

# City of Indio California

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



For The Fiscal Year Ending June 30, 2014

CITY OF INDIO, CALIFORNIA  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014

Prepared by  
FINANCE DEPARTMENT



CITY OF INDIO

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

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## INTRODUCTORY SECTION





December 31, 2014

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

I am pleased to submit the City of Indio's Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended June 30, 2014. In compliance with City Council policy, a licensed certified public accountant conducted the audit and validated the complete set of financial statements. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and the audit was conducted in accordance with generally accepted auditing standards. The financial report includes all funds of the City of Indio and its component units for which the City is financially accountable. The report is intended to provide relevant financial information to the citizens of the City, creditors, investors, and other concerned readers. Readers are encouraged to contact the Finance Department with any questions or comments concerning the report.

GAAP requires that City management include a narrative introduction, an overview, and analyses with the financial statements in order to help the reader interpret the data. That commentary is titled Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Responsibility for the accuracy of the data in the CAFR and the objectivity of presentation, including all footnotes and disclosures, rests with the City. I am confident that the data and material presented in this report are accurate. Statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. Financial operations of the City occur within an internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to aid in the compilation of reliable statistics in order to prepare financial statements that are accurate and conform to 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.

The City's financial statements have been audited by Moss, Levy & Hartzheim, LLP, Certified Public Accountants. The goal of their independent audit is to provide reasonable assurance that the financial statements of the City, for the fiscal year ending June 30, 2014, are free of material misstatements and conform to GAAP. 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 to provide a reasonable

basis for their opinion. The audit also included assessing the accounting principles used and the significant financial estimates made by City management.

Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an “unqualified opinion,” which means that the City’s financial statements for the fiscal year ended June 30, 2014 do fairly represent the City’s financial position. The unqualified opinion expressed by the auditor indicates that the City is in compliance with Governmental Auditing Standards and that the City’s financial statements are presented fairly in all material respects.

The independent auditor’s report is presented as the first component within the financial section of this report.

The report is divided into three sections:

**I. Introductory Section**

- Letter of Transmittal
- List of Officials
- City Organizational Chart
- Certificate of Achievement for Excellence in Financial Reporting

**II. Financial Section**

- Independent Auditor’s Report
- Management’s Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Financial Statements and Schedules

**III. Statistical Section**

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

**PROFILE OF THE CITY OF INDIO**

Incorporated in 1930 as a general law city, Indio provides municipal services that include public safety, public works, community development, and culture and leisure. With a population nearing 83,000, Indio is the largest city in the Coachella Valley, covering approximately a 33 square-mile area. The City is the geographic midpoint of both Riverside County and the Coachella Valley, and 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. The City is the alternate county seat for Riverside County and contains a large county administration and services complex, which also serves as the alternate emergency operations center for the county. The City has many golf and retirement communities that appeal to senior citizens and retirees, in addition to a sizable population of families that enjoy the benefits of the City’s dedication to parks, recreation, and youth programs. Known as the “City of Festivals,” the City hosts multiple annual festivals which draw more than one million people annually to events held in the City. The City hosts the Coachella Valley Music and Arts Festival (Coachellafest), the Stagecoach Country Music Festival, Riverside County Fair & Date Festival, Palm Springs Kennel Club Dog Show, Southwest Arts Festival, Indio

International Tamale Festival and others. The Coachellafest and Stagecoach Music Festival have been held in the City since 1999 and 2007, respectively. The City's ability to draw and host worldwide festivals is based on being home to the Riverside County Fairgrounds and Empire Club Polo Grounds (site of Coachellafest) which are large-scale, outdoor entertainment venues which are unique to the City within the Coachella Valley.

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 legislative board for the municipality and establishes policy, passes local ordinances, adopts annual appropriations, and sets priorities for the City. In addition to serving as the policy makers, the City Council is responsible for numerous land use decisions within the City's borders, including the General Plan.

The City has a council-manager form of municipal government, which means the Council appoints a professional manager, the City Manager, to oversee the administrative operations and implement its policies. The City Council also appoints the City Attorney and members of advisory boards and commissions.

### **COMPONENT UNITS**

Component units are legally separate organizations from the City of Indio, but because their operations are closely tied to the City's, their financial activities must be included as part of the City's financial report. The categories that qualify a separate legal entity as a component unit are: 1) the separate organization's ultimate authority is significantly compliant to the City Council, 2) the separate organization is fiscally dependent on the City or 3) excluding the separate organization's finances would result in misleading financial information. The following organizations are component units of the City of Indio:

- The Indio Water Authority
- The Housing Authority of the City of Indio
- The Indio Public Financing Authority
- The Indio Financing Authority
- The Industrial Development Authority of the City of Indio

### **BUDGET PROCESS OF THE CITY**

The City's fiscal year begins on the first day of July and ends on the last day of June, the following year. Usually in April, the City Manager and key staff members review revenue estimates and expenditures projections for each department, for the ensuing fiscal year. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a budget proposal. In at least one public meeting, more commonly over three to four, the City Council considers the proposed budget and makes revisions that it deems appropriate. On or before June 30, the City Council adopts the budget with revisions, if any, by the affirmative vote of at least three of the five members. Upon approval of the budget by the City Council, the expenditure levels and revenue assumptions stated as proposed become adopted and are appropriated at the many agency, department, and unit levels for the objects and purposes authorized. During the fiscal year, the City Manager may transfer appropriations from one

object or purpose to another without seeking City Council approval, but only within a divisional budget unit. All appropriations lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered.

## **ECONOMIC CONDITION AND OUTLOOK**

The City on Indio is experiencing an economic rebound, driven by strong growth in sales tax and development-related revenue. Fiscal Year 2013-14 was Indio's fourth year of sales tax growth of at least 10 percent. The opening of a new super Walmart in October 2014 and the expected ground breaking of a new auto dealership in early 2015 are expected to prolong this positive trend. Sales tax makes up about 18 percent of all general purpose revenue and is expected to total \$10.4 million in fiscal year 2014-15. Revenue generated through development services, specifically building permit revenue, has tripled since a development lull experienced in fiscal year 2011-12. Development-related revenue is expected to total almost \$3 million in fiscal year 2014-15 and maintain that level for several future years. Additionally, local property values continue to grow. Fiscal year 2014-15 property values are expected to increase 8.2 percent, according to the County Assessor, bringing the City's net taxable value up to \$6.67 billion.

In the November 2014 general election, 79 percent of the voting electorate approved a three percent increase in the local Transient Occupancy Tax rate for timeshares, short-term renters, campers, and lodging facilities with less than 50 rooms. The effective tax rate for most lodging facilities is now 13 percent. The tax increase is expected to generate about \$500,000 in additional discretionary revenue per year. This tax does not have a sunset. Lodging facilities with more than 50 rooms are already assessed three percent, to support regional business improvement efforts, and are currently exempt from the three percent tax increase.

The City's continues to proactively manage its recovery after being pummeled by the Great Recession. The City ended fiscal year 2013-14 with an unrestricted General Fund reserve balance of \$12.6 million (committed, assigned, and unassigned fund balance). The previous year's unrestricted balance was \$5.8 million, yielding a one-year increase of \$6.8 million. This financial improvement can be attributed to conservative budgeting, strong fiscal management (spending controls), and collaborative collective bargaining. The City remains steadfast in its commitment to rebuild reserves, while systematically enhancing service levels.

Over the past five years, City General Fund expenditures were reduced by over 18 percent from approximately \$54.9 million in fiscal year 2009-10 to \$44.8 million in fiscal year 2011-12 (excluding an expense recognizing a capital project loan liability). Fiscal year 2014-15 expenditures are expected to total about \$55.4 million, representing the restoration of expenditures and revenue to pre-recession levels.

Over the past five years the City has implemented a number of fiscal-minded actions to achieve, maintain, and restore its fiscal stability. Some measures will continue to produce long-term benefits, while other measures have been rescinded after serving their purpose. While the economy is improving, the City stands prepared to redeploy measures necessary to maintain its fiscal viability.

## **LONG-TERM FINANCIAL PLANNING**

The City plans to incrementally expand service-levels, while building up general fund reserves. The City will grow smartly by adhering to consensus-based strategic recovery plans and filling only essential positions, which will be filled at lower pay levels whenever practical. The City also plans to continue to increase its volunteer and unpaid intern programs. As revenue grows, the City's top priority is to build up the reserve level to the benchmark target (15 percent of general fund revenue). In order to reach the benchmark, the City will have to set aside \$1.5 million this year and next, thereby bring the reserve level up to about \$8.5 million. Once the benchmark is met, the City anticipates dedicating those revenues to debt service, through the sale of bonds issued to expand and renew the existing police and fire headquarter-facility.

The City utilizes a planning model that forecasts general fund revenue as well as future-year expenditures for five years. The model serves as a financial tool that reflects potential budget surpluses as well as possible budget deficits, allowing for advance planning. The model incorporates conservative revenue assumptions, all known expenditure obligations, and is published three times a year. Over the past three years, revenue has grown about nine percent per year, but future growth is not assumed to grow so robustly. Known cost increases include; labor, retirement, and payments for debt (as explained above). The model, as currently built, predicts some budgetary challenges ahead, indicating that revenue growth will have to be more than the three percent assumed in order to avoid withdrawals from reserves or reducing expenditure levels.

The biggest financial pressure on the City is the potential for increased pension costs. Generous increases in local pension benefits implemented throughout the state over the last 14 years, coupled with poor earnings by CalPERS, and increases in retirements have pushed costs skyward. CalPERS has adopted a more conservative investment strategy and already told member agencies to expect increases in their mandatory contributions to underwrite its immense unfunded pension liability. Based on their new approach, pension costs are expected to climb by up to 50 percent by the end of a five-year phase-in period, starting in fiscal year 2015-16. This increase could cause years of fiscal distress from rapidly rising pension costs. The City has accounted for this increase in its multi-year plan, but the real impact won't be known until CalPERS annually discloses the City's required contribution rate.

## **RELEVANT FINANCIAL POLICIES**

The City continues to review, update, and draft policies that are relevant, ensure honest stewardship of the City's resources, and pilot long-term financial stability. In the last three years, the City has implemented or updated the following policies:

### Procurement Card Policy

In 2010, the updated Procurement Card policy reiterated and clarified the proper use of City procurement cards and included timely reporting as well as public disclosure requirements. The City continues to post procurement card statements on its website for public review.

### Reimbursement for Travel and Necessary Expenses Policy

In 2010, the updated Reimbursement for Travel and Necessary Expenses Policy, among other stipulations, limited reimbursements for lodging, travel, and meals, when traveling on City business. The purpose of the policy is to insure the City's fiscal prosperity by minimizing costs, while being certain that City officials are able to perform their duties as efficiently and effectively as possible.

