u>80,950</u>	<u>248,954</u>	<u>143,412</u>	<u>10,134,001</u>	<u>20,370,276</u>	<u>23,497,231</u>
Total liabilities and fund balances	<u>\$ 110,532</u>	<u>80,950</u>	<u>254,011</u>	<u>143,412</u>	<u>10,237,149</u>	<u>21,754,295</u>	<u>24,798,974</u>



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

Nonmajor Special Revenue Funds

Year Ended June 30, 2009

	<u>Gas Tax</u>	<u>Traffic Safety Fund</u>	<u>Public Safety</u>	<u>Supplemental Law Enforcement</u>	<u>Proposition 1B</u>	<u>LLEBG</u>
Revenues:						
Taxes	\$ 1,311,784	-	342,694	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	1,442,362	-	-	131,851	1,686,899	12,183
Fines	-	157,685	-	-	-	-
Investment income	77,387	3,506	7,835	7,779	29,336	2,019
Miscellaneous	-	-	-	-	-	-
	<u>2,831,533</u>	<u>161,191</u>	<u>350,529</u>	<u>139,630</u>	<u>1,716,235</u>	<u>14,202</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety - police	-	84,399	457,454	41,057	-	6,902
Public works	4,551,726	-	-	-	-	-
Community development	-	-	-	-	1,570,738	-
Debt service:						
Principal	340,000	148,408	-	-	-	-
Interest and other charges	336,319	7,696	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
	<u>5,228,045</u>	<u>240,503</u>	<u>457,454</u>	<u>41,057</u>	<u>1,570,738</u>	<u>6,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,396,512)</u>	<u>(79,312)</u>	<u>(106,925)</u>	<u>98,573</u>	<u>145,497</u>	<u>7,300</u>
Other financing sources (uses):						
Original discount on bonds	-	-	-	-	-	-
Interfund transfers in	-	-	-	-	-	-
Interfund transfers out	-	-	(300,000)	-	-	-
Issuance of debt	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,396,512)	(79,312)	(406,925)	98,573	145,497	7,300
Fund balances (deficits) at beginning of year	<u>7,220,857</u>	<u>170,487</u>	<u>538,047</u>	<u>159,882</u>	<u>1,250,060</u>	<u>91,094</u>
Fund balances (deficits) at end of year	<u>\$ 4,824,345</u>	<u>91,175</u>	<u>131,122</u>	<u>258,455</u>	<u>1,395,557</u>	<u>98,394</u>

<u>Abandoned Vehicle</u>	<u>Unclaimed Property</u>	<u>Measure A</u>	<u>Article 3</u>	<u>NPDES</u>	<u>Air Quality</u>	<u>Department of Conservation Recycle Grant</u>	<u>Lighting and Landscape</u>	<u>Asset Forfeiture</u>	<u>Community Development Block Grant</u>
-	-	1,221,900	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,401,738	-	-
16,778	-	-	-	-	93,992	20,238	-	-	1,311,561
-	4,867	-	-	-	-	-	-	6,409	-
2,666	383	33,297	8	1,944	2,425	487	49,797	953	98
-	-	<u>2,653,927</u>	-	-	-	-	-	-	-
<u>19,444</u>	<u>5,250</u>	<u>3,909,124</u>	<u>8</u>	<u>1,944</u>	<u>96,417</u>	<u>20,725</u>	<u>1,451,535</u>	<u>7,362</u>	<u>1,311,659</u>
-	-	-	-	-	-	10,616	-	-	-
-	23,178	-	-	-	-	-	-	21,256	-
-	-	5,508,620	-	112,078	41,667	-	1,086,737	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	<u>23,178</u>	<u>5,508,620</u>	-	<u>112,078</u>	<u>41,667</u>	<u>10,616</u>	<u>1,086,737</u>	<u>21,256</u>	-
<u>19,444</u>	<u>(17,928)</u>	<u>(1,599,496)</u>	<u>8</u>	<u>(110,134)</u>	<u>54,750</u>	<u>10,109</u>	<u>364,798</u>	<u>(13,894)</u>	<u>1,311,659</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(29,705)	-	-	-	-	-	-	-	-	(1,311,659)
-	-	-	-	-	-	-	-	-	-
<u>(29,705)</u>	-	-	-	-	-	-	-	-	<u>(1,311,659)</u>
(10,261)	(17,928)	(1,599,496)	8	(110,134)	54,750	10,109	364,798	(13,894)	-
<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>36,699</u>	-
<u>56</u>	<u>8,338</u>	<u>505,281</u>	<u>326</u>	<u>6,929</u>	<u>152,554</u>	<u>17,928</u>	<u>2,249,694</u>	<u>22,805</u>	-

(Continued)

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

Nonmajor Special Revenue Funds

(Continued)

	HBRRP	Indian Gaming SB 621	Waste Recycling AB939	Community Facilities District	Low and Moderate Housing	Totals	
						2009	2008
Revenues:							
Taxes	\$ -	-	-	-	2,651,873	5,528,251	6,157,322
Special assessments	-	-	-	2,137,795	-	3,539,533	2,940,067
Intergovernmental	257,236	200,800	32,293	-	-	5,206,193	2,084,627
Fines	-	-	234,634	-	-	403,595	396,252
Investment income	-	2,681	3,934	14,031	129,956	370,522	564,112
Miscellaneous	-	-	-	-	1,883	2,655,810	721,059
Total revenues	<u>257,236</u>	<u>203,481</u>	<u>270,861</u>	<u>2,151,826</u>	<u>2,783,712</u>	<u>17,703,904</u>	<u>12,863,439</u>
Expenditures:							
Current:							
General government	-	257,531	209,076	-	-	477,223	865,800
Public safety - police	-	-	-	70,695	-	704,941	890,713
Public works	286,979	-	-	-	-	11,587,807	6,214,099
Community development	-	-	-	-	1,214,122	2,784,860	219,004
Debt service:							
Principal	-	106,841	-	-	-	595,249	102,752
Interest and other charges	-	13,271	-	-	-	357,286	17,361
Bond issuance costs	-	-	-	-	-	-	369,057
Total expenditures	<u>286,979</u>	<u>377,643</u>	<u>209,076</u>	<u>70,695</u>	<u>1,214,122</u>	<u>16,507,366</u>	<u>8,678,786</u>
Excess (deficiency of revenues over (under) expenditures	<u>(29,743)</u>	<u>(174,162)</u>	<u>61,785</u>	<u>2,081,131</u>	<u>1,569,590</u>	<u>1,196,538</u>	<u>4,184,653</u>
Other financing sources (uses)							
Original discount on bonds	-	-	-	-	-	-	(52,412)
Interfund transfers in	29,743	-	-	-	-	29,743	134,063
Interfund transfers out	-	-	-	(2,053,825)	(658,047)	(4,353,236)	(2,075,930)
Issuance of debt	-	-	-	-	-	-	7,527,290
Total other financing sources (uses)	<u>29,743</u>	<u>-</u>	<u>-</u>	<u>(2,053,825)</u>	<u>(658,047)</u>	<u>(4,323,493)</u>	<u>5,533,011</u>
Net change in fund balance	<u>-</u>	<u>(174,162)</u>	<u>61,785</u>	<u>27,306</u>	<u>911,543</u>	<u>(3,126,955)</u>	<u>9,717,664</u>
Fund balances (deficits) at beginning of year	<u>-</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>
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>80,950</u>	<u>248,954</u>	<u>143,412</u>	<u>10,134,001</u>	<u>20,370,276</u>	<u>23,497,231</u>