#### Financial and Budget Management Policy

In 2010, the Financial and Budget Management Policy was adopted to promote sound and consistent financial management in all fiscal and budgetary matters and to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. Among other things, the financial budget management policy outlines a number of contingency and reserve goals and policies. Among such contingencies and reserves, the City endeavors to:

- Budget in the General Fund a contingency at a level equal to five percent of the General Fund's operating discretionary revenue, which shall be used for City Council approved expenditures not previously appropriated during the annual budget process, to cover unanticipated revenue shortfalls, as a funding source for interfund loans and other loans or advances from the General Fund as approved by the City Council, and in situations of extreme physical or financial emergency (with the approval of the City Council);
- Maintain a General Fund emergency reserve at a level equal to 10 percent of the General Fund's annual discretionary revenue, to be used only for qualifying emergencies as declared by the Mayor and/or City Council;
- Maintain a compensated absences reserve in the General Fund in anticipation of funding disbursements of terminated or retired employees for accrued vacation and sick leave;
- Maintain a workers' compensation reserve at a level deemed adequate to meet projected liabilities; and
- Maintain a retirees' health insurance reserve.

To the extent a reserve is below the minimum of the target range, the policy provides that a solution to replenish the reserve over a one to three year period shall be structured. To the extent a reserve is below its midpoint target balance, the policy provides that a solution to replenish the reserve over a three to five year period shall be structured. To the extent a reserve is below 75 percent of the target balance, the policy provides that a solution to replenish the reserve over a five to seven year period shall be structured. The General Fund reserve for economic uncertainty at the end of fiscal year 2012-13 was about \$5 million, which is 60 percent of the target emergency reserve level of \$8 million. Therefore, the City currently is structuring its budgets to build the General Fund emergency reserve to the requisite level over a one to three year period.

#### Rent Defaults Under Leases Policy

In 2011, the City adopted the Rent Defaults Under Leases Policy to ensure equitable management of delinquent lease payments for City and Redevelopment Agency owned property. This policy created incremental notifications and penalties for misuse of public property.

### Fund Balance Policy

In 2013, the City adopted a Fund Balance Policy that establishes procedures for financial reporting of fund balance classifications and the hierarchy for spending fund balance. The policy authorizes and directs the Finance Director to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

### **MAJOR INITIATIVES FOR THE FUTURE**

The City has initiated a comprehensive economic development and recruitment program to bolster the City's commercial critical mass and overall business offerings within City boundaries. This strategic initiative is deemed to be crucial and timely in order to re-establish Indio as a significant commercial market within the vibrant Coachella Valley and to provide the commensurate level of economic and job growth to the significant population increase that is occurring within the City. As a foundational element to the overall program, an economic development expert was retained to conduct a series of focus groups and interviews with City residents, influential developers and brokers. The results, findings, and directional input from that initial round of public consultations formed the basis for a citywide commercial demand and preferences survey, ascertaining the general commercial needs and aspirations of the population base. Over the coming years, the City will review, update and amend its existing economic development plan, define key development goals and segment them into immediate, short-term, and medium-term objectives, and make the City of Indio a target market for retailers and businesses across the nation.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Indio for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the seventh consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, 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.

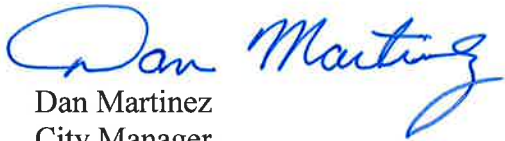
A Certificate of Achievement is valid for a period of one year only. I am confident that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined staff efforts of the Finance Department, the City Manager's Office, as well as many other City departments. I appreciate the high level of professionalism and dedication that these staff members bring to the City. I would also like to thank the members of the City Council for their leadership and the opportunity to serve the residents of the City.

## CONCLUSION

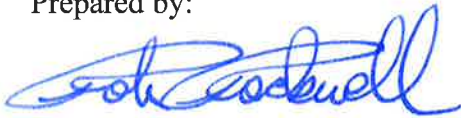
There has been notable improvement in the City's financial position over the past couple years, reflecting the City's adoption and implementation of prudent financial policies and practices. The City has planned and managed its recovery prudently, resulting in the restoration of adequate unrestricted reserves, improved liquidity, balanced budgets, and a third consecutive year of positive operating performance in fiscal year 2013-14. Fiscal year 2014-15 marks the second year of solid gains in assessed values, driven by continued development in a quickly growing city and an improving housing market. Operational objectives are changing. While recovery was the focus for the past two years, expansion and economic development are now main objectives. Several major development complexes have broken ground this past year. Walmart, Applebee's, Arco AMPM, and IHOP are just a few of the new retailers. The City is keenly aware of its fiscal state of affairs and is dedicated to using the economic momentum to achieve an even higher reserve level and to improve its credit rating, all to provide the highest and most professional level of service to its residents.

Respectfully submitted,

A handwritten signature in blue ink that reads "Dan Martinez".

Dan Martinez  
City Manager

Prepared by:

A handwritten signature in blue ink that reads "Rob Rockwell".

Rob Rockwell  
Assistant City Manager/  
Finance Director



CITY OF INDIO  
City Officials  
as of  
June 30, 2014

**CITY COUNCIL**

Mayor Michael Wilson  
Mayor Pro Tem Ascencion “Sam” Torres  
Councilmember Lupe Ramos Watson  
Councilmember Glenn Miller  
Councilmember Elaine Holmes

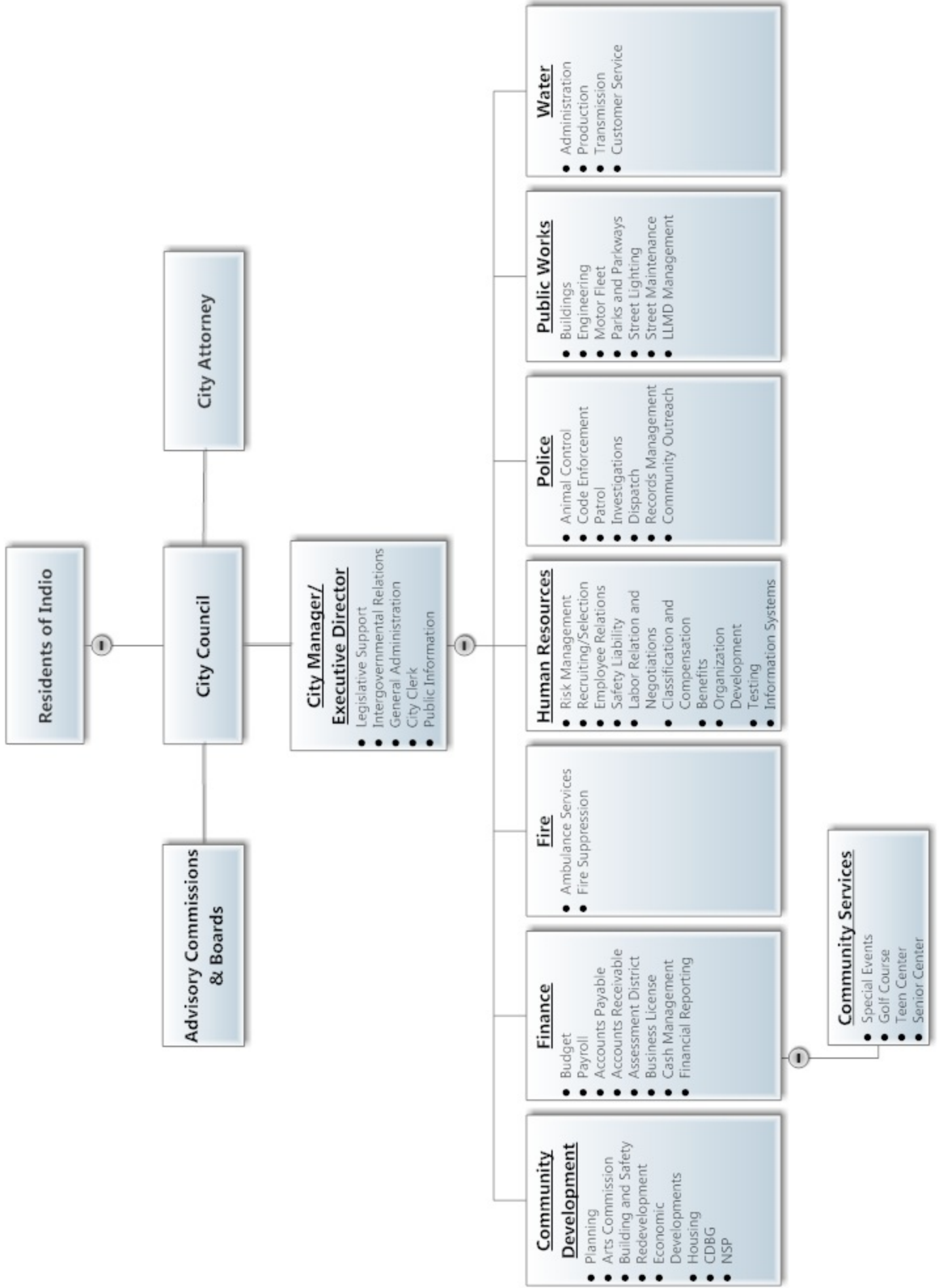
**OTHER ELECTED OFFICIALS**

Cynthia Hernandez, City Clerk  
Sharon Ellis, Treasurer

**EXECUTIVE TEAM**

Dan Martinez, City Manager  
Mariano Aguirre, Director of Housing & Development  
Jason Chan, Principal Management Analyst  
Jim Curtis, Community Services Manager  
Grant Eklund, Director of Public Works / City Engineer  
Jesus Gomez, Housing Program Manager  
Joe Lim, Director of Development Services  
Jasmin Loi, Director of Human Resources / Risk Management  
Brian Macy, IWA General Manager  
Rob Rockwell, Director of Finance  
Jeff Stowells, Fire Chief  
Richard Twiss, Police Chief

# City of Indio Organizational Chart





Government Finance Officers Association

**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, 2013**

Executive Director/CEO



FINANCIAL SECTION



BASIC FINANCIAL STATEMENTS



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A. LEVY, CPA  
CRAIG A. HARTZHEIM, CPA  
HADLEY Y. HUI, CPA

**COMMERCIAL ACCOUNTING & TAX SERVICES**

433 NORTH CAMDEN DRIVE, SUITE 730  
BEVERLY HILLS, CA 90210  
TEL: 310.273.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**GOVERNMENTAL AUDIT SERVICES**

5800 HANNUM, SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**INDEPENDENT AUDITOR'S REPORT**

City Council  
City of Indio  
Indio, California

**Report on the Financial Statements**

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 (City), California, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not



for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principles*

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities, Statement No. 66, Technical Correction-2012, Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison information on pages 79 and 80, the schedule of Postemployment Retiree Benefits Funding Progress on page 82, and the schedule of Funding Progress – California Public Employees Retirement System on page 83, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provided any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor governmental, enterprise, and internal service fund financial statements, major capital projects budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor governmental funds, nonmajor enterprise funds, fiduciary funds, internal service funds, and the major capital project budgetary financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The combining and individual nonmajor governmental funds, nonmajor enterprise funds, fiduciary funds, internal service funds, and the major capital project budgetary financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2014 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited the City's June 30, 2013 financial statements and our audit report dated December 27, 2013, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 22, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Indio's financial statements provides a narrative overview of the City's financial activities for the fiscal year that ended June 30, 2014. Please read this analysis in conjunction with the accompanying transmittal letter, the financial statements, and the accompanying notes to those financial statements.