CITY OF INDIO
Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 1,407,500	1,311,784	(95,716)	1,384,437
Intergovernmental	1,185,000	1,442,362	257,362	506,305
Investment income	<u>10,000</u>	<u>77,387</u>	<u>67,387</u>	<u>79,850</u>
Total revenues	<u>2,602,500</u>	<u>2,831,533</u>	<u>229,033</u>	<u>1,970,592</u>
Expenditures:				
Current:				
Public works	7,674,333	4,551,726	3,122,607	3,392,733
Debt service:				
Principal	340,000	340,000	-	-
Interest and other charges	335,728	336,319	(591)	-
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,057</u>
Total expenditures	<u>8,350,061</u>	<u>5,228,045</u>	<u>3,122,016</u>	<u>3,761,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,747,561)</u>	<u>(2,396,512)</u>	<u>3,351,049</u>	<u>(1,791,198)</u>
Other financing sources (uses):				
Original discount on bonds	-	-	-	(52,412)
Interfund transfers in	-	-	-	134,063
Issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,527,290</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,608,941</u>
Net change in fund balance	(5,747,561)	(2,396,512)	3,351,049	5,817,743
Fund balance at beginning of year	<u>7,220,857</u>	<u>7,220,857</u>	<u>-</u>	<u>1,403,114</u>
Fund balance at end of year	<u>\$ 1,473,296</u>	<u>4,824,345</u>	<u>3,351,049</u>	<u>7,220,857</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Fines	\$ 225,000	157,685	(67,315)	164,160
Investment income	<u>5,000</u>	<u>3,506</u>	<u>(1,494)</u>	<u>10,618</u>
Total revenues	<u>230,000</u>	<u>161,191</u>	<u>(68,809)</u>	<u>174,778</u>
Expenditures:				
Current:				
Public safety - police	73,948	84,399	(10,451)	255,043
Debt service:				
Principal	156,052	148,408	7,644	-
Interest and other charges	<u>-</u>	<u>7,696</u>	<u>(7,696)</u>	<u>-</u>
Total expenditures	<u>230,000</u>	<u>240,503</u>	<u>(10,503)</u>	<u>255,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(79,312)</u>	<u>(79,312)</u>	<u>(80,265)</u>
Fund balance at beginning of year	<u>170,487</u>	<u>170,487</u>	<u>-</u>	<u>250,752</u>
Fund balance at end of year	<u>\$ 170,487</u>	<u>91,175</u>	<u>(79,312)</u>	<u>170,487</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 Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ -	342,694	342,694	388,967
Investment income	<u>-</u>	<u>7,835</u>	<u>7,835</u>	<u>23,615</u>
Total revenues	<u>-</u>	<u>350,529</u>	<u>350,529</u>	<u>412,582</u>
Expenditures:				
Current:				
Public safety - police	<u>-</u>	<u>457,454</u>	<u>(457,454)</u>	<u>390,162</u>
Total expenditures	<u>-</u>	<u>457,454</u>	<u>(457,454)</u>	<u>390,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(106,925)</u>	<u>(106,925)</u>	<u>22,420</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net change in fund balances	-	(406,925)	(406,925)	22,420
Fund balance at beginning of year	<u>538,047</u>	<u>538,047</u>	<u>-</u>	<u>515,627</u>
Fund balance at end of year	<u>\$ 538,047</u>	<u>131,122</u>	<u>(406,925)</u>	<u>538,047</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 100,000	131,851	31,851	148,345
Investment income	<u>2,500</u>	<u>7,779</u>	<u>5,279</u>	<u>5,236</u>
Total revenues	<u>102,500</u>	<u>139,630</u>	<u>37,130</u>	<u>153,581</u>
Expenditures:				
Current:				
Public safety - police	<u>102,500</u>	<u>41,057</u>	<u>61,443</u>	<u>73,111</u>
Total expenditures	<u>102,500</u>	<u>41,057</u>	<u>61,443</u>	<u>73,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>98,573</u>	<u>98,573</u>	<u>80,470</u>
Fund balance at beginning of year	<u>159,882</u>	<u>159,882</u>	<u>-</u>	<u>79,412</u>
Fund balance at end of year	<u>\$ 159,882</u>	<u>258,455</u>	<u>98,573</u>	<u>159,882</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 450,000	1,686,899	1,236,899	1,240,841
Investment income	<u>26,371</u>	<u>29,336</u>	<u>2,965</u>	<u>9,219</u>
Total revenues	<u>476,371</u>	<u>1,716,235</u>	<u>1,239,864</u>	<u>1,250,060</u>
Expenditures:				
Current:				
Public works	<u>1,758,053</u>	<u>1,570,738</u>	<u>187,315</u>	<u>1,250,060</u>
Total expenditures	<u>1,758,053</u>	<u>1,570,738</u>	<u>187,315</u>	<u>1,250,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,281,682)</u>	<u>145,497</u>	<u>1,427,179</u>	<u>-</u>
Fund balance at beginning of year	<u>1,250,060</u>	<u>1,250,060</u>	<u>-</u>	<u>1,250,060</u>
Fund balance at end of year	<u>\$ (31,622)</u>	<u>1,395,557</u>	<u>1,427,179</u>	<u>1,250,060</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	12,183	12,183	38,844
Investment income	<u>-</u>	<u>2,019</u>	<u>2,019</u>	<u>5,125</u>
Total revenues	<u>-</u>	<u>14,202</u>	<u>14,202</u>	<u>43,969</u>
Expenditures:				
Current:				
Public safety - police	<u>-</u>	<u>6,902</u>	<u>(6,902)</u>	<u>37,773</u>
Total expenditures	<u>-</u>	<u>6,902</u>	<u>(6,902)</u>	<u>37,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>7,300</u>	<u>7,300</u>	<u>6,196</u>
Fund balance at beginning of year	<u>91,094</u>	<u>91,094</u>	<u>-</u>	<u>84,898</u>
Fund balance at end of year	<u>\$ 91,094</u>	<u>98,394</u>	<u>7,300</u>	<u>91,094</u>

CITY OF INDIO
Abandoned Vehicle Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 10,000	16,778	6,778	15,194
Investment income	<u>-</u>	<u>2,666</u>	<u>2,666</u>	<u>44</u>
 Total revenues	 <u>10,000</u>	 <u>19,444</u>	 <u>9,444</u>	 <u>15,238</u>
Expenditures:				
Current:				
General government	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
 Total expenditures	 <u>10,000</u>	 <u>-</u>	 <u>10,000</u>	 <u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>-</u>	 <u>19,444</u>	 <u>19,444</u>	 <u>15,238</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(29,705)</u>	<u>(29,705)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>(29,705)</u>	 <u>(29,705)</u>	 <u>-</u>
 Net change in fund balance	 -	 (10,261)	 (10,261)	 15,238
 Fund balance at beginning of year	 <u>10,317</u>	 <u>10,317</u>	 <u>-</u>	 <u>(4,921)</u>
 Fund balance (deficit) at end of year	 <u>\$ 10,317</u>	 <u>56</u>	 <u>(10,261)</u>	 <u>10,317</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Fines	\$ 10,000	4,867	(5,133)	12,600
Investment income	<u>-</u>	<u>383</u>	<u>383</u>	<u>1,840</u>
Total revenues	<u>10,000</u>	<u>5,250</u>	<u>(4,750)</u>	<u>14,440</u>
Expenditures:				
Current:				
Public safety - police	<u>10,000</u>	<u>23,178</u>	<u>(13,178)</u>	<u>25,437</u>
Total expenditures	<u>10,000</u>	<u>23,178</u>	<u>(13,178)</u>	<u>25,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(17,928)</u>	<u>(17,928)</u>	<u>(10,997)</u>
Fund balance at beginning of year	<u>26,266</u>	<u>26,266</u>	<u>-</u>	<u>37,263</u>
Fund balance at end of year	<u>\$ 26,266</u>	<u>8,338</u>	<u>(17,928)</u>	<u>26,266</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 1,800,000	1,221,900	(578,100)	1,570,912
Investment income	205,246	33,297	(171,949)	60,962
Miscellaneous	<u>10,229,749</u>	<u>2,653,927</u>	<u>(7,575,822)</u>	<u>720,059</u>
 Total revenues	 <u>12,234,995</u>	 <u>3,909,124</u>	 <u>(8,325,871)</u>	 <u>2,351,933</u>
Expenditures:				
Current:				
Public works	<u>14,743,487</u>	<u>5,508,620</u>	<u>9,234,867</u>	<u>1,717,799</u>
 Total expenditures	 <u>14,743,487</u>	 <u>5,508,620</u>	 <u>9,234,867</u>	 <u>1,717,799</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(2,508,492)</u>	 <u>(1,599,496)</u>	 <u>908,996</u>	 <u>634,134</u>
 Fund balance at beginning of year	 <u>2,104,777</u>	 <u>2,104,777</u>	 <u>-</u>	 <u>1,470,643</u>
 Fund balance (defecit) at end of year	 <u>\$ (403,715)</u>	 <u>505,281</u>	 <u>908,996</u>	 <u>2,104,777</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	8	8	14
Total revenues	<u>-</u>	<u>8</u>	<u>8</u>	<u>14</u>
Net change in fund balance	-	8	8	14
Fund balance at beginning of year	<u>318</u>	<u>318</u>	<u>-</u>	<u>304</u>
Fund balance at end of year	<u>\$ 318</u>	<u>326</u>	<u>8</u>	<u>318</u>

CITY OF INDIO
 NPDES Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	1,944	1,944	11,145
Total revenues	<u>-</u>	<u>1,944</u>	<u>1,944</u>	<u>11,145</u>
Expenditures:				
Current:				
Public works	<u>91,809</u>	<u>112,078</u>	<u>(20,269)</u>	<u>176,868</u>
Total expenditures	<u>91,809</u>	<u>112,078</u>	<u>(20,269)</u>	<u>176,868</u>
Excess (deficiency) of revenues over (under) expenditures	(91,809)	(110,134)	(18,325)	(165,723)
Fund balance at beginning of year	<u>117,063</u>	<u>117,063</u>	<u>-</u>	<u>282,786</u>
Fund balance at end of year	<u>\$ 25,254</u>	<u>6,929</u>	<u>(18,325)</u>	<u>117,063</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 89,000	93,992	4,992	92,140
Investment income	<u>1,000</u>	<u>2,425</u>	<u>1,425</u>	<u>2,589</u>
Total revenues	<u>90,000</u>	<u>96,417</u>	<u>6,417</u>	<u>94,729</u>
Expenditures:				
Current:				
Public works	<u>97,900</u>	<u>41,667</u>	<u>56,233</u>	<u>54,523</u>
Total expenditures	<u>97,900</u>	<u>41,667</u>	<u>56,233</u>	<u>54,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,900)</u>	<u>54,750</u>	<u>62,650</u>	<u>40,206</u>
Fund balance at beginning of year	<u>97,804</u>	<u>97,804</u>	<u>-</u>	<u>57,598</u>
Fund balance at end of year	<u>\$ 89,904</u>	<u>152,554</u>	<u>62,650</u>	<u>97,804</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 20,030	20,238	208	19,043
Investment income	<u>-</u>	<u>487</u>	<u>487</u>	<u>195</u>
 Total revenues	 <u>20,030</u>	 <u>20,725</u>	 <u>695</u>	 <u>19,238</u>
Expenditures:				
Current:				
General government	<u>5,000</u>	<u>10,616</u>	<u>(5,616)</u>	<u>11,419</u>
 Total expenditures	 <u>5,000</u>	 <u>10,616</u>	 <u>(5,616)</u>	 <u>11,419</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>15,030</u>	 <u>10,109</u>	 <u>(4,921)</u>	 <u>7,819</u>
 Fund balance at beginning of year	 <u>7,819</u>	 <u>7,819</u>	 <u>-</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ 22,849</u>	 <u>17,928</u>	 <u>(4,921)</u>	 <u>7,819</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Special assessments	\$ 1,526,410	1,401,738	(124,672)	1,145,518
Investment income	<u>27,604</u>	<u>49,797</u>	<u>22,193</u>	<u>74,013</u>
 Total revenues	 <u>1,554,014</u>	 <u>1,451,535</u>	 <u>(102,479)</u>	 <u>1,219,531</u>
Expenditures:				
Current:				
Public works	<u>1,438,418</u>	<u>1,086,737</u>	<u>351,681</u>	<u>872,176</u>
 Total expenditures	 <u>1,438,418</u>	 <u>1,086,737</u>	 <u>351,681</u>	 <u>872,176</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>115,596</u>	 <u>364,798</u>	 <u>249,202</u>	 <u>347,355</u>
 Fund balance at beginning of year	 <u>1,884,896</u>	 <u>1,884,896</u>	 <u>-</u>	 <u>1,537,541</u>
 Fund balance at end of year	 <u>\$ 2,000,492</u>	 <u>2,249,694</u>	 <u>249,202</u>	 <u>1,884,896</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Fines	\$ 10,000	6,409	(3,591)	-
Investment income	<u>200</u>	<u>953</u>	<u>753</u>	<u>2,981</u>
 Total revenues	 <u>10,200</u>	 <u>7,362</u>	 <u>(2,838)</u>	 <u>2,981</u>
Expenditures:				
Current:				
Public safety - police	<u>10,200</u>	<u>21,256</u>	<u>(11,056)</u>	<u>40,388</u>
 Total expenditures	 <u>10,200</u>	 <u>21,256</u>	 <u>(11,056)</u>	 <u>40,388</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>-</u>	 <u>(13,894)</u>	 <u>(13,894)</u>	 <u>(37,407)</u>
 Fund balance at beginning of year	 <u>36,699</u>	 <u>36,699</u>	 <u>-</u>	 <u>74,106</u>
 Fund balance at end of year	 <u>\$ 36,699</u>	 <u>22,805</u>	 <u>(13,894)</u>	 <u>36,699</u>

CITY OF INDIO
Community Development Block Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 430,000	1,311,561	881,561	-
Investment income	<u>3,000</u>	<u>98</u>	<u>(2,902)</u>	<u>-</u>
 Total revenues	 <u>433,000</u>	 <u>1,311,659</u>	 <u>878,659</u>	 <u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>433,000</u>	 <u>1,311,659</u>	 <u>878,659</u>	 <u>-</u>
Other financing sources (uses):				
Interfund transfers out	<u>-</u>	<u>(1,311,659)</u>	<u>(1,311,659)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>(1,311,659)</u>	 <u>(1,311,659)</u>	 <u>-</u>
 Net change in fund balance	 433,000	 -	 (433,000)	 -
 Fund balance at beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ 433,000</u>	 <u>-</u>	 <u>(433,000)</u>	 <u>-</u>

CITY OF INDIO
 HBRRP Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 611,919	257,236	(354,683)	-
Investment income	<u>9,176</u>	<u>-</u>	<u>(9,176)</u>	<u>-</u>
Total revenues	<u>621,095</u>	<u>257,236</u>	<u>(363,859)</u>	<u>-</u>
Expenditures:				
Current:				
Public works	<u>621,095</u>	<u>286,979</u>	<u>334,116</u>	<u>-</u>
Total expenditures	<u>621,095</u>	<u>286,979</u>	<u>334,116</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(29,743)</u>	<u>(29,743)</u>	<u>-</u>
Other financing sources (uses):				
Interfund transfers in	<u>-</u>	<u>29,743</u>	<u>29,743</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>29,743</u>	<u>29,743</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ -	200,800	200,800	-
Investment income	-	<u>2,681</u>	<u>2,681</u>	<u>34,427</u>
 Total revenues	 -	 <u>203,481</u>	 <u>203,481</u>	 <u>34,427</u>
Expenditures:				
Current:				
General government	-	257,531	(257,531)	769,688
Debt service:				
Principal	-	106,841	(106,841)	102,752
Interest and other charges	-	<u>13,271</u>	<u>(13,271)</u>	<u>17,361</u>
 Total expenditures	 -	 <u>377,643</u>	 <u>(377,643)</u>	 <u>889,801</u>
 Excess (deficiency) of revenues over (under) expenditures	 -	 <u>(174,162)</u>	 <u>(174,162)</u>	 <u>(855,374)</u>
Other financing sources (uses):				
Interfund transfers out	-	-	-	-
 Total other financing sources (uses)	 -	 -	 -	 -
 Net change in fund balance	 -	 (174,162)	 (174,162)	 (855,374)
 Fund balance at beginning of year	 <u>255,112</u>	 <u>255,112</u>	 <u>-</u>	 <u>1,110,486</u>
 Fund balance at end of year	 <u>\$ 255,112</u>	 <u>80,950</u>	 <u>(174,162)</u>	 <u>255,112</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 20,000	32,293	12,293	20,190
Fines	180,000	234,634	54,634	219,492
Investment income	<u>1,800</u>	<u>3,934</u>	<u>2,134</u>	<u>4,144</u>
 Total revenues	 <u>181,800</u>	 <u>270,861</u>	 <u>69,061</u>	 <u>243,826</u>
Expenditures:				
Current:				
General government	<u>124,112</u>	<u>209,076</u>	<u>(84,964)</u>	<u>84,693</u>
 Total expenditures	 <u>124,112</u>	 <u>209,076</u>	 <u>(84,964)</u>	 <u>84,693</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>57,688</u>	 <u>61,785</u>	 <u>(15,903)</u>	 <u>159,133</u>
 Fund balance at beginning of year	 <u>187,169</u>	 <u>187,169</u>	 <u>-</u>	 <u>28,036</u>
 Fund balance at end of year	 <u>\$ 244,857</u>	 <u>248,954</u>	 <u>(15,903)</u>	 <u>187,169</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Special assessments	\$ 1,834,078	2,137,795	303,717	1,794,549
Investment income	<u>65,922</u>	<u>14,031</u>	<u>(51,891)</u>	<u>22,081</u>
 Total revenues	 <u>1,900,000</u>	 <u>2,151,826</u>	 <u>251,826</u>	 <u>1,816,630</u>
Expenditures:				
Current:				
Public safety - police	<u>49,579</u>	<u>70,695</u>	<u>(21,116)</u>	<u>68,799</u>
 Total expenditures	 <u>49,579</u>	 <u>70,695</u>	 <u>(21,116)</u>	 <u>68,799</u>
 Excess (deficiency) of revenues over (under) expenditures	 1,850,421	 2,081,131	 230,710	 1,747,831
Other financing sources (uses):				
Interfund transfers out	<u>(1,834,078)</u>	<u>(2,053,825)</u>	<u>(219,747)</u>	<u>(1,715,343)</u>
 Total other financing sources (uses)	 <u>(1,834,078)</u>	 <u>(2,053,825)</u>	 <u>(219,747)</u>	 <u>(1,715,343)</u>
 Net change in fund balance	 16,343	 27,306	 10,963	 32,488
 Fund balance at beginning of year	 <u>116,106</u>	 <u>116,106</u>	 <u>-</u>	 <u>83,618</u>
 Fund balance at end of year	 <u>\$ 132,449</u>	 <u>143,412</u>	 <u>10,963</u>	 <u>116,106</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 2,500,000	2,651,873	151,873	2,813,006
Investment income	50,000	129,956	79,956	214,838
Miscellaneous	<u>23,000</u>	<u>1,883</u>	<u>(21,117)</u>	<u>1,000</u>
 Total revenues	 <u>2,573,000</u>	 <u>2,783,712</u>	 <u>210,712</u>	 <u>3,028,844</u>
Expenditures:				
Current:				
Community development	<u>2,092,935</u>	<u>1,214,122</u>	<u>878,813</u>	<u>219,004</u>
 Total expenditures	 <u>2,092,935</u>	 <u>1,214,122</u>	 <u>878,813</u>	 <u>219,004</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>480,065</u>	 <u>1,569,590</u>	 <u>1,089,525</u>	 <u>2,809,840</u>
Other financing sources (uses):				
Interfund transfers out	<u>(324,231)</u>	<u>(658,047)</u>	<u>(333,816)</u>	<u>(326,276)</u>
 Total other financing sources (uses)	 <u>(324,231)</u>	 <u>(658,047)</u>	 <u>(333,816)</u>	 <u>(326,276)</u>
 Net change in fund balance	 155,834	 911,543	 755,709	 2,483,564
 Fund balance at beginning of year	 <u>9,222,458</u>	 <u>9,222,458</u>	 <u>-</u>	 <u>6,738,894</u>
 Fund balance at end of year	 <u>\$ 9,378,292</u>	 <u>10,134,001</u>	 <u>755,709</u>	 <u>9,222,458</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 Agency 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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Investment income	\$ -	183,447	183,447	42,276
Total revenues	<u>-</u>	<u>183,447</u>	<u>183,447</u>	<u>42,276</u>
Expenditures:				
Debt service:				
Interest and other charges	-	1,588,335	(1,588,335)	1,593,524
Total expenditures	<u>-</u>	<u>1,588,335</u>	<u>(1,588,335)</u>	<u>1,593,524</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,404,888)</u>	<u>(1,404,888)</u>	<u>(1,551,248)</u>
Other financing sources (uses):				
Interfund transfers in	-	303,464	303,464	299,755
Interfund transfers out	-	(5,816,288)	(5,816,288)	(13,871)
Issuance of debt	<u>-</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,487,176</u>	<u>1,487,176</u>	<u>285,884</u>
Net change in fund balance	-	82,288	82,288	(1,265,364)
Fund balance at beginning of year	<u>1,326,777</u>	<u>1,326,777</u>	<u>-</u>	<u>2,592,141</u>
Fund balance at end of year	<u>\$ 1,326,777</u>	<u>1,409,065</u>	<u>82,288</u>	<u>1,326,777</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	86,762	86,762	312,412
Total revenues	<u>-</u>	<u>86,762</u>	<u>86,762</u>	<u>312,412</u>
Expenditures:				
Debt service:				
Principal	595,000	295,000	300,000	775,000
Interest and other charges	5,356,430	3,534,583	1,821,847	2,681,947
Pass-through payments	<u>-</u>	<u>4,254,714</u>	<u>(4,254,714)</u>	<u>-</u>
Total expenditures	<u>5,951,430</u>	<u>8,084,297</u>	<u>(2,132,867)</u>	<u>3,456,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,951,430)</u>	<u>(7,997,535)</u>	<u>(2,046,105)</u>	<u>(3,144,535)</u>
Other financing sources (uses):				
Interfund transfer in	5,951,430	12,300,818	6,349,388	6,166,404
Interfund transfers out	<u>-</u>	<u>(19,112)</u>	<u>(19,112)</u>	<u>(8,476,909)</u>
Total other financing sources (uses)	<u>5,951,430</u>	<u>12,281,706</u>	<u>6,330,276</u>	<u>(2,310,505)</u>
Net change in fund balance	-	4,284,171	4,284,171	(5,455,040)
Fund balance at beginning of year	<u>5,008,599</u>	<u>5,008,599</u>	<u>-</u>	<u>10,463,639</u>
Fund balance at end of year	<u>\$ 5,008,599</u>	<u>9,292,770</u>	<u>4,284,171</u>	<u>5,008,599</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Intergovernmental	\$ 25,846,053	13,408,749	(12,437,304)	12,524,717
Investment income	585,775	1,214,274	628,499	2,099,975
Developer fees	<u>-</u>	<u>5,309,082</u>	<u>5,309,082</u>	<u>8,565,788</u>
Total revenues	<u>26,431,828</u>	<u>19,932,105</u>	<u>(6,499,723)</u>	<u>23,190,480</u>
Expenditures:				
Current:				
Public works	<u>52,613,602</u>	<u>38,055,439</u>	<u>14,558,163</u>	<u>42,233,545</u>
Total expenditures	<u>52,613,602</u>	<u>38,055,439</u>	<u>14,558,163</u>	<u>42,233,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,181,774)</u>	<u>(18,123,334)</u>	<u>8,058,440</u>	<u>(19,043,065)</u>
Other financing sources (uses):				
Interfund transfers in	-	7,127,947	7,127,947	44,457
Interfund transfers out	<u>-</u>	<u>(314,532)</u>	<u>(314,532)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>6,813,415</u>	<u>6,813,415</u>	<u>44,457</u>
Net change in fund balance	(26,181,774)	(11,309,919)	14,871,855	(18,998,608)
Fund balance at beginning of year, as restated	<u>23,801,983</u>	<u>23,801,983</u>	<u>-</u>	<u>44,725,494</u>
Fund balance (deficit) at end of year	<u>\$ (2,379,791)</u>	<u>12,492,064</u>	<u>14,871,855</u>	<u>25,726,886</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 21,500	199,322	177,822	748,827
Miscellaneous	-	6,125	6,125	17,343
Contributions from property owners	<u>-</u>	<u>1,991,448</u>	<u>1,991,448</u>	<u>2,175,130</u>
Total revenues	<u>21,500</u>	<u>2,196,895</u>	<u>2,175,395</u>	<u>2,941,300</u>
Expenditures:				
Current:				
Public works	<u>172,200</u>	<u>11,079,629</u>	<u>(10,907,429)</u>	<u>8,842,577</u>
Total expenditures	<u>172,200</u>	<u>11,079,629</u>	<u>(10,907,429)</u>	<u>8,842,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,700)</u>	<u>(8,882,734)</u>	<u>(8,732,034)</u>	<u>(5,901,277)</u>
Fund balance at beginning of year	<u>16,066,551</u>	<u>16,066,551</u>	<u>-</u>	<u>21,967,828</u>
Fund balance at end of year	<u>\$ 15,915,851</u>	<u>7,183,817</u>	<u>(8,732,034)</u>	<u>16,066,551</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, 2009