### **FINANCIAL HIGHLIGHTS**

#### Citywide:

At the close of the 2013-14 fiscal year, the City's assets exceeded its liabilities by \$603.3 million. Of that amount, \$14.6 million was unrestricted, \$561.9 million was net investment in capital assets, and \$26.8 million was restricted for specific use. The City's unrestricted net position increased \$10.6 million this past year, while its position related to net investment in capital assets, decreased \$13.6 million. The City's restricted net position increased \$1.1 million. Overall the City's total net position decreased \$1.8 million, about 1 percent. Total assets decreased \$6.9 million and liabilities decreased \$5 million. This outcome was mainly driven by a decrease in asset value, due to depreciation.

The City's total long-term debt decreased \$3.7 million. Increases in other postemployment benefit liabilities (\$1.5 million) and capital leases (\$551,772) were partially offset by reductions in claims payable (\$2.4 million), water bond debt (\$1.5 million), notes payable (\$1.1 million) and various other debts (\$693,234).

#### Within the Governmental Fund Group:

At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$41.3 million, a year-over-year increase of \$3.3 million. Approximately 32 percent (\$13.1 million) of the \$41.3 million was available for spending at the government's discretion (unassigned, assigned, or committed). Fund balance in the City's General Fund increased \$6.3 million. In the Other Governmental Funds group, fund balance increased \$1.9 million. Capital project fund balance decreased \$4.9 million and assessment district fund balance was drawn down \$99,837.

#### Within the Major Fund Group:

At the close of the fiscal year, the City's General Fund reported a combined ending fund balance of \$16.1 million, up \$6.3 million in comparison with the prior year. Approximately, 78 percent (\$12.6 million) of the \$16.1 million was available for spending at the government's discretion (unassigned, assigned, or committed). Unassigned fund balance in the General Fund was \$4.5 million, an increase of \$223,431 from the prior fiscal year. This increase was due to the continued implementation of cost controls while the City recognized additional revenue. Assigned fund balance in the General Fund was \$6.9 million, an increase of \$6.1 million from the prior fiscal year. The increase was the result of the City setting aside funds for land and other land improvements, specifically to stimulate additional economic development. Committed fund balance in the General Fund totaled \$1.1 million. These funds finance general operations between large revenue remittances and serve as a contingency against future tribulations caused by economic downturn.

The Capital Project Fund group accumulated \$2.3 million in fund balance at the end of the fiscal year, a decrease of \$4.9 million over the previous year. Revenue exceeded expenditures by \$3.5 million, however, interfund transfers out exceeded interfund transfers in by \$8.4 million. Within the Capital Project Fund group, fund balance related to the various assessment and community facility district infrastructure improvements, where obligation improvement bond proceeds are used, fund balance decreased \$99,837. The decrease was mainly associated with legal and administrative expenditures incurring within one community facilities district (CFD 2004-3).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City of Indio's basic financial statements incorporate 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. Financial statements separate governmental activities from business-like activities for the City and its component units. Component units are other governmental entities where the City's governing authority, the City Council, has majority influence (51 percent or more) over the entities' operations. Component units in the City of Indio's financial statements include the Indio Water Authority, the Housing Authority, the Indio Public Financing Authority, the Indio Financing Authority, and the Industrial Development Authority.

### **Government-Wide Financial Statements:**

The government-wide financial statements present the financial picture of the City from the economic-resources-measurement focus using the accrual basis of accounting. Two statements are designed to provide the reader with a broad overview of the City's finances. Both the statement of net position as well as the statement of activities and changes in net position report information about the City in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position provide insight into whether the City's financial health is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported regardless of when cash was received or disbursed. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, and community services (recreation). Property taxes, sales taxes, utility users' taxes, service fees, interest income, and state and federal grants finance these activities. The business-type activities of the City include a Water Authority, a golf course, and solid waste. The Water Authority, although legally separate, functions for practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The governmental-wide financial statements can be found on pages 13-15 of this report.

### **Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City are divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental activities within the governmental fund group are calculated using the current financial-resources-measurement focus and modified on the accrual basis of accounting. Proprietary activities are calculated using the economic-resources-measurement focus and the accrual basis of accounting. Fiduciary activities are calculated using the economic-resources-measurement focus and the accrual basis of accounting. 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 covenant. However, management establishes many other funds to help control and manage resources collected for particular purposes. Funds are created to isolate certain taxes, grants, and other legally restricted resources from general purpose resources. Reconciliation of the fund financial statements to the government-wide financial statements is provided to help explain the differences created by this integrated reporting approach.

### Governmental Funds:

The City's basic services are reported in the governmental fund group. Governmental fund financial statements focus on near-term flows of spendable resources in and out of various funds and the balances left at year-end that remain available for spending in the future. Such information is useful in evaluating the City's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources available to be spent in the future to finance City's programs. The differences between the governmental fund financial statements and those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statement on pages 19 and 22.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers might better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 128 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, a capital project fund, and an assessment district capital project fund, which are considered to be major funds. Within the capital project fund, 16 individual capital funds are aggregated in that major fund group. Within the assessment district capital project fund, 17 funds are aggregated into that major fund group. Data from the other 94 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 94 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the fiscal year's budget.

The governmental fund financial statements can be found on pages 16-22 of this report.

### Proprietary Funds:

City charges for specific services, whether to outside customers or to other internal governmental units of the City, those services are generally reported within the proprietary fund group. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Authority, a golf course, and solid waste services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its management of its fleet of vehicles, vehicle replacement, risk, central services, building maintenance, and information systems. Because these six services predominantly benefit government rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Authority. The golf course and solid waste are aggregated and reported as non-major funds and reported individually elsewhere in this report. Only the Water Authority is considered to be major proprietary fund of the City. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund group is provided in the form of combining statements elsewhere in this report.

### Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary fund financial statements is



much like that used for the proprietary funds. The City's fiduciary activities are reported in separate statements of fiduciary net position. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes and are kept separate from City resources.

**Notes to the Financial Statements:**

These 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 basic financial statements can be found on pages 29-78 of this report.

**Other Information:**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide retiree health and pension benefits to its employees. Also a budget to actual comparison schedule is provided from the City's general fund. Required supplementary information can be found on pages 79-83 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

By far the largest portion of the City's net position (95 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt still outstanding, used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not spendable resources. 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.

	Governmental activities		Business-Type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 56,561,294	\$ 57,473,722	\$ 21,242,556	\$ 11,868,565	\$ 77,803,850	\$ 69,342,287
Capital assets	484,905,966	491,663,506	192,730,562	199,842,032	677,636,528	691,505,538
Other noncurrent assets	9,071,510	9,780,563	-	751,518	9,071,510	10,532,081
Total assets	550,538,770	558,917,791	213,973,118	212,462,115	764,511,888	771,379,906
Deferred loss on refunding of debt	-	-	689,239	-	689,239	-
Total deferred outflows	-	-	689,239	-	689,239	-
Long-term liabilities outstanding	84,843,919	89,361,451	57,318,158	58,119,187	142,162,077	147,480,638
Other liabilities	15,083,563	16,933,522	2,382,636	1,807,002	17,466,199	18,740,524
Total liabilities	99,927,482	106,294,973	59,700,794	59,926,189	159,628,276	166,221,162
Unamortized gain on refunding of debt	2,259,944	-	-	-	2,259,944	-
Total deferred inflows	2,259,944	-	-	-	2,259,944	-
Net position:						
Net investment in capital assets	425,454,625	432,106,381	136,333,813	143,310,776	561,788,438	575,417,157
Restricted	26,841,674	25,715,300	-	-	26,841,674	25,715,300
Unrestricted	(3,944,955)	(5,198,863)	18,627,750	9,225,150	14,682,795	4,026,287
Total net position	\$ 448,351,344	\$ 452,622,818	\$ 154,961,563	\$ 152,535,926	\$ 603,312,907	\$ 605,158,744

Governmental Activities:

Expenses for Governmental Activities total \$84.3 million. This is an increase of \$3.8 million over the prior fiscal year. This is due mostly to increases in expenses in public safety.

Governmental revenue is broken down into program revenues and general revenues. Program revenue totals \$35.9 million, which is \$5.1 million less than last fiscal year due to decreases in operating contributions and grants of \$7.2 million. Capital contributions and grants total \$8.8 million and is \$847,653 less than what was received in the prior fiscal year. This decrease is due to less public works revenue. General revenue totals \$42.4 million and was \$2.7 million more than prior fiscal year revenues. The increase in general revenue is due to a combination of decreases in property taxes (\$373,532) and other taxes (\$21,519). These decreases were offset by

increases in sales taxes (\$972,229), transient occupancy taxes (\$257,492), franchise fees (\$248,521) and other revenue (\$1.2 million).

City programs include the General Government, Public Safety, Public Works, Community Development, and Human Services. Each program’s net costs – total cost less revenues generated by the activities – are presented below.

**Business-type Activities:**

The cost of all business type activities is \$24.5 million. The majority of the costs, \$23.6 million, are for water activities, an increase of \$1 million from the prior fiscal year, and an increase in golf activities of \$91,973 to \$942,499.

Total revenue is \$21.4 million, an increase of \$2.5 million over last fiscal year which was due to increases in charges for services (\$2.2 million), capital grants and contributions (\$712,048), and a decrease in others (\$425,542).

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 21,092,237	\$ 19,058,462	\$ 18,887,305	\$ 16,657,502	\$ 39,979,542	\$ 35,715,964
Operating grants and contributions	14,846,912	21,959,243	-	-	14,846,912	21,959,243
Capital grants and contributions	8,841,075	9,688,728	2,479,583	1,767,535	11,320,658	11,456,263
General Revenues:						
Property taxes	12,999,966	13,373,498	-	-	12,999,966	13,373,498
Other taxes	24,174,874	22,718,151	-	-	24,174,874	22,718,151
Other	5,175,187	3,583,753	70,433	494,975	5,245,620	4,078,728
Total revenues	87,130,251	90,381,835	21,437,321	18,920,012	108,567,572	109,301,847
Expenses:						
General government	6,534,935	7,004,841	942,499	850,526	7,477,434	7,855,367
Public safety	47,339,078	32,930,354	-	-	47,339,078	32,930,354
Public works	16,018,521	22,945,862	23,562,832	22,562,294	39,581,353	45,508,156
Community development	8,709,976	8,653,360	-	-	8,709,976	8,653,360
Human services	2,664,569	2,693,193	-	-	2,664,569	2,693,193
Interest expense and other charges	3,013,214	6,234,934	-	-	3,013,214	6,234,934
Total Expenses	84,280,293	80,462,544	24,505,331	23,412,820	108,785,624	103,875,364
Change in net position before transfers	2,849,958	9,919,291	(3,068,010)	(4,492,808)	(218,052)	5,426,483
Transfers	(6,245,165)	(15,000)	6,245,165	15,000	-	-
Change in net position	(3,395,207)	9,904,291	3,177,155	(4,477,808)	(218,052)	5,426,483
Net Position - beginning of fiscal year	452,622,818	447,022,783	152,535,926	157,013,734	605,158,744	604,036,517
Prior period adjustments	(876,267)	(4,304,256)	(751,518)	-	(1,627,785)	(4,304,256)
Net Position - beginning of fiscal year, restated	451,746,551	442,718,527	151,784,408	157,013,734	603,530,959	599,732,261
Net Position - end of fiscal year	\$448,351,344	\$452,622,818	\$154,961,563	\$152,535,926	\$603,312,907	\$605,158,744

**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.

**Debt Administration:**

Debt considered a liability of governmental activities is \$84.8 million, a decrease of \$2.2 million from the prior fiscal year. Capital lease obligations increased \$863,436, and other postemployment benefit (OPEB) liability increased by \$1.5 million. These increases were offset by a combination of \$1.9 million in scheduled debt service payments, the decreases in claims payable (\$2.4 million), compensated absences (\$71,359) and the CalPERS retirement side fund (\$129,438). Debt considered a liability of business-type activities was \$57.1 million, a decrease of (\$1.5 million) from prior fiscal year, due to scheduled debt service payments (\$763,592) and a

decrease in compensated absences (\$37,437). Fiscal-year activity for outstanding debt is represented in the chart below. Additional information on the City’s long-term debt can be found in notes 7 through 14 on pages 50-59.

**City of Indio's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Claims Payable	\$ 4,474,337	\$ 6,905,093			\$ 4,474,337	\$ 6,905,093
Lease Revenue Bonds	40,165,000	40,165,000			40,165,000	40,165,000
Water Bonds			57,085,988	58,569,588	57,085,988	58,569,588
Capital Lease	2,411,808	1,860,036			2,411,808	1,860,036
Certificates of Participation	5,005,000	5,460,000			5,005,000	5,460,000
Notes payable	11,048,842	12,130,994			11,048,842	12,130,994
PERS side fund	4,111,192	4,240,630			4,111,192	4,240,630
Post employment benefit	15,607,841	14,151,986			15,607,841	14,151,986
Compensated absences	2,019,899	2,091,258	232,170	269,607	2,252,069	2,360,865
<b>Total</b>	<b>\$ 84,843,919</b>	<b>\$ 87,004,997</b>	<b>\$ 57,318,158</b>	<b>\$ 58,839,195</b>	<b>\$ 142,162,077</b>	<b>\$ 145,844,192</b>

**Capital Assets:**

The capital assets of the City are those assets used in the performance of the City’s functions and include infrastructure assets. Net capital assets of governmental activities totaled \$485 million and the net capital assets of the business-type activities totaled \$193 million. The City’s total net capital assets decreased by \$13.9 million from the prior fiscal year.

Fiscal-year activity is presented in the chart below. Additional information on the City’s capital assets can be found in Note 6 on pages 47-49.

**City of Indio's Capital Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 40,811,973	\$ 40,978,405	\$ 2,168,969	\$ 2,168,969	\$ 42,980,942	\$ 43,147,374
Right of way	54,434,282	54,293,654			54,434,282	54,293,654
Structures and improvements	32,911,564	32,574,657	15,258,474	15,249,734	48,170,038	47,824,391
Machinery, equipment and vehicles	16,736,923	16,722,922	4,354,382	4,130,694	21,091,305	20,853,616
Infrastructure	533,816,627	531,983,932	277,347,706	277,347,706	811,164,333	809,331,638
Construction in progress	23,846,053	18,467,727	848,718	484,989	24,694,771	18,952,716
Capital Assets	702,557,422	695,021,297	299,978,249	299,382,092	1,002,535,671	994,403,389
Accumulated depreciation	217,651,456	203,357,791	107,247,687	99,540,060	324,899,143	302,897,851
<b>Net Capital Assets</b>	<b>\$ 484,905,966</b>	<b>\$ 491,663,506</b>	<b>\$ 192,730,562</b>	<b>\$ 199,842,032</b>	<b>\$ 677,636,528</b>	<b>\$ 691,505,538</b>

**Budgets and Budgetary Accounting:**

The Indio City Council establishes an annual budget that serves as the City’s operational plan. The City’s adopted budget sanctions appropriate use of the City’s resources through transparent practices that convey the highest degree of constituent confidence. When adopting a budget, the City Council assures that service costs and debt obligations do not exceed, in any one year, anticipated revenue plus any resources held over from a prior period. Department managers, with assistance from finance staff, monitor expenditures and publicly report irregularities to the Council on a quarterly basis. Even though the City Council adopts a line-item budget, which identifies expenditure at a micro level, spending controls are maintained at a program’s appropriation level (public service type). This level of control is believed to be more cost effective and, along with quarterly departmental reporting requirements, strengthens cost-controls and allows early detection of potential fiscal irregularities. On occasion, expenditures exceed budgeted appropriation levels. Those overruns are reflected on page 66.

**The 13/14 General Fund Budget:**

The fiscal year 2013-14 originally-adopted general fund budget authorized \$49.04 million in expenditures, supported by \$47.68 million in expected general fund revenue. The budget as finally adjusted near the end of the fiscal year authorized \$55.89 million in expenditures, supported by \$50.65 million in revenue. The original budget included \$350,000 from fund balance to complete the first half of a new City general plan, which is its constitution for development. The final budget reflected a \$5.2 million draw from fund balance, which included \$3.85 million for the purchase of land to be sold as part of a comprehensive economic development effort. During the fiscal year, the budget was adjusted, per City Council direction, to reflect changes in revenue projections and department spending levels. The Indio City Council largely appropriates newly identified general fund resources in a budgetary account called Appropriations for Contingencies, thereby maintaining balance between resources and appropriations: a balanced budget. This budgetary account reflects general fund resources that have not been appropriated for a specific purpose, but rather earmarked by the City Council for various purposes and priorities like bolstering city reserves. When resources from the contingency account are needed, formal action is taken by the City Council to decrease appropriations within the contingency account and increase authorized spending limits within the appropriate department budget.

At fiscal year-end, general fund expenditures totaled \$48 million and general fund revenue total \$52.38 million. During the fiscal year, the City continued its fiscal stabilization efforts by incrementally increasing expenditures, while purposely dedicating growing revenue to reserves. These efforts contributed to the net \$8.75 million in budgetary savings. The most significant source of savings was associated with the deferral of a land purchase that resulted in savings of \$3.8 million. Also, the receipt of more-than-expected park and building capital impact revenue, which is used to pay bond debt, relieved the general fund by about \$700,000. Additionally, \$2.95 million in funds set aside by the City Council in the account for contingency resulted in savings, as planned. While not all departments were able to adhere to their spending targets, overall, department savings contributed \$1.3 million toward the overall savings total.

**Economic Factors and Next Year's Budget and Rates:**

The City adopted the fiscal year 2014-15 budget in June after multiple public sessions. When adopted, the citywide budget authorized \$221.06 million in appropriations, funded with \$215.46 million in expected annual revenue; however, a significant portion of the budget is predicated on the construction of various capital projects (\$112.12 million) which might take multiple years to complete. The City's general fund budget authorized \$55.37 million in expenditures, supported by \$55.02 million in expected general fund revenue. The General Fund budget included \$350,000 from fund balance to pay for a new City general plan.

The City of Indio is experiencing an economic rebound, driven by strong growth in sales tax and development-related revenue. Fiscal year 2013-14 was Indio's fourth year of sales tax growth of at least 10 percent. The opening of a new super Walmart in October 2014 and the expected ground breaking of a new auto dealership in early 2015 are expected to prolong this positive trend. Sales tax makes up about 18 percent of all general fund revenue and is expected to total \$10.4 million by the end of fiscal year 2014-15. Revenue generated through development services, specifically building permit revenue, has tripled since a development lull experienced in fiscal year 2011-12. Development-related revenue is expected to total almost \$3 million in fiscal year 2014-15. Permit demand is up across most categories including: building, electrical, mechanical, pool, and plumbing. Based on current trends, fiscal year 2014-15 development activity is expected to exceed the previous-year's level. Based on the increased demand for inspections, the City has recently added staff within the Community Development Department.

Anticipating growth in general fund discretionary resources, the City Council reviewed a list of strategic recovery objectives and directed funding for the following priorities for fiscal year 2014-15:

- Police services: \$572,645
- Fire services: \$406,514
- Economic development: \$203,671
- City marketing: \$150,000
- A new principal civil engineer: \$152,230, hiring delayed until 10/1/14, saving \$34,351

- A new management aide: \$89,712, hiring delayed until 10/1/14 to saving \$18,684
- A new senior fleet mechanic: \$103,176, hiring delayed until 10/1/14 to saving \$21,579
- Public facility maintenance: \$105,212
- Citywide fleet maintenance: \$109,000
- Citywide vehicle and equipment replacements: \$500,000
- A ballot measure to raise Transient Occupancy Tax: \$85,000
- Increased election costs: \$4,500
- Landscape and Lighting District support: \$9,962
- Artistic city entry monuments: \$275,000
- Retiree healthcare trust deposit: \$200,000
- Laserfiche, geographical information system, police mobile data computers: \$90,000
- Public Works office assistant: \$61,349
- Upgrading a finance cashier position from part-time to full-time: \$20,943
- Chamber of Commerce/City of Indio collaborative marketing efforts: \$40,000
- \$944,322 will be appropriated within the account for contingencies and earmarked for the following city council priorities:
  - To bolster city reserves: \$500,000
  - For a new city general plan: \$350,000
  - For future unforeseen needs: \$94,322
- The recommended budget supports 216 full-time, 7 elected, 32 appointed, and 26 part-time positions.
- The budget incorporates a reduction in medical-benefit contributions consistent with the terms agreed upon by the City and various labor unions or as directed by the city manager for executive and unrepresented staff. Medical contributions made by the city will be reduced July 1, 2014 by \$50 per month to \$1,225 per month for 134 (62 percent) of the 216 full-time employees. The expected annual savings is \$80,400. Medical-benefit contributions for most police department staff remain at \$1,325 per month.
- For most full-time employees (94 percent), merit increases have been suspended. Only 16 full-time employees, members of the Service Employees International Union (SEIU), will receive merits during the fiscal year consistent with the terms of their labor agreement. A merit increase is a five percent performance-based salary increase awarded on an employee's anniversary date. Citywide, SEIU merits are expected to cost \$56,729.

In the November 2014 general election, 79 percent of the voting electorate approved a 3 percent increase in the local Transient Occupancy Tax rate for timeshare, short-term renters, campers, and all lodging facilities with less than 50 rooms. The local effective rate is now 13 percent and expected to generate about \$500,000 per year.

**Contacting the City's Finance Department:**

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 Finance Department at 100 Civic Center Mall, Indio, California, 92201, phone (760) 391-4115, [www.finance@indio.org](mailto:www.finance@indio.org).