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year <u>Actual</u>
Revenues:				
Taxes	\$ 10,300,000	10,607,493	307,493	11,252,025
Charges for services	445,000	596,580	151,580	612,726
Investment income	550,000	707,108	157,108	460,188
Miscellaneous	<u>-</u>	<u>141,785</u>	<u>141,785</u>	<u>299,476</u>
Total revenues	<u>11,295,000</u>	<u>12,052,966</u>	<u>757,966</u>	<u>12,624,415</u>
Expenditures:				
Current:				
Community development	44,003,165	7,926,525	36,076,640	2,183,465
Debt service:				
Interest and other charges	452,754	66,444	386,310	-
Bond issuance costs	-	-	-	943,083
Payment to bond escrow agent	-	-	-	1,817,256
Pass-through payments	<u>-</u>	<u>827,160</u>	<u>(827,160)</u>	<u>5,792,700</u>
Total expenditures	<u>44,455,919</u>	<u>8,820,129</u>	<u>35,635,790</u>	<u>10,736,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,160,919)</u>	<u>3,232,837</u>	<u>36,393,756</u>	<u>1,887,911</u>
Other financing sources (uses):				
Payment to bond escrow agent	-	-	-	(25,999,421)
Original discount on bonds	-	-	-	(416,637)
Interfund transfers in	-	19,112	19,112	8,476,909
Interfund transfers out	(5,627,199)	(11,642,771)	(6,015,572)	(5,840,128)
Issuance of debt	<u>34,000,000</u>	<u>-</u>	<u>(34,000,000)</u>	<u>67,240,000</u>
Total other financing sources (uses)	<u>28,372,801</u>	<u>(11,623,659)</u>	<u>(39,996,460)</u>	<u>43,460,723</u>
Net change in fund balance	(4,788,118)	(8,390,822)	(3,602,704)	45,348,634
Fund balance at beginning of year	<u>80,152,049</u>	<u>80,152,049</u>	<u>-</u>	<u>34,803,415</u>
Fund balance at end of year	<u>\$ 75,363,931</u>	<u>71,761,227</u>	<u>(3,602,704)</u>	<u>80,152,049</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, 2009

	<u>Golf</u>	<u>Solid Waste</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
Assets:				
Current assets:				
Cash and investments	\$ 576,865	523,082	1,099,947	1,292,259
Accounts receivable	200	-	200	1,455
Interest receivable	1,278	1,872	3,150	8,051
Inventory	<u>18,952</u>	<u>-</u>	<u>18,952</u>	<u>-</u>
Total current assets	<u>597,295</u>	<u>524,954</u>	<u>1,122,249</u>	<u>1,301,765</u>
Noncurrent assets:				
Capital assets:				
Land	465,959	-	465,959	465,960
Structures and improvements	38,865	-	38,865	38,865
Machinery and equipment	70,465	-	70,465	70,464
Vehicles	98,121	-	98,121	98,121
Accumulated depreciation	<u>(187,204)</u>	<u>-</u>	<u>(187,204)</u>	<u>(170,607)</u>
Total capital assets (net of accumulated depreciation)	<u>486,206</u>	<u>-</u>	<u>486,206</u>	<u>502,803</u>
Total assets	<u>1,083,501</u>	<u>524,954</u>	<u>1,608,455</u>	<u>1,804,568</u>
Liabilities:				
Current liabilities:				
Accounts payable	22,759	93,641	116,400	63,061
Deposits payable	<u>-</u>	<u>182,923</u>	<u>182,923</u>	<u>286,958</u>
Total liabilities	<u>22,759</u>	<u>276,564</u>	<u>299,323</u>	<u>350,019</u>
Net assets:				
Invested in capital assets	486,206	-	486,206	502,803
Unrestricted	<u>574,536</u>	<u>248,390</u>	<u>822,926</u>	<u>951,746</u>
Total net assets	<u>\$ 1,060,742</u>	<u>248,390</u>	<u>1,309,132</u>	<u>1,454,549</u>