BASIC FINANCIAL STATEMENTS



CITY OF INDIO  
Statement of Net Position  
June 30, 2014  
With Comparative Totals as of June 30, 2013

	Primary Government		Totals	
	Governmental	Business-Type		
	Activities	Activities	2014	2013
<b>Assets:</b>				
Cash and investments (note 2)	\$ 36,588,724	\$ 20,290,895	\$ 56,879,619	\$ 47,553,976
Cash and investments with fiscal agent (note 2)	4,899,853		4,899,853	5,584,505
Deposits with other agencies	809,523		809,523	51,534
Accounts receivable, net	3,671,545	2,636,305	6,307,850	6,769,240
Interest receivable	12,770	5,224	17,994	17,227
Notes receivable (note 4)	5,777,030		5,777,030	5,395,599
Due from other governments	2,663,700		2,663,700	2,749,707
Internal balances	2,111,341	(2,111,341)		
Prepaid items	26,808	206,342	233,150	732,824
Inventory		215,131	215,131	159,424
Deferred charges				1,627,785
Advance to private-purpose trust funds	5,496,151		5,496,151	5,496,151
Property held for resale	66,662		66,662	227,699
Land held for resale (note 5)	3,508,697		3,508,697	3,508,697
Capital assets, not depreciated (note 6)	111,735,107	2,776,151	114,511,258	116,393,744
Capital assets, depreciated, net (note 6)	373,170,859	189,954,411	563,125,270	575,111,794
<b>Total assets</b>	<b>550,538,770</b>	<b>213,973,118</b>	<b>764,511,888</b>	<b>771,379,906</b>
<b>Deferred Outflows of Resources:</b>				
Deferred loss on refunding of debt		689,239	689,239	720,008
<b>Total deferred outflows of resources</b>		<b>689,239</b>	<b>689,239</b>	<b>720,008</b>
<b>Liabilities:</b>				
Accounts payable	5,673,008	1,031,744	6,704,752	6,610,306
Accrued payroll	1,343,836	255,804	1,599,640	1,572,740
Deposits payable	5,329,812	400,829	5,730,641	6,472,952
Interest payable	394,618	683,009	1,077,627	1,063,585
Retentions payable	126,331	11,250	137,581	295,943
Unearned revenue	2,215,958		2,215,958	2,724,998
Long-term liabilities (notes 7 to 14):				
Portion due within one year	6,785,752	1,712,902	8,498,654	10,025,768
Portion due in more than one year	78,058,167	55,605,256	133,663,423	135,818,424
<b>Total liabilities</b>	<b>99,927,482</b>	<b>59,700,794</b>	<b>159,628,276</b>	<b>164,584,716</b>
<b>Deferred Inflows of Resources:</b>				
Unamortized gain on refunding of debt	2,259,944		2,259,944	2,356,454
<b>Total deferred inflows of resources</b>	<b>2,259,944</b>		<b>2,259,944</b>	<b>2,356,454</b>
<b>Net position:</b>				
Net investment in capital assets	425,528,330	136,333,813	561,862,143	575,417,157
Restricted for:				
Public works	7,293,319		7,293,319	6,345,052
Assessment districts	1,439,723		1,439,723	1,539,560
Housing	8,825,449		8,825,449	8,852,164
Community development	6,190,744		6,190,744	6,298,895
Debt service	2,470,796		2,470,796	2,075,403
Public safety	621,643		621,643	604,226
Unrestricted (deficit)	(4,018,660)	18,627,750	14,609,090	4,026,287
<b>Total net position</b>	<b>\$ 448,351,344</b>	<b>\$ 154,961,563</b>	<b>\$ 603,312,907</b>	<b>\$ 605,158,744</b>

See accompanying notes to basic financial statements



CITY OF INDIO  
Statement of Activities  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 6,534,935	\$ 10,519,818	\$ -	\$ -
Public safety	47,339,078	2,316,053	5,270,080	
Public works	16,018,521	1,827,916	6,118,535	8,841,075
Community development	8,709,976	2,559,608	3,458,297	
Human services	2,664,569	3,868,842		
Interest expense and other charges	3,013,214			
Total governmental activities	<u>84,280,293</u>	<u>21,092,237</u>	<u>14,846,912</u>	<u>8,841,075</u>
Business-type activities:				
Water	23,562,832	18,198,397		2,479,583
Golf	942,499	688,908		
Solid waste				
Total business-type activities	<u>24,505,331</u>	<u>18,887,305</u>		<u>2,479,583</u>
Total primary government	<u>\$ 108,785,624</u>	<u>\$ 39,979,542</u>	<u>\$ 14,846,912</u>	<u>\$ 11,320,658</u>

General revenues:

Taxes:

  Property taxes, net

  Sales taxes

  Transient occupancy taxes

  Franchise taxes

  Other taxes

Investment income

State motor vehicle in lieu tax (unrestricted)

Other

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of the fiscal year

Prior period adjustments

Net position at beginning of the fiscal year, restated

Net position at end of fiscal year

Net (Expenses) Revenues  
and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	2014	2013
\$ 3,984,883	\$ -	\$ 3,984,883	\$ 4,081,140
(39,752,945)		(39,752,945)	(26,180,462)
769,005		769,005	(3,020,901)
(2,692,071)		(2,692,071)	1,236,462
1,204,273		1,204,273	362,584
(3,013,214)		(3,013,214)	(6,234,934)
(39,500,069)		(39,500,069)	(29,756,111)
	(2,884,852)	(2,884,852)	(4,823,462)
	(253,591)	(253,591)	(163,861)
			(460)
	(3,138,443)	(3,138,443)	(4,987,783)
(39,500,069)	(3,138,443)	(42,638,512)	(34,743,894)
12,999,966		12,999,966	13,373,498
9,349,426		9,349,426	8,377,197
3,077,890		3,077,890	2,820,398
2,338,806		2,338,806	2,090,285
9,408,752		9,408,752	9,430,271
64,168	70,433	134,601	164,790
35,499		35,499	42,893
5,075,520		5,075,520	3,871,045
(6,245,165)	6,245,165		
36,104,862	6,315,598	42,420,460	40,170,377
(3,395,207)	3,177,155	(218,052)	5,426,483
452,622,818	152,535,926	605,158,744	604,036,517
(876,267)	(751,518)	(1,627,785)	(4,304,256)
451,746,551	151,784,408	603,530,959	599,732,261
\$ 448,351,344	\$ 154,961,563	\$ 603,312,907	\$ 605,158,744

See accompanying notes to basic financial statements

CITY OF INDIO  
Governmental Funds  
Balance Sheet  
June 30, 2014  
With Comparative Totals as of June 30, 2013

	General Fund	Capital Projects Fund	Assessment Districts Capital Projects Fund
<u>Assets</u>			
Cash and investments	\$ 15,951,066	\$ 4,053,641	\$ 470
Cash and investments with fiscal agent			1,439,253
Accounts receivable	2,610,694	344,305	
Due from other governments	1,481,022		
Due from other funds (note 3)	3,028,076		
Interest receivable	8,011	1,290	
Notes receivable (note 4)			
Prepaid items	26,808		
Advance to private-purpose trust funds (note 4)			
Property held for resale			
Land held for resale	3,508,697		
Total assets	<u>\$ 26,614,374</u>	<u>\$ 4,399,236</u>	<u>\$ 1,439,723</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 3,751,421	\$ 269,970	\$ -
Accrued liabilities	1,175,063	215	
Due to other funds (note 3)			
Unearned revenue	250,000	1,774,998	
Retentions payable	796	86,035	
Deposits payable	5,329,812		
Total liabilities	<u>10,507,092</u>	<u>2,131,218</u>	
Deferred Inflows of Resources:			
Deferred revenue - loans/notes			
Deferred revenue - grant revenue	19,169		
Total deferred inflows of resources	<u>19,169</u>		
Total liabilities and deferred inflows	<u>10,526,261</u>	<u>2,131,218</u>	
Fund balances:			
Nonspendable:			
Advances			
Prepaid items	26,808		
Land held for resale	3,508,697		
Restricted		1,283,149	1,439,723
Committed	1,139,500		
Assigned			
General government	125,292		
General plan	700,000		
Economic development	5,902,850		
Lighting and landscape districts	195,000		
Construction projects		984,869	
Unassigned	4,489,966		
Total fund balances	<u>16,088,113</u>	<u>2,268,018</u>	<u>1,439,723</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 26,614,374</u>	<u>\$ 4,399,236</u>	<u>\$ 1,439,723</u>

Other Governmental Funds	Totals	
	2014	2013
\$ 9,764,613	\$ 29,769,790	\$ 29,860,742
3,460,600	4,899,853	5,017,699
628,893	3,583,892	4,755,525
1,182,678	2,663,700	2,749,707
	3,028,076	1,782,498
3,469	12,770	13,560
5,777,030	5,777,030	5,395,599
	26,808	480,231
5,496,151	5,496,151	5,496,151
66,662	66,662	227,699
	3,508,697	3,508,697
<u>\$ 26,380,096</u>	<u>\$ 58,833,429</u>	<u>\$ 59,288,108</u>
\$ 1,128,587	\$ 5,149,978	\$ 5,823,868
103,768	1,279,046	1,280,387
392,488	392,488	1,136,808
190,960	2,215,958	6,557,797
39,500	126,331	291,953
	5,329,812	6,133,138
<u>1,855,303</u>	<u>14,493,613</u>	<u>21,223,951</u>
2,455,267	2,455,267	
538,485	557,654	
<u>2,993,752</u>	<u>3,012,921</u>	
<u>4,849,055</u>	<u>17,506,534</u>	<u>21,223,951</u>
5,496,151	5,496,151	
	26,808	480,231
	3,508,697	3,508,697
16,458,732	19,181,604	26,332,965
	1,139,500	730,000
	125,292	83,850
	700,000	700,000
	5,902,850	
	195,000	
	984,869	1,296,497
(423,842)	4,066,124	4,931,917
<u>21,531,041</u>	<u>41,326,895</u>	<u>38,064,157</u>
<u>\$ 26,380,096</u>	<u>\$ 58,833,429</u>	<u>\$ 59,288,108</u>

See accompanying notes to basic financial statements



CITY OF INDIO  
 Governmental Funds  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2014

Fund balances of governmental funds \$ 41,326,895

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

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

Capital assets	685,820,499
Accumulated depreciation	(204,609,825)

Long-term debt has not been included in governmental fund activity:

Bonds payable	(40,165,000)
Deferred gain on refunding	(2,259,944)
Installment agreement	(5,005,000)
Capital lease obligations	(1,548,372)
Note payable	(11,048,842)
Compensated absences	(2,019,899)
PERS side fund liability	(4,111,192)
Post employment benefit liability	(15,607,841)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (394,618)

The focus of governmental funds is on short-term financing, therefore, some assets will not be available to pay for current-period expenditures. Those assets are offset by deferred inflows in the governmental funds and not included in fund balance. Unearned revenue associated with these assets is not included in the statement of net position. 3,012,921

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 position:

Capital assets, net of depreciation	3,695,292
Long-term liabilities	(5,264,068)
Other assets and liabilities	<u>6,530,338</u>

Net position of governmental activities \$ 448,351,344

See accompanying notes to basic financial statements

CITY OF INDIO  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Assessment Districts Capital Projects Fund	Other Governmental Funds
Revenues:				
Taxes	\$ 29,473,331	\$ -	\$ -	\$ 4,599,200
Special assessments				3,791,742
Licenses and permits	3,384,182			
Intergovernmental	7,360,768	4,175,358		3,281,854
Charges for services	9,481,774			
Fines	783,338			104,148
Investment income	63,679	329,010	2,931	2,398,360
Developer fees		4,901,203		
Miscellaneous	1,829,647		25,269	546,457
Total revenues	<u>52,376,719</u>	<u>9,405,571</u>	<u>28,200</u>	<u>14,721,761</u>
Expenditures:				
Current:				
General government	3,903,655			262,016
Public safety	33,602,544			1,478,029
Public works	4,399,198	5,625,342	102,770	4,046,971
Community development	3,863,548			3,518,576
Human services	1,461,611			
Other	406,849			
Debt service:				
Principal	275,876	279,087		1,293,853
Interest and other charges	86,492	6,363		2,607,174
Bond issuance costs				
Total expenditures	<u>47,999,773</u>	<u>5,910,792</u>	<u>102,770</u>	<u>13,206,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,376,946</u>	<u>3,494,779</u>	<u>(74,570)</u>	<u>1,515,142</u>
Other financing sources (uses):				
Payment to bond escrow agent				
Interfund transfers in (note 3)	3,429,366	24,600		3,408,442
Interfund transfers out (note 3)	(1,487,512)	(8,423,487)	(25,267)	(2,975,701)
Issuance of debt				
Total other financing sources (uses)	<u>1,941,854</u>	<u>(8,398,887)</u>	<u>(25,267)</u>	<u>432,741</u>
Net change in fund balances	6,318,800	(4,904,108)	(99,837)	1,947,883
Fund balances at beginning of fiscal year	<u>9,769,313</u>	<u>7,172,126</u>	<u>1,539,560</u>	<u>19,583,158</u>
Fund balances at end of fiscal year	<u>\$ 16,088,113</u>	<u>\$ 2,268,018</u>	<u>\$ 1,439,723</u>	<u>\$ 21,531,041</u>

See accompanying notes to basic financial statements

Totals

2014	2013
\$ 34,072,531	\$ 32,561,780
3,791,742	3,865,959
3,384,182	2,026,711
14,817,980	18,739,839
9,481,774	8,335,405
887,486	1,214,702
2,793,980	4,089,023
4,901,203	5,559,270
2,401,373	2,471,180
<u>76,532,251</u>	<u>78,863,869</u>
4,165,671	4,203,667
35,080,573	32,603,245
14,174,281	21,300,106
7,382,124	7,730,764
1,461,611	1,545,023
406,849	323,011
1,848,816	1,814,709
2,700,029	2,689,864
	381,214
<u>67,219,954</u>	<u>72,591,603</u>
<u>9,312,297</u>	<u>6,272,266</u>
	(21,335,000)
6,862,408	5,786,747
(12,911,967)	(6,781,747)
	24,500,000
<u>(6,049,559)</u>	<u>2,170,000</u>
3,262,738	8,442,266
<u>38,064,157</u>	<u>29,621,891</u>
<u>\$ 41,326,895</u>	<u>\$ 38,064,157</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  
 Fiscal Year Ended June 30, 2014

Changes in fund balances of governmental funds \$ 3,262,738

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

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.

Capital expenditures	8,545,082
Depreciation of capital assets	(14,263,061)
Disposal of capital assets	(869,226)
Contributed capital assets	(96,228)

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. Also, governmental funds report the effect of 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	1,848,816
To record as an expense the net change in post employment benefit liability in the Statement of Activities.	(1,455,855)
To record as a reduction of expense the net change in compensated absences in the Statement of Activities.	71,359
To record as a reduction of expense the net change in PERS side fund liability in the Statement of Activities.	129,438
To record as a revenue or a reduction of expense the amortization of gain on refunding in the Statement of Activities.	96,510

Accrued Interest

The Statement of Net Position includes accrued interest on long-term debt, this is the net change (2,846)

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. 157,944

Unearned Revenue

The focus of governmental funds is on short-term financing, therefore, some assets are offset by unearned revenue or deferred inflows. Loans and notes issued during the fiscal year are reported as expenditures in the governmental funds when paid. Collections of loans and notes are reported as revenues in the governmental funds when received. The annual activity for loans and notes is not reported as revenues and expenses in the statement of activities. Net activity including establishment of an allowance. (819,878)

Change in net position of governmental activities \$ (3,395,207)

See accompanying notes to basic financial statements

CITY OF INDIO  
Proprietary Funds  
Statement of Net Position  
June 30, 2014  
With Comparative Totals as of June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water Fund	Nonmajor Funds	2014	2013	2014	2013
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and investments	\$ 20,288,877	\$ 2,018	\$ 20,290,895	\$ 9,264,915	\$ 6,818,934	\$ 8,428,319
Cash and investments with fiscal agent				566,806		
Deposit with other agencies					809,523	51,534
Accounts receivable, net	2,634,905	1,400	2,636,305	2,007,893	87,653	5,822
Interest receivable	4,979	245	5,224	3,667		
Prepaid items	206,342		206,342	251,514		1,079
Inventory	187,986	27,145	215,131	159,424		
<b>Total current assets</b>	<b>23,323,089</b>	<b>30,808</b>	<b>23,353,897</b>	<b>12,254,219</b>	<b>7,716,110</b>	<b>8,486,754</b>
<b>Noncurrent assets:</b>						
Deferred charges				751,518		
<b>Capital assets:</b>						
Land	1,703,010	465,959	2,168,969	2,168,969		
Construction in progress	607,182		607,182	484,989		
Structures and improvements	14,898,125	360,349	15,258,474	15,249,734		
Machinery and equipment	2,878,938	50,076	2,929,014	2,705,326	7,878,845	6,744,029
Vehicles	1,425,368		1,425,368	1,425,368	8,858,078	9,978,892
Utility distribution system	277,589,242		277,589,242	277,347,706		
Accumulated depreciation	(107,123,116)	(124,571)	(107,247,687)	(99,540,060)	(13,041,631)	(12,953,522)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>191,978,749</b>	<b>751,813</b>	<b>192,730,562</b>	<b>199,842,032</b>	<b>3,695,292</b>	<b>3,769,399</b>
<b>Total noncurrent assets</b>	<b>191,978,749</b>	<b>751,813</b>	<b>192,730,562</b>	<b>200,593,550</b>	<b>3,695,292</b>	<b>3,769,399</b>
<b>Deferred Outflows of Resources:</b>						
Deferred loss on refunding of debt	689,239		689,239	720,008		
<b>Total deferred outflows of resources</b>	<b>689,239</b>		<b>689,239</b>	<b>720,008</b>		
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	989,618	42,126	1,031,744	565,130	523,030	221,308
Accrued liabilities	247,812	7,992	255,804	226,255	64,790	66,098
Due to other funds	1,512,528	598,813	2,111,341	385,654	524,247	260,036
Deposits payable	400,829		400,829	339,814		
Interest payable	683,009		683,009	671,813		
Retention payable	11,250		11,250	3,990		
Long-term liabilities, portion due within one year	1,712,902		1,712,902	1,652,340	73,705	
<b>Total current liabilities</b>	<b>5,557,948</b>	<b>648,931</b>	<b>6,206,879</b>	<b>3,844,996</b>	<b>1,185,772</b>	<b>547,442</b>
<b>Noncurrent liabilities:</b>						
Long-term liabilities, portion due in more than one year	55,605,256		55,605,256	57,186,855	5,264,068	6,905,093
<b>Total liabilities</b>	<b>61,163,204</b>	<b>648,931</b>	<b>61,812,135</b>	<b>61,031,851</b>	<b>6,449,840</b>	<b>7,452,535</b>
<b>Net position:</b>						
Net investment in capital assets	135,582,000	751,813	136,333,813	143,310,776	2,831,856	3,769,399
Unrestricted	19,245,873	(618,123)	18,627,750	9,225,150	2,129,706	1,034,219
<b>Total net position</b>	<b>\$ 154,827,873</b>	<b>\$ 133,690</b>	<b>\$ 154,961,563</b>	<b>\$ 152,535,926</b>	<b>\$ 4,961,562</b>	<b>\$ 4,803,618</b>

See accompanying notes to basic financial statements

CITY OF INDIO  
Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water Fund	Nonmajor Funds	2014	2013	2014	2013
Operating revenues:						
Charges for services	\$ 17,827,521	\$ 688,908	\$ 18,516,429	\$ 16,657,502	\$ 9,782,291	\$ 9,976,956
Other income	370,876		370,876	402,565	1,433,346	172,784
Total operating revenues	18,198,397	688,908	18,887,305	17,060,067	11,215,637	10,149,740
Operating expenses:						
Personnel services	4,760,496	133,932	4,894,428	4,941,084	5,702,098	5,498,073
Contractual services	1,878,840	316,017	2,194,857	1,841,315	645,638	589,831
Utilities	1,457,150		1,457,150	1,496,702		
Depreciation	7,697,410	10,217	7,707,627	7,624,784	819,084	1,055,221
Rental and leases	1,359,668		1,359,668	1,358,056		
Repairs and maintenance	1,847,314	158,609	2,005,923	1,705,374	578,896	552,405
Materials and supplies	1,667,269	323,724	1,990,993	1,286,411	3,303,537	2,530,745
Bad debt	148,875		148,875	399,341		
Claims and judgments	50,000		50,000		15,075	773,368
Total operating expenses	20,867,022	942,499	21,809,521	20,653,067	11,064,328	10,999,643
Operating income (loss)	(2,668,625)	(253,591)	(2,922,216)	(3,593,000)	151,309	(849,903)
Nonoperating revenues (expenses):						
Investment income	68,583	1,850	70,433	92,410	46	37,574
Interest expense	(2,695,810)		(2,695,810)	(2,759,753)		
Total nonoperating revenues (expenses)	(2,627,227)	1,850	(2,625,377)	(2,667,343)	46	37,574
Income (loss) before transfers and capital contributions	(5,295,852)	(251,741)	(5,547,593)	(6,260,343)	151,355	(812,329)
Interfund transfers and capital contributions:						
Interfund transfers in	6,548,162		6,548,162	15,000	7,000	980,000
Interfund transfers out		(302,997)	(302,997)		(202,606)	
Capital contributions	2,479,583		2,479,583	1,767,535	202,195	233,000
Changes in net position	3,731,893	(554,738)	3,177,155	(4,477,808)	157,944	400,671
Net position at beginning of fiscal year	151,847,498	688,428	152,535,926	157,013,734	4,803,618	4,402,947
Prior period adjustments	(751,518)		(751,518)			
Net position at beginning of fiscal year, restated	151,095,980	688,428	151,784,408	157,013,734	4,803,618	4,402,947
Net position at end of fiscal year	\$ 154,827,873	\$ 133,690	\$ 154,961,563	\$ 152,535,926	\$ 4,961,562	\$ 4,803,618