CITY OF INDIO
Non-major Enterprise Funds

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

Year Ended June 30, 2009

	<u>Golf</u>	<u>Solid Waste</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
Operating revenues:				
Charges for services	\$ 951,561	153,000	1,104,561	1,034,788
Total operating revenues	<u>951,561</u>	<u>153,000</u>	<u>1,104,561</u>	<u>1,034,788</u>
Operating expenses:				
Personnel services	97,202	39,015	136,217	-
Contractual services	465,537	113,729	579,266	468,791
Depreciation	16,597	-	16,597	19,335
Repairs and maintenance	116,418	32,239	148,657	59,323
Material and supplies	<u>381,532</u>	<u>1,270</u>	<u>382,802</u>	<u>342,491</u>
Total operating expenses	<u>1,077,286</u>	<u>186,253</u>	<u>1,263,539</u>	<u>889,940</u>
Operating income (loss)	<u>(125,725)</u>	<u>(33,253)</u>	<u>(158,978)</u>	<u>144,848</u>
Nonoperating revenues:				
Investment income	14,619	17,617	32,236	40,857
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,306</u>
Total nonoperating revenues	<u>14,619</u>	<u>17,617</u>	<u>32,236</u>	<u>42,163</u>
Income before transfers and capital contributions	(111,106)	(15,636)	(126,742)	187,011
Transfers out	<u>(18,675)</u>	<u>-</u>	<u>(18,675)</u>	<u>-</u>
Change in net assets	(129,781)	(15,636)	(145,417)	187,011
Net assets at beginning of year	<u>1,190,523</u>	<u>264,026</u>	<u>1,454,549</u>	<u>1,267,538</u>
Net assets at end of year	<u>\$ 1,060,742</u>	<u>248,390</u>	<u>1,309,132</u>	<u>1,454,549</u>

CITY OF INDIO
Non-major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2009

	<u>Golf</u>	<u>Solid Waste</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
Cash flows from operating activities:				
Cash received from customers	\$ 933,864	108,099	1,041,963	1,354,798
Cash payments to suppliers of goods and services	(969,282)	(147,238)	(1,116,520)	(899,940)
Cash payments to employee for services	(97,202)	(39,015)	(136,217)	-
Miscellaneous receipts	-	-	-	1,306
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,306</u>
Net cash provided by (used for) operating activities	<u>(132,620)</u>	<u>(78,154)</u>	<u>(210,774)</u>	<u>456,164</u>
Cash flows from non-capital financing activities:				
Cash paid to other funds	<u>(18,675)</u>	<u>-</u>	<u>(18,675)</u>	<u>-</u>
Net cash provided by (used for) non-capital and related activities	<u>(18,675)</u>	<u>-</u>	<u>(18,675)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received on investments	<u>17,266</u>	<u>19,871</u>	<u>37,137</u>	<u>37,983</u>
Net cash provided by (used for) investing activities	<u>17,266</u>	<u>19,871</u>	<u>37,137</u>	<u>37,983</u>
Net increase (decrease) in cash and cash equivalents	(134,029)	(58,283)	(192,312)	494,147
Cash and cash equivalents at beginning of year	<u>710,894</u>	<u>581,365</u>	<u>1,292,259</u>	<u>798,112</u>
Cash and cash equivalents at end of year	<u>\$ 576,865</u>	<u>523,082</u>	<u>1,099,947</u>	<u>1,292,259</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (125,725)	(33,253)	(158,978)	144,848
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	16,597	-	16,597	19,335
Miscellaneous nonoperating income	-	-	-	1,306
(Increase) decrease in accounts receivable	1,255	-	1,255	(1,455)
(Increase) decrease in inventory	(18,952)	-	(18,952)	-
Increase (decrease) in accounts payable	(5,795)	59,134	53,339	5,172
Increase (decrease) in deposits payable	<u>-</u>	<u>(104,035)</u>	<u>(104,035)</u>	<u>286,958</u>
Net cash provided by (used for) operating activities	<u>\$ (132,620)</u>	<u>(78,154)</u>	<u>(210,774)</u>	<u>456,164</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, 2009

	<u>Risk Management</u>	<u>Information Technology</u>	<u>Vehicle Replacement</u>
Assets:			
Current assets:			
Cash and investments	\$ 3,275,873	184,878	1,548,560
Deposit with other agencies	47,340	-	-
Accounts receivable	-	-	11
Interest receivable	6,486	302	3,317
Prepaid items	-	-	-
	<u>3,329,699</u>	<u>185,180</u>	<u>1,551,888</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	4,161,331	-
Vehicles	-	-	10,382,526
Accumulated depreciation	-	<u>(3,293,083)</u>	<u>(6,245,910)</u>
	<u>-</u>	<u>868,248</u>	<u>4,136,616</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>868,248</u>	<u>4,136,616</u>
Total assets	<u>3,329,699</u>	<u>1,053,428</u>	<u>5,688,504</u>
Liabilities:			
Current liabilities:			
Accounts payable	5,826	35,104	127,379
Accrued payroll	1,615	27,424	-
Due to other funds	-	-	-
Claims payable	367,547	-	-
Noncurrent liabilities:			
Claims payable	<u>2,277,364</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,652,352</u>	<u>62,528</u>	<u>127,379</u>
Net assets (deficit):			
Invested in capital assets	-	868,248	4,136,616
Unrestricted	<u>677,347</u>	<u>122,652</u>	<u>1,424,509</u>
Total net assets (deficit)	<u>\$ 677,347</u>	<u>990,900</u>	<u>5,561,125</u>

Building and Grounds	Fleet Maintenance	Centralized Services	Totals	
			2009	2008
-	179,283	205,621	5,394,215	4,660,700
-	-	-	47,340	46,490
400	-	2,361	2,772	67,683
-	382	347	10,834	26,090
-	-	-	-	835,994
<u>400</u>	<u>179,665</u>	<u>208,329</u>	<u>5,455,161</u>	<u>5,636,957</u>
-	-	-	4,161,331	4,030,057
-	-	-	10,382,526	9,752,871
-	-	-	(9,538,993)	(8,589,267)
-	-	-	5,004,864	5,193,661
<u>400</u>	<u>179,665</u>	<u>208,329</u>	<u>10,460,025</u>	<u>10,830,618</u>
46,196	176,540	21,732	412,777	453,268
12,242	12,056	-	53,337	37,098
209,510	-	-	209,510	-
-	-	-	367,547	367,547
-	-	-	2,277,364	833,683
<u>267,948</u>	<u>188,596</u>	<u>21,732</u>	<u>3,320,535</u>	<u>1,691,596</u>
-	-	-	5,004,864	5,193,661
(267,548)	(8,931)	186,597	2,134,626	3,945,361
<u>(267,548)</u>	<u>(8,931)</u>	<u>186,597</u>	<u>7,139,490</u>	<u>9,139,022</u>

CITY OF INDIO
Internal Service Funds

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

Year Ended June 30, 2009

	<u>Risk Management</u>	<u>Information Technology</u>	<u>Vehicle Replacement</u>
Operating revenues:			
Charges for services	\$ 2,749,603	1,446,689	-
Total operating revenues	<u>2,749,603</u>	<u>1,446,689</u>	<u>-</u>
Operating expenses:			
Personnel services	1,113,497	1,242,028	-
Contractual services	446,754	114,102	-
Depreciation	-	244,129	1,025,350
Repairs and maintenance	-	176,287	211,495
Material and supplies	3,296	-	-
Claims and judgments	<u>1,925,357</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>3,488,904</u>	<u>1,776,546</u>	<u>1,236,845</u>
Operating income (loss)	<u>(739,301)</u>	<u>(329,857)</u>	<u>(1,236,845)</u>
Nonoperating revenues:			
Investment income	55,093	2,436	48,391
Other income	<u>164,235</u>	<u>-</u>	<u>46,780</u>
Total nonoperating revenues	<u>219,328</u>	<u>2,436</u>	<u>95,171</u>
Income before transfers and capital contributions	(519,973)	(327,421)	(1,141,674)
Capital contributions	<u>-</u>	<u>198,500</u>	<u>74,438</u>
Change in net assets	(519,973)	(128,921)	(1,067,236)
Net assets at beginning of year	<u>1,197,320</u>	<u>1,119,821</u>	<u>6,628,361</u>
Net assets (deficit) at end of year	<u>\$ 677,347</u>	<u>990,900</u>	<u>5,561,125</u>

Building and Grounds	Fleet Maintenance	Centralized Services	Totals	
			2009	2008
<u>1,175,981</u>	<u>1,690,372</u>	<u>573,661</u>	<u>7,636,306</u>	<u>9,082,186</u>
<u>1,175,981</u>	<u>1,690,372</u>	<u>573,661</u>	<u>7,636,306</u>	<u>9,082,186</u>
322,276	534,625	-	3,212,426	2,189,676
226,143	91,507	320,874	1,199,380	1,132,321
-	-	-	1,269,479	1,455,670
106,886	579,458	-	1,074,126	985,778
787,228	562,328	203,192	1,556,044	1,977,528
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,925,357</u>	<u>1,164,823</u>
<u>1,442,533</u>	<u>1,767,918</u>	<u>524,066</u>	<u>10,236,812</u>	<u>8,905,796</u>
<u>(266,552)</u>	<u>(77,546)</u>	<u>49,595</u>	<u>(2,600,506)</u>	<u>176,390</u>
50	4,765	4,286	115,021	183,517
<u>-</u>	<u>2,000</u>	<u>-</u>	<u>213,015</u>	<u>189,761</u>
<u>50</u>	<u>6,765</u>	<u>4,286</u>	<u>328,036</u>	<u>373,278</u>
(266,502)	(70,781)	53,881	(2,272,470)	549,668
<u>-</u>	<u>-</u>	<u>-</u>	<u>272,938</u>	<u>1,174,740</u>
(266,502)	(70,781)	53,881	(1,999,532)	1,724,408
<u>(1,046)</u>	<u>61,850</u>	<u>132,716</u>	<u>9,139,022</u>	<u>7,414,614</u>
<u>(267,548)</u>	<u>(8,931)</u>	<u>186,597</u>	<u>7,139,490</u>	<u>9,139,022</u>

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2009

	<u>Risk Management</u>	<u>Information Technology</u>	<u>Vehicle Replacement</u>
Cash flows from operating activities:			
Cash received from user departments	\$ 2,814,423	1,446,689	-
Cash payments to suppliers of goods and services	(101,220)	(225,219)	(178,398)
Cash payments to employee for services	(1,111,882)	(1,232,096)	-
Miscellaneous receipts	<u>164,235</u>	<u>-</u>	<u>46,780</u>
Net cash provided by (used for) operating activities	<u>1,765,556</u>	<u>(10,626)</u>	<u>(131,618)</u>
Cash flows from non-capital financing activities:			
Cash received from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) non-capital and related activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Loss on the disposal of capital assets			
Acquisition of capital assets	<u>-</u>	<u>-</u>	<u>(868,917)</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(868,917)</u>
Cash flows from investing activities:			
Interest received on investments	<u>60,754</u>	<u>2,134</u>	<u>58,355</u>
Net cash provided by (used for) investing activities	<u>60,754</u>	<u>2,134</u>	<u>58,355</u>
Net increase (decrease) in cash and cash equivalents	1,826,310	(8,492)	(942,180)
Cash and cash equivalents at beginning of year	<u>1,449,563</u>	<u>193,370</u>	<u>2,490,740</u>
Cash and cash equivalents at end of year	<u>\$ 3,275,873</u>	<u>184,878</u>	<u>1,548,560</u>

Building and Grounds	Fleet Maintenance	Centralized Services	Totals	
			2009	2008
1,175,581	1,692,003	571,300	7,699,996	8,242,934
(1,224,237)	(1,211,324)	(514,163)	(3,454,561)	(3,829,529)
(316,833)	(535,376)	-	(3,196,187)	(1,928,642)
<u>-</u>	<u>2,000</u>	<u>-</u>	<u>213,015</u>	<u>189,761</u>
<u>(365,489)</u>	<u>(52,697)</u>	<u>57,137</u>	<u>1,262,263</u>	<u>2,674,524</u>
<u>209,510</u>	<u>-</u>	<u>-</u>	<u>209,510</u>	<u>-</u>
<u>209,510</u>	<u>-</u>	<u>-</u>	<u>209,510</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(868,917)</u>	<u>(910,653)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(868,917)</u>	<u>(910,653)</u>
<u>-</u>	<u>4,765</u>	<u>4,601</u>	<u>130,609</u>	<u>178,025</u>
<u>50</u>	<u>4,765</u>	<u>4,601</u>	<u>130,659</u>	<u>178,025</u>
(155,929)	(47,932)	61,738	733,515	1,941,896
<u>155,929</u>	<u>227,215</u>	<u>143,883</u>	<u>4,660,700</u>	<u>2,718,804</u>
<u>-</u>	<u>179,283</u>	<u>205,621</u>	<u>5,394,215</u>	<u>4,660,700</u>

(Continued)

CITY OF INDIO
Internal Service Funds

Combining Statement of Cash Flows

(Continued)

	<u>Risk Management</u>	<u>Information Technology</u>	<u>Vehicle Replacement</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (739,301)	(329,857)	(1,236,845)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	244,129	1,025,350
Miscellaneous nonoperating income (expense)	164,235	61,173	46,780
(Increase) decrease in deposits with other agencies	(850)	-	-
(Increase) decrease in accounts receivable	65,670	-	(11)
(Increase) decrease in prepaid items	829,071	6,923	-
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	1,435	(2,926)	33,108
Increase (decrease) in accrued payroll	1,615	9,932	-
Increase (decrease) in claims and judgments payable	<u>1,443,681</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 1,765,556</u>	<u>(10,626)</u>	<u>(131,618)</u>

<u>Building and Grounds</u>	<u>Fleet Maintenance</u>	<u>Centralized Services</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
(266,552)	(77,546)	49,595	(2,600,506)	176,390
-	-	-	1,269,479	1,455,670
-	2,000	-	274,188	189,761
-	-	-	(850)	2,507
(400)	1,631	(2,361)	64,529	95,515
-	-	-	835,994	(57,814)
-	-	-	-	61,849
(103,980)	21,969	9,903	(40,491)	282,913
5,443	(751)	-	16,239	5,412
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,443,681</u>	<u>462,321</u>
<u>(365,489)</u>	<u>(52,697)</u>	<u>57,137</u>	<u>1,262,263</u>	<u>2,674,524</u>

AGENCY FUNDS

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

Eastern Riverside County Interoperable Communications Authority (“ERICA”) Fund – To account for the development, implementation, and operations of the regional communications system joint powers authority known as ERICA.

Assessment District Funds – To account for the City’s fiduciary capacity as custodian of the monies held on behalf of the various Assessment District Bonds for debt service.

CITY OF INDIO
Agency Funds

Combining Statement of Assets and Liabilities

June 30, 2009

	<u>ERICA</u>	<u>Assessment Districts</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
Assets:				
Cash and investments	\$ 136,752	7,000,295	7,137,047	5,821,512
Cash with fiscal agent	-	7,823,493	7,823,493	8,479,071
Due from other governments	38,869	901,469	940,338	350,657
Interest receivable	<u>267</u>	<u>11,942</u>	<u>12,209</u>	<u>24,494</u>
Total assets	<u>\$ 175,888</u>	<u>15,737,199</u>	<u>\$ 15,913,087</u>	<u>14,675,734</u>
Liabilities:				
Accounts payable	\$ 3,663	7,723	11,386	68,165
Due to members	172,225	-	172,225	-
Due to bondholders	-	15,662,675	15,662,675	14,540,768
Deposits payable	<u>-</u>	<u>66,801</u>	<u>66,801</u>	<u>66,801</u>
Total liabilities	<u>\$ 175,888</u>	<u>15,737,199</u>	<u>\$ 15,913,087</u>	<u>14,675,734</u>

CITY OF INDIO
Agency Funds

Statement of Changes in Assets and Liabilities
Year Ended June 30, 2009

	<u>Balance at</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2009</u>
<u>ERICA</u>				
<u>Assets</u>				
Cash and investments	\$ -	136,752	-	136,752
Due from other governments	-	38,869	-	38,869
Interest receivable	-	267	-	267
Total assets	<u>\$ -</u>	<u>175,888</u>	<u>-</u>	<u>175,888</u>
 <u>Liabilities</u>				
Accounts payable	\$ -	-	3,663	3,663
Due to members	-	-	172,225	172,225
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>175,888</u>	<u>175,888</u>
 <u>ASSESSMENT DISTRICTS</u>				
<u>Assets</u>				
Cash and investments	\$ 5,821,512	45,041,970	(43,863,187)	7,000,295
Cash with fiscal agent	8,479,071	54,295,065	(54,950,643)	7,823,493
Due from other governments	350,657	2,304,096	(1,753,284)	901,469
Interest receivable	24,494	158,912	(171,464)	11,942
Total assets	<u>\$ 14,675,734</u>	<u>101,800,043</u>	<u>(100,738,578)</u>	<u>15,737,199</u>
 <u>Liabilities</u>				
Accounts payable	\$ 68,165	(8,353,333)	8,292,891	7,723
Due to bondholders	14,540,768	(12,600,094)	13,722,001	15,662,675
Deposits payable	66,801	(1,495,382)	1,495,382	66,801
Total liabilities	<u>\$ 14,675,734</u>	<u>(22,448,809)</u>	<u>23,510,274</u>	<u>15,737,199</u>

STATISTICAL SECTION

CITY OF INDIO
STATISTICAL SECTION TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2009

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Financial Trends	132 - 136
<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	137 - 140
<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	141 - 145
<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	146 - 147
<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	148 - 153
<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 Seven Fiscal Years

(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	\$15,387	\$24,600	\$223,825	\$278,101	\$326,774	\$379,737	\$416,262
Restricted	19,952	23,003	53,566	79,377	72,743	36,977	22,249
Unrestricted	10,613	24,277	19,814	23,690	11,164	27,035	17,375
Total governmental activities net assets	\$45,952	\$71,880	\$297,205	\$381,168	\$410,681	\$443,749	\$455,886
Business-type activities:							
Invested in capital assets, net of related debt	\$16,435	\$17,732	\$136,406	\$140,536	\$158,649	\$159,962	\$159,716
Restricted	-	-	-	-	-	-	-
Unrestricted	2,938	4,192	9,452	11,314	11,192	10,426	8,860
Total business-type activities net assets	\$19,373	\$21,924	\$145,858	\$151,850	\$169,841	\$170,388	\$168,576
Primary government:							
Invested in capital assets, net of related debt	\$31,822	\$42,332	\$360,231	\$418,637	\$485,423	\$539,699	\$575,978
Restricted	19,952	23,003	53,566	79,377	72,743	36,977	22,249
Unrestricted	13,551	28,469	29,266	35,004	22,356	37,461	26,235
Total primary government net assets	\$65,325	\$93,804	\$443,063	\$533,018	\$580,522	\$614,137	\$624,462