See accompanying notes to basic financial statements

CITY OF INDIO  
Proprietary Funds  
Statement of Cash Flows  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water Fund	Nonmajor Funds	2014	2013	2014	2013
Cash flows from operating activities:						
Cash received from customers	\$ 17,483,498	\$ 689,580	\$ 18,173,078	\$ 17,256,761	\$ -	\$ -
Cash received from user departments					10,375,817	10,158,868
Cash payments to suppliers for goods and services	(7,082,606)	(768,807)	(7,851,413)	(7,666,738)	(6,671,101)	(3,682,547)
Cash payments to employees for services	(4,009,000)	(133,932)	(4,142,932)	(4,907,226)	(5,703,406)	(5,490,088)
Net cash provided by (used for) operating activities	6,391,892	(213,159)	6,178,733	4,682,797	(1,998,690)	986,233
Cash flows from non-capital and related financing activities:						
Cash received (paid) to/from other funds	6,548,162	(302,997)	6,245,165	15,000	(195,606)	980,000
Due to/from other funds		213,159	213,159	154,362	264,211	(85,512)
Net cash provided by (used for) non-capital and related financing activities	6,548,162	(89,838)	6,458,324	169,362	68,605	894,488
Cash flows from capital and related financing activities:						
Cash contribution					202,195	233,000
Cash received from disposal of capital assets					719,339	
Acquisition of capital assets	(278,717)		(278,717)	(595,845)	(1,464,316)	(340,422)
Principal payments on debt	(1,400,000)		(1,400,000)	(1,365,000)		
Issuance of debt, net					863,436	
Capital impact fees received	2,169,403		2,169,403			
Interest payments on debt	(2,737,445)		(2,737,445)	(2,793,718)		
Net cash provided by (used for) capital and related financing activities	(2,246,759)		(2,246,759)	(4,754,563)	320,654	(107,422)
Cash flows from investing activities:						
Interest received on investments	67,027	1,849	68,876	94,669	46	40,945
Net cash provided by (used for) investing activities	67,027	1,849	68,876	94,669	46	40,945
Net increase (decrease) in cash and cash equivalents	10,760,322	(301,148)	10,459,174	192,265	(1,609,385)	1,814,244
Cash and cash equivalents at beginning of fiscal year	9,528,555	303,166	9,831,721	9,639,456	8,428,319	6,614,075
Cash and cash equivalents at end of fiscal year	\$ 20,288,877	\$ 2,018	\$ 20,290,895	\$ 9,831,721	\$ 6,818,934	\$ 8,428,319
Reconciliation of amounts reported on the Statement of Net Position:						
Reported on the Statement of Net Position:						
Cash and investments	\$ 20,288,877	\$ 2,018	\$ 20,290,895	\$ 9,264,915	\$ 6,818,934	\$ 8,428,319
Cash and investments with fiscal agents				566,806		
Cash and cash equivalents at end of fiscal year	\$ 20,288,877	\$ 2,018	\$ 20,290,895	\$ 9,831,721	\$ 6,818,934	\$ 8,428,319

(Continued)

See accompanying notes to basic financial statements

CITY OF INDIO  
Proprietary Funds  
Statement of Cash Flows  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013  
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Major Fund Water Fund	Nonmajor Funds	2014	2013	2014	2013
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (2,668,625)	\$ (253,591)	\$ (2,922,216)	\$ (3,593,000)	\$ 151,309	\$ (849,903)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	7,697,410	10,217	7,707,627	7,624,784	819,084	1,055,221
(Increase) decrease in deposits with other agencies					(757,989)	102
(Increase) decrease in accounts receivable	(627,039)	(1,373)	(628,412)	555,867	(81,831)	9,026
(Increase) decrease in prepaid items	45,172		45,172	(26,418)	1,079	(3)
(Increase) decrease in inventory	(57,752)	2,045	(55,707)	39,561		
Increase (decrease) in accounts payable	1,190,215	29,543	1,219,758	7,455	301,722	(9,461)
Increase (decrease) in accrued liabilities	788,933		788,933	23,193	(1,308)	7,985
Increase (decrease) in deposits payable	61,015		61,015	42,602		
Increase (decrease) in retentions payable				(1,912)		
Increase (decrease) in compensated absences	(37,437)		(37,437)	10,665		
Increase (decrease) in claims and judgments payable					(2,430,756)	773,266
Net cash provided by (used for) operating activities	<u>\$ 6,391,892</u>	<u>\$ (213,159)</u>	<u>\$ 6,178,733</u>	<u>\$ 4,682,797</u>	<u>\$ (1,998,690)</u>	<u>\$ 986,233</u>
Non-cash investing, capital, and financing activities:						
Issue premium on bonds	\$ 83,600	\$ -	\$ 83,600	\$ 83,600	\$ -	\$ -
Contributed capital assets	\$ 310,180	\$ -	\$ 310,180	\$ 1,767,535	\$ -	\$ -

See accompanying notes to basic financial statements

CITY OF INDIO  
Fiduciary Funds  
Statement of Net Position  
June 30, 2014

	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and investments (note 2)	\$ 5,038,736	\$ 10,467,640
Cash and investments with fiscal agents (note 2)	6,351,351	7,247,549
Accounts receivable	26,611	42,214
Due from other governments		113,140
Interest receivable	103	3,472
Notes receivable	584,371	
Land held for resale	37,926,065	
	<u>\$ 49,927,237</u>	<u>\$ 17,874,015</u>
<b>Total assets</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 48,669	\$ 250,756
Accrued liabilities	17,267	
Unearned revenue	75,000	
Retention payable	295,489	
Interest payable	1,441,655	
Deposits payable	110,000	
Advances from the City of Indio	5,496,151	
Due to members		230,078
Due to bondholders		17,192,324
Deposits payable		200,857
Long-term debt due within one year	2,065,000	
Long-term debt due in more than one year	69,440,000	
	<u>78,989,231</u>	<u>\$ 17,874,015</u>
<b>Total liabilities</b>		
<b>NET POSITION (DEFICIT)</b>		
Unrestricted	(29,061,994)	
<b>Total Net Position (Deficit)</b>	<u>\$ (29,061,994)</u>	

See accompanying notes to basic financial statements

CITY OF INDIO  
Private-Purpose Trust Funds  
Statement Of Changes In Net Position  
For the Fiscal Year Ended June 30, 2014

	Totals
Additions:	
Investment revenue	\$ 25,444
Taxes and assessments	6,074,392
Charges for services	607,903
Other revenue	431,508
Total additions	7,139,247
Deductions:	
Community development	3,326,883
Interest expenses	3,928,561
Total deductions	7,255,444
Change in net position	(116,197)
Net Position (deficit) - July 1, 2013	(27,033,803)
Prior period adjustments	(1,911,994)
Net Position (deficit) - July 1, 2013, restated	(28,945,797)
Net Position (deficit) - June 30, 2014	\$ (29,061,994)

See accompanying notes to basic financial statements

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

### (1) Summary of Significant Accounting Policies

The financial statements of the City of Indio (City) have been prepared in conformity with accounting principles generally accepted in the United States of America 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:

- 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.



# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

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

#### (a) Reporting Entity (Continued)

- 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 Housing 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 component unit's governing body is the same as the governing body of the primary government and there is a financial relationship between the primary government and the component unit 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.

- Indio Financing Authority

The Indio 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 Housing Authority formed the Authority by the execution of a joint exercise of powers agreement dated as of April, 18, 2012. 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.

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

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

#### (a) Reporting Entity (Continued)

Since the component units primarily serve the City, the members of the City Council sit as the governing board or appoint the governing board of the component units, and the City Council has the ability to impose its will upon, and is financially accountable for its 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, Accounting Principles Board 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 non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

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

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

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

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

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

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

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

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

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

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

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 position.

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 non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as 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. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans.

(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.

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.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(c) Fund Classifications (Continued)

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 – This fund is an enterprise fund used to account for the activities associated with the transmission and distribution 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.

*Fiduciary Funds*- Fiduciary fund financial statements include a statement of net position and statement of changes in net position. The City's fiduciary funds are used to account for assets held by the City as trustee for the Redevelopment Agency Successor Agency, and as an agent for employees and various independent entities as well as independent assessment districts. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans.

(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, 2014, 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 the governmental funds. Encumbrances are reported as restrictions of fund balances since they do not constitute expenditures or liabilities.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(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.

(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.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(h) Compensated Absences

Employees hired prior to the 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, *Accounting for Compensated Absences*, 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.

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 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 been 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 fiscal 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 nonspendable 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



CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(k) Property Taxes (Continued)

complex formulas. Accordingly, the City of Indio accrues only those taxes, which are received within 60 days after fiscal year-end.

The property tax calendar is as follows:

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

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

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

(l) Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

(m) Prior Year Data

Selected information regarding the prior fiscal 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's prior fiscal year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior fiscal year data may have been made in order to enhance their comparability with current fiscal year figures.

(n) Amortization of Bond Premiums and Discounts

Bond premiums and discounts 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 or addition to the face amount of the bonds payable.

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

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

#### (o) Unamortized Gain/Loss on Refunding

Gain/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. These are now recorded, per GASB Statement No. 65, as deferred inflows or outflows of resources.

#### (p) Property/Land Held for Resale

Home purchased for the purpose of resale under the federally funded Neighborhood Stabilization Program. Land purchased for the purpose of resale (or contribution to a redevelopment project) is recorded at the City's or Successor Agency's cost to purchase the property or, upon entering into a contract for sale, the estimated net realizable value, if lower.

#### (q) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### (r) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources on the deferred loss on refunding of debt in the statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflow of resources unearned revenue – loans/notes and grant revenue on the fund financial statements and unamortized gain on refunding of debt in the statement of net position.

#### (s) New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

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

#### (s) New Accounting Pronouncements (Continued)

##### Governmental Accounting Standards Board Statement No. 65 (Continued)

of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the statement and the impact on the City's financial statements are explained in Note 28 – Prior Period Adjustments. Items previously reported as assets and liabilities are now reported as deferred inflows or outflows of resources. See also Note 1 (r).

##### Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction – 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, regarding the reporting of certain operating lease transactions, and No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

##### Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(s) New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

(2) Cash and Investments

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$	56,879,619
Cash and investments held by bond trustee		4,899,853

Fiduciary Funds:

Cash and investments		15,506,376
Cash and investments held by bond trustee		13,598,900
Total cash and investments	\$	<u>90,884,748</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$	8,150
Deposits with financial institutions		6,600,642
Investments		84,275,956
Total cash and investments	\$	<u>90,884,748</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.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(2) Cash and Investments (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy (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>
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%	5%
Commercial Paper	Yes	270 days	25%	10%
Certificates of Deposit	Yes	5 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%	5%
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	\$50 million
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

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(2) Cash and Investments (Continued)

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.

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

Investment Type	Total	Remaining Maturing (in Months)			
		12 Months Or Less	13 to 36 Months	36 to 60 Months	More Than 60 Months
State Investment Pool	\$ 50,773,109	\$ 50,773,109	\$ -	\$ -	\$ -
Federal Agency Securities Held by Bond Trustee:	14,903,211	3,103,241	5,947,464	5,852,506	
Money Market Funds	<u>18,599,636</u>	<u>18,599,636</u>			
Total	<u>\$ 84,275,956</u>	<u>\$ 72,475,986</u>	<u>\$ 5,947,464</u>	<u>\$ 5,852,506</u>	<u>\$ -</u>

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 fiscal year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
State Investment Pool	\$ 50,773,109	N/A	\$ -	\$ -	\$ -	\$ 50,773,109
Federal Agency Securities Held by Bond Trustee:	14,903,211	N/A		14,903,211		
Money Market Funds	<u>18,599,636</u>	<u>AAA</u>		<u>18,599,636</u>		
Total	<u>\$ 84,275,956</u>		<u>\$ -</u>	<u>\$ 33,502,847</u>	<u>\$ -</u>	<u>\$ 50,773,109</u>

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(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 fair 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.