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 Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses:							
Governmental activities:							
General government	\$ 3,973	\$ 4,855	\$ 6,722	\$ 8,532	\$ 8,947	\$ 5,831	\$ 4,825
Public safety	16,042	14,005	17,660	22,793	33,986	41,487	35,625
Public works	8,039	8,811	16,952	17,074	25,051	16,203	16,286
Community development	4,478	3,759	7,639	10,255	6,890	8,068	6,747
Human services	966	968	3,731	1,776	1,888	3,682	2,832
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>	<u>8,366</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>	<u>74,681</u>
Business-type activities:							
Water	5,343	5,898	9,379	11,346	16,453	21,552	22,689
Golf	655	587	783	718	793	890	1,077
Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186</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>	<u>23,952</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>	<u>98,633</u>
Program revenues:							
Governmental activities:							
Charges for services:							
General government	372	355	453	1,636	87	485	561
Public safety	1,926	1,504	1,692	2,628	3,434	2,515	2,297
Public works	926	1,117	1,712	2,679	3,587	3,178	3,891
Community development	4,484	6,984	7,777	10,140	5,592	3,172	3,112
Human services	386	598	599	5	1	1,005	619
Operating contributions and grants	3,237	2,843	6,272	4,660	12,863	14,797	18,633
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>	<u>14,035</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>	<u>43,148</u>
Business-type activities:							
Charges for services:							
Water	7,719	6,279	6,233	8,182	10,442	12,278	14,377
Golf	780	686	673	615	621	1,035	952
Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153</u>
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>	<u>4,016</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>	<u>19,498</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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>	<u>62,646</u>
Net revenues (expenses):							
Governmental activities	(9,652)	1,120	(5,645)	41,921	(23,332)	(16,142)	(31,533)
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>	<u>(4,454)</u>
Total primary government net expense	(7,151)	3,405	(6,145)	47,136	(7,826)	(18,924)	(35,987)
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	23,844
Sales tax	6,390	7,198	8,879	9,514	9,803	8,548	7,021
Transient occupancy taxes	1,018	1,162	1,220	1,331	1,818	2,070	1,941
Other taxes	3,108	4,457	5,186	6,073	7,054	7,869	7,049
Investment income	934	727	1,768	2,957	5,777	3,161	1,641
Motor vehicle in lieu, unrestricted	3,040	2,503	387	433	416	375	307
Other general revenues	4,340	3,567	2,220	2,352	2,668	3,268	3,773
Transfers	<u>89</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</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>	<u>45,595</u>
Business-type activities:							
Investment income	18	14	19	31	2,216	3,029	2,197
Transfers	(89)	(51)	-	-	-	-	(19)
Other general revenues	<u>-</u>	<u>3</u>	<u>2</u>	<u>15</u>	<u>268</u>	<u>300</u>	<u>465</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>	<u>2,643</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>	<u>48,238</u>
Changes in net assets							
Governmental activities	14,379	26,282	25,923	84,593	29,513	33,067	14,062
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>	<u>(1,811)</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>	<u>\$12,251</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 Seven Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General fund:							
Reserved	\$ 4,856	\$ 5,627	\$ 2,670	\$ 9,633	\$ 11,948	\$ 11,203	\$ 12,852
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>	<u>3,232</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>	<u>\$ 16,084</u>
All other governmental funds:							
Reserved	\$ 8,924	\$ 10,738	\$ 52,484	\$ 74,693	\$ 104,226	\$ 133,137	\$ 112,380
Unreserved, reported in:							
Special revenue funds	5,906	5,682	8,090	7,649	6,134	6,599	4,787
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>	<u>5,342</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>	<u>\$ 122,509</u>

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

Source: City of Indio Management Services Department

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues:							
Taxes	\$18,440	\$24,011	\$26,910	\$33,922	\$40,159	\$42,998	\$ 39,059
Special assessments	2,181	497	777	1,444	2,412	2,940	3,539
Licenses and permits	4,787	5,093	5,932	7,871	4,340	2,630	2,260
Intergovernmental	7,858	6,618	9,655	11,620	19,710	23,168	27,640
Charges for services	4,042	5,711	6,460	9,573	11,070	11,141	10,926
Fines and forfeitures	737	662	780	815	1,072	1,002	1,122
Investment earnings	778	962	2,350	4,750	6,365	5,385	2,871
Developer fees	1,922	4,136	15,731	37,028	15,987	8,566	5,309
Contributions from property owners	6,434	11,485	10,921	35,964	8,380	2,485	3,894
Miscellaneous	2,415	952	1,010	4,738	4,596	2,175	1,991
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>	<u>98,611</u>
Expenditures							
Current:							
General government	4,798	5,165	6,150	8,038	8,032	5,934	5,235
Public safety	15,249	14,142	17,714	21,594	27,272	33,534	33,104
Public works	19,659	15,964	20,859	66,092	85,887	66,646	68,722
Community development	5,255	5,623	7,306	10,963	10,100	9,483	17,041
Human services	891	955	3,697	1,722	1,827	1,643	2,301
Other	-	-	-	-	-	1,687	438
Debt service:							
Principal retirement	4,120	1,452	1,505	1,158	1,068	8,019	890
Interest and fiscal charges	1,173	1,096	3,286	2,759	4,656	4,884	5,547
Other charges	705	1,198	1,690	2,367	2,646	8,922	5,082
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>	<u>138,360</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>	<u>(39,749)</u>
Other financing sources (uses):							
Transfers in	7,513	6,683	10,642	21,050	17,456	16,841	22,165
Transfers out	(7,424)	(6,632)	(10,642)	(20,441)	(17,464)	(16,841)	(22,146)
Lease purchase and loan proceeds	943	-	-	-	-	-	-
Issuance of bonds	3,750	-	28,615	7,000	43,000	74,767	7,000
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>	<u>7,019</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>	<u>\$(32,730)</u>
Debt service as a percentage of noncapital expenditures	11.6%	8.2%	10.4%	5.5%	5.9%	15.5%	8.3%

The City of Indio has elected to show only seven 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
2009	\$ 5,411,298	\$ 444,512	\$ 228,211	\$ 1,432,652	\$ 83,936	\$ 7,432,737	0.2453
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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City of Indio	0.19501	0.19501	0.19501	0.19501	0.19501	0.19501	0.19501	0.19501	0.19501	0.13251
Redevelopment Agency	0.03670	0.03572	0.05360	0.08713	0.05679	0.06727	0.05819	0.05290	0.05098	0.11277
Total City Direct Rate	<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>	<u>0.24528</u>
Overlapping Rates:										
Coachella Valley Unified School	0.05195	0.04876	0.04505	0.03698	0.03258	0.03054	0.05956	0.05990	0.05708	0.05949
Coachella Valley Water District	0.02080	0.02080	0.02080	0.02080	0.02080	0.02080	0.02080	0.02080	0.04000	0.04000
CVWD Imp Dist 53	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	0.00640
CVWD Imp Dist 58	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	0.01995
Desert Sands Unified School District	0.09750	0.09750	0.09750	0.09750	0.09750	0.09581	0.07674	0.07613	0.07561	0.07990
County of Riverside	0.76829	0.76927	0.75139	0.71786	0.74820	0.73772	0.74680	0.75209	0.75401	0.75472
Total Tax Rate	<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>	<u>1.20574</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 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	2009		2000	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Worldmark The Club	\$155,219,017	2.09%		
Trendwest Resorts Inc	104,076,136	1.40%		
Peter Solomon	33,982,661	0.46%		
JFK Memorial Hospital Inc	33,642,139	0.45%		
Lisoy Family Trust	33,579,421	0.45%		
Polo Square Partners	32,154,610	0.43%		
California Cove at Santa Rosa	23,329,370	0.31%		
LB Hills Golf LLC	20,261,728	0.27%		
AG Indio Fashion Mall	21,410,663	0.29%		
Smoketree Apartments 288	21,084,509	0.28%		
National Medical Hospital Monterey Park			\$ 21,046,897	1.46%
Paseo Group Limited Partnership			14,078,462	0.97%
Colony Cablevision of California			12,501,549	0.86%
American Stores Properties Inc			10,506,784	0.73%
EQR Smoketree			10,380,969	0.72%
Richard J. Mazurek Trust			10,289,043	0.71%
John P. Hooten			10,207,458	0.71%
First American Trust Company			9,653,438	0.67%
S & D Indian Palms California Limited			9,617,398	0.66%
Sunrise Pointe Associates			9,397,710	0.65%
	<u>\$478,740,254</u>	6.44%	<u>\$ 117,679,708</u>	8.14%

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 Four Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	\$30,919,127	\$19,918,794	64.42%	\$11,000,333	\$30,919,127	100.00%
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 four 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 Four 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)	Total					
2009	3,940	9,370	7,187	39,325	4,000	63,822	61,795	125,617	82,230	1,255,000	10.01%	1.53	
2008	4,135	76,710	7,527	39,325	4,000	131,697	61,795	193,492	81,512	1,496,971	12.93%	2.37	
2007	10,975	28,425	-	39,325	11,000	89,725	61,795	151,520	77,146	1,254,780	12.08%	1.96	
2006	11,325	28,520	3,325	-	7,000	50,170	11,530	61,700	71,654	1,169,752	5.27%	0.86	

The City of Indio has elected to show only four 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 Four Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt										Debt Per Capita
	Water Revenue Bond	Revenue Refunding Bonds	Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Total	Population (1)	Personal Income (2)	Percent of Assessed Value		
2009	61,795	3,940	9,370	39,325	7,187	121,617	82,230	1,255,000	2.30%	1.48	
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 four 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, 2009

2008-09 Assessed Valuation: \$7,415,751,986
 Redevelopment Incremental Valuation: 1,228,735,684
 Adjusted Assessed Valuation: \$6,187,016,302

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/09</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/09</u>
Desert Community College District	\$325,869,507	16.756%	\$ 54,602,695
Coachella Valley Unified School District	92,297,458	17.381	16,042,221
Desert Sands Unified School District	296,353,845	32.421	96,080,880
Desert Sands Unified School District Lease Tax Obligations	2,710,000	32.421	878,609
Coachella Valley County Water District, I.D. No. 55	4,170,000	7.919	330,222
Coachella Valley County Water District, I.D. No. 58	1,960,000	17.455	342,118
City of Indio Community Facilities District No. 2004-3	25,530,000	100.	25,530,000
City of Indio Community Facilities District No. 2005-1, I.A. No. 1 and 2	18,770,000	100.	18,770,000
City of Indio Community Facilities District No. 2006-1	10,075,000	100.	10,075,000
Coachella Valley Recreation and Park District 1915 Act Bonds	3,140,000	99.357	3,119,810
City of Indio 1915 Act Bonds	43,630,000	100.	43,630,000
Valley Sanitary District Assessment District No. 2004-VSD	8,405,000	100.	<u>8,405,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$277,806,555

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$761,194,659	3.576%	\$ 27,220,321
Riverside County Pension Obligations	382,090,000	3.576	13,663,538
Riverside County Board of Education Certificates of Participation	8,270,000	3.576	295,735
Coachella Valley Unified School District Certificates of Participation	52,945,000	17.356	9,189,134
Desert Sands Unified School District Certificates of Participation	69,795,000	32.421	22,628,237
City of Indio General Fund Obligations	39,325,000	100.	39,325,000
Coachella Valley Recreation and Park District Certificates of Participation	2,455,000	28.147	691,009
Coachella Valley County Water District, I.D. No. 71 Certificates of Participation	5,240,000	24.207	<u>1,268,447</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$114,281,421
Less: Riverside County self-supporting obligations			<u>584,833</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$113,696,588

GROSS COMBINED TOTAL DEBT \$392,087,976 (2)
 NET COMBINED TOTAL DEBT \$391,503,143

- (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 2008-09 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt3.75%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$39,325,000)0.64%
 Gross Combined Total Debt6.34%
 Net Combined Total Debt6.33%

Source: California Municipal Statistics, Inc.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Assessed valuation (1)	\$ 2,878,828	\$ 3,216,544	\$ 4,012,495	\$ 5,122,808	\$ 5,580,002	\$ 7,055,452	\$ 7,432,737
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%
Debt limit	431,824	482,482	601,874	768,421	837,000	1,058,318	1,114,911
Total net debt applicable to limit:							
General obligation bonds	-	-	-	-	-	-	-
Legal debt margin	\$ 431,824	\$ 482,482	\$ 601,874	\$ 768,421	\$ 837,000	\$ 1,058,318	\$ 1,114,911
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The City of Indio has elected to show only seven 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% of 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 Four Fiscal Years

Water Revenue Bonds						
Fiscal Year Ended June 30	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	1,978	2	1,976	-	2,207	0.90
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 Ended June 30	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	29	-	29	340	335	0.04
2008	8	-	8	-	-	-
2007	-	-	-	-	-	-
2006	372	6	366	215	154	0.99

2007 Lease Revenue Bonds						
Fiscal Year Ended June 30	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	685	1	684	-	1,570	0.44
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 Ended June 30	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2009	10,607	100	586	15.46
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 Ended June 30	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2009	2,652	195	232	6.21
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 four 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 Five Calendar Years

Calendar Year	Population (1)	Median Age (2)	Average Household Size (2)	Median Household Income (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2009	82,230	28.8	3.18	\$ 47,708	\$ 19,855	15.9%
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 five years of data for this schedule.

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

CITY OF INDIO
Principal Employers
Current Year and Nine Years Ago

Employer (1) (2)	2009		2000	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Riverside	1,351	5.77%		
Desert Sands Unified School District	1,090	4.66%		
John F. Kennedy Memorial Hospital	530	2.26%		
City of Indio	308	1.32%		
Boulder West Components	200	0.85%		
Tidwell Concrete Construction, Inc.	110	0.47%		
Mathis Brothers	104	0.44%		
Home Depot	103	0.44%		
La Hacienda Nursery - Landscape	76	0.32%		
PHP Contracting Inc.	60	0.26%		
Total Employment Listed	3,932	16.80%		Not Available
Total City Employment (3)	23,400		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 Seven Fiscal Years

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30, 2009</u>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	31	32	34	32	46	41	55
Police	104	99	97	121	127	136	139
Public works	48	41	43	41	50	53	54
Community development	17	20	21	39	30	29	28
Water	23	24	23	27	31	30	32
	223	216	218	260	284	289	308

The City of Indio has elected to show only seven 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 Four Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Police:				
Arrests	5,311	2,462	2,909	3,012
Traffic citations issued	8,332	10,914	9,306	7,984
Parking citations issued	Unavailable	1,574	972	1,670
Fire:				
Number of emergency calls	9,896	10,384	9,948	6,058
Inspections	1,262	1,340	536	2,228
Public works:				
Street resurfacing (miles)	40.6	56.8	34.0	15.0
Water:				
New connections	2,196	823	964	489
Average daily consumption (millions of gallons)	22	21	20	20
Golf course:				
Golf rounds played	20,980	24,402	29,533	33,753

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

Source: City of Indio Management Services Department

CITY OF INDIO
 Capital Asset Statistics
 by Function
 Current Fiscal Year

	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Police:			
Stations	1	1	1
Sub-stations	2	2	2
Animal care centers	1	1	1
Fire:			
Fire stations	3	4	4
Public works:			
Paved streets (miles)	220	230	238
Streetlights	2,644	2,754	2,822
Traffic signals	66	73	79
Recreation:			
Parks	10	11	11
Senior centers	1	1	1
Teen centers	-	-	1
Water:			
Water mains (miles)	301	313	350
Maximum daily capacity (millions of gallons)	67	59	72
Golf Course:			
Municipal golf courses	1	1	1

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

Source: City of Indio Management Services Department

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Type of Customer:					
Single-Family Residential	4,435,620	5,220,351	5,978,060	5,837,410	5,498,690
Multi-Family Residential	1,221,544	1,168,366	1,190,415	1,252,174	1,211,311
Commercial/Institutional	2,445,359	2,012,073	2,018,372	1,581,580	1,383,664
Industrial	139,514	102,982	108,758	90,848	69,675
Landscape Irrigation	<u>541,712</u>	<u>664,680</u>	<u>821,906</u>	<u>955,825</u>	<u>1,101,207</u>
Total	8,783,749	9,168,452	10,117,511	9,717,837	9,264,547
Total direct rate per 100 cubic Feet	\$ 0.63	\$ 0.71	\$ 0.71	\$ 0.88	\$ 1.06

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

Source: Indio Water Authority

INDIO WATER AUTHORITY
 Water Rates
 Last Three Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rate (1)	Rate per 100 Cubic Feet
2009	\$ 8.48	\$ 1.06
2008	7.01	0.88
2007	5.70	0.71

The City of Indio has elected to show only three 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 Five Fiscal Years

Water Customer	Account Class	Fiscal Year									
		2005		2006		2007		2008		2009	
		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	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%	\$ 75,515	0.54%
Cabazon Indian Reservation	Casino	121,103	1.94%	117,983	1.70%	139,773	1.41%	72,834	0.61%	\$ 86,367	0.62%
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%	\$ 79,743	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%	\$ 63,925	0.46%
Desert Sands Unif Sch Dist - Middle School	School							37,432	0.31%	\$ 44,387	0.32%
Indio Housing Authority	Apartments	43,496	0.70%	66,824	0.96%	59,828	0.60%	69,175	0.58%	\$ 82,028	0.58%
Indio Housing Corporation	Apartments	26,299	0.42%	38,326	0.55%	33,919	0.34%			\$ -	
John F. Kennedy Memorial Hospital	Hospital			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%	\$ 67,200	0.48%
Rancho Casa Blanca	Mobile Home Park	33,748	0.54%	29,035	0.42%	51,805	0.52%	84,352	0.71%	\$100,025	0.71%
Riverside County-Juvenile Hall	Government	24,422	0.39%					36,990	0.31%	\$ 43,863	0.31%
Sunrise Point Apartments	Apartments			33,723	0.49%	51,324	0.52%	70,721	0.59%	\$ 83,861	0.60%
		<u>\$399,715</u>	6.41%	<u>\$511,479</u>	7.37%	<u>\$583,197</u>	5.87%	<u>\$613,015</u>	5.16%	<u>\$726,913</u>	5.18%

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

Source: Indio Water Authority



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

(760) 391-4115