As of June 30, 2014, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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

Transfers in and out for the fiscal year ended June 30, 2014 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,487,512 (a)
Capital Project Funds	Other Governmental Funds	1,875,325 (a)
Other Governmental Funds	General Fund	2,975,701 (b)
Capital Project Funds	Water Fund	6,548,162 (c)
Solid Waste Fund	General Fund	302,997

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

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

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
Capital Project Funds	General Fund	\$ 25,267
Internal service fund	General Fund	150,000
Internal service fund	Other Governmental Funds	52,606
	Total	<u>\$ 13,417,570</u>

Interfund transfers were principally used for the following purposes:

- (a) \$1,013,491 and \$1,875,325 were transferred from the General Fund and Capital Project Fund, respectively, to the General Debt Service Fund to cover debt service payments. The remaining amounts are for various other operating purposes.
- (b) \$2,627,750 was transferred from the Community Facilities District Fund to the General Fund to reimburse the General Fund for police and fire related expenditures. The remaining amounts are for various other operating purposes.
- (c) \$6,548,162 was transferred from the Capital Project Fund to the Water Fund to administer the water facilities construction projects.

Current interfund receivables and payables as of June 30, 2014 are as follows:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 392,488
General Fund	Major Water Enterprise Fund	1,512,528
General Fund	Internal Service Fund	524,247
General Fund	Nonmajor Enterprise Funds	598,813
	Total	<u>\$ 3,028,076</u>

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

<u>Notes Receivable and Long Term Receivable</u>	<u>Outstanding at June 30, 2014</u>
Various first time home buyer notes were issued to homeowners	\$ 53,600
Neighborhood Stabilization deferred loan program	1,144,653
Housing rehabilitation deferred loan program	1,091,386
Horizons at Indio senior housing project	3,487,391
Advance to private-purpose trust funds	5,496,151
Total	<u>\$11,273,181</u>

The City administers a First Time Home Buyer Program. The program is designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. As of June 30, 2014, notes receivable of \$53,600 reported under the Indio Housing Authority.



CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(4) Notes Receivable and Long Term Receivable (Continued)

The Horizons at Indio Senior Housing Project note 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. The amount of the note outstanding as of June 30, 2014 was \$3,487,391.

The Housing Rehabilitation Deferred Loan program provides financial assistance in the form of deferred low-interest loans to qualified homeowners, allowing them to eliminate health and safety-related property conditions, make basic improvements to the interior of the residence, and to make needed exterior aesthetic home improvements. After ten years of satisfactory program participation, continued home-owner occupancy, and exemplary maintenance/upkeep of the property, the loan would be forgiven and converted into a grant. The amount of loans outstanding as of June 30, 2014 was \$1,091,386.

The Neighborhood Stabilization Program is funded by the U.S. Department of Housing and Urban Development (HUD) to help very-low to moderate income first time home buyers purchase completely renovated foreclosed and/or abandoned homes. Three targeted areas in the City of Indio ("City") were selected to create the greatest impact by stabilizing and bringing new families into older established neighborhoods. The program will be available to anyone that is a first time home buyer and has not owned a home in the last three years, has an annual income that is not greater than 120% of the area median income as published by the U.S. Department of Housing and Urban Development (HUD). The amount of loans outstanding as of June 30, 2014 was \$1,144,653.

Long Term Receivable

The Indio Housing Authority will be repaid in installments or in a lump sum by fiscal year ending June 30, 2015 from the Successor Agency of the Redevelopment Agency of City of Indio. The loan balance as of June 30, 2014 was \$5,496,151.

(5) Land Held for Resale

The City of Indio purchased land on March 1, 2006 at a total cost of \$7,017,394. The land held for resale is recorded in the general fund with the intention to be sold to local businesses or developers. These land parcels were purchased at the peak of the real estate market and have since dropped significantly in value. Management estimates the value of the property to have declined approximately 50%. Land purchased for the purpose of resale (or contribution to a redevelopment project) is recorded at the City's cost to purchase the property or, upon entering into a contract for sale, the estimated net realizable value, if lower. As of June 30, 2014, land held for resale is as follows:

	<u>General Fund</u>
Land held for resale	\$ 7,017,394
Impairment allowance	<u>(3,508,697)</u>
Total	<u>\$ 3,508,697</u>

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(6) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

Governmental activities:

	Balance June 30, 2013	Additions	Deletions	Transfers	Transfer to Business-type Activities	Balance June 30, 2014
Structures and improvements	\$ 32,574,657	\$ 403,579	\$ (66,672)	\$ -	\$ -	\$ 32,911,564
Machinery and equipment	6,744,029	1,134,816				7,878,845
Vehicles	9,978,892	329,500	(1,450,314)			8,858,078
Infrastructure: street network	531,983,932	1,832,695		7,357,201		533,816,627
<b>Total cost of depreciable assets</b>	<b>581,281,510</b>	<b>3,700,590</b>	<b>(1,516,986)</b>	<b>7,357,201</b>		<b>583,465,114</b>
Less accumulated depreciation:						
Structures and improvements	5,472,260	848,590	(57,504)			6,263,346
Machinery and equipment	4,927,096	383,076				5,310,172
Vehicles	8,026,426	436,008	(730,975)			7,731,459
Infrastructure: street network	184,932,008	13,414,471				198,346,479
<b>Total accumulated depreciation</b>	<b>203,357,790</b>	<b>15,082,145</b>	<b>(788,479)</b>			<b>217,651,456</b>
<b>Net depreciable assets</b>	<b>377,923,720</b>	<b>(11,381,555)</b>	<b>(728,507)</b>	<b>7,357,201</b>		<b>365,813,658</b>
Capital assets not depreciated:						
Construction in process	18,467,727	5,474,554		(7,357,201)	(96,228)	23,846,053
Land	40,978,405	693,626	(860,058)			40,811,973
Right of way	54,293,654	140,628				54,434,282
<b>Capital assets, net</b>	<b>\$ 491,663,506</b>	<b>\$ (5,072,747)</b>	<b>\$ (1,588,565)</b>	<b>\$ -</b>	<b>\$ (96,228)</b>	<b>\$ 484,905,966</b>

Depreciation expense, including \$819,084 of internal service depreciation, was charged in the following functions in the Statement of Activities:

General government	\$ 456,055
Public safety	13,992,197
Public works	108,585
Community development	468,966
Human services	56,342
	<u>\$ 15,082,145</u>

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(6) Capital Assets (Continued)

Business-type activities – Golf Course:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Structures and improvements	\$ 360,349	\$ -	\$ -	\$ 360,349
Machinery and equipment	50,076			50,076
 Total cost of Depreciable assets	 410,425			 410,425
 Less accumulated depreciation:				
Structures and improvements	65,029	10,003		75,032
Machinery and equipment	49,325	214		49,539
 Total accumulated depreciation	 114,354	 10,217		 124,571
 Net depreciable assets	 296,071	 (10,217)		 285,854
 Capital assets not depreciated:				
Land	465,959			465,959
 Capital assets, net	 \$ 762,030	 \$ (10,217)	 \$ -	 \$ 751,813

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

Golf	\$ 10,217
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CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(6) Capital Assets (Continued)

Business-type activities – Water:

	Balance June 30, 2013	Additions	Deletions	Transfers	Transfer from Governmental Activities	Balance June 30, 2014
Structures and improvements	\$ 14,889,385	\$ 8,740	\$ -	\$ -	\$ -	\$ 14,898,125
Machinery and equipment	2,655,250	223,688				2,878,938
Vehicles	1,425,368					1,425,368
Utility distribution system	277,347,706			241,536		277,347,706
 Total cost of depreciable assets	 296,317,709	 232,428		 241,536		 296,550,137
 Less accumulated depreciation:						
Structures and improvements	927,682	372,977				1,300,659
Machinery and equipment	1,162,300	282,624				1,444,924
Vehicles	1,092,691	102,078				1,194,769
Utility distribution system	96,243,033	6,939,731				103,182,764
 Total accumulated depreciation	 99,425,706	 7,697,410				 107,123,116
 Net depreciable assets	 196,892,003	 (7,464,982)		 241,536		 189,427,021
 Capital assets not depreciated:						
Construction in Process	484,989	307,579	(40,078)	(241,536)	96,228	848,718
Land	1,703,010					1,703,010
Capital assets, net	<u>\$ 199,080,002</u>	<u>\$ (7,157,403)</u>	<u>\$ (40,078)</u>	<u>\$ -</u>	<u>\$ 96,228</u>	<u>\$ 191,978,749</u>

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

Water                      \$ 7,697,410

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(7) Changes in Long-Term Liabilities

Changes in long-term liabilities during the fiscal year ended June 30, 2014 were as follows:

	Balance at June 30, 2013	Additions	Retirements	Balance at June 30, 2014	Amount Due Within One Year	Beyond One Year
Governmental activities:						
Bonds payable:						
2007 A Lease Revenue	\$ 15,665,000	\$ -	\$ -	\$ 15,665,000	\$ -	\$ 15,665,000
2012 Lease Revenue refunding	24,500,000			24,500,000	975,000	\$ 23,525,000
Subtotal	<u>40,165,000</u>			<u>40,165,000</u>	<u>975,000</u>	<u>39,190,000</u>
Capital lease obligation	1,860,036	863,436	(311,664)	2,411,808	362,409	2,049,399
Installment agreement	5,460,000		(455,000)	5,005,000	470,000	4,535,000
Post employment benefit liability	14,151,986	3,055,190	(1,599,335)	15,607,841		15,607,841
PERS side fund	4,240,630	302,155	(431,593)	4,111,192	444,540	3,666,652
Notes payable	12,130,994		(1,082,152)	11,048,842	910,430	10,138,412
Compensated absences	2,091,258	1,183,914	(1,255,273)	2,019,899	1,514,924	504,975
Claims payable	6,905,093	499,435	(2,930,191)	4,474,337	2,108,449	2,365,888
Subtotal	<u>46,839,997</u>	<u>5,904,130</u>	<u>(8,065,208)</u>	<u>44,678,919</u>	<u>5,810,752</u>	<u>38,868,167</u>
Total	<u>\$ 87,004,997</u>	<u>\$ 5,904,130</u>	<u>\$ (8,065,208)</u>	<u>\$ 84,843,919</u>	<u>\$ 6,785,752</u>	<u>\$ 78,058,167</u>

	Balance at June 30, 2013	Additions	Retirements	Balance at June 30, 2014	Amount Due Within One Year	Beyond One Year
Business-type activities:						
Bonds payable:						
2006 Water Revenue Bond	\$ 56,605,000	\$ -	\$ (1,400,000)	\$ 55,205,000	\$ 1,490,000	\$ 53,715,000
Issue Premium on bonds	1,964,588		(83,600)	1,880,988	83,600	1,797,388
Bonds, net	<u>57,849,580</u>	<u>-</u>	<u>(1,483,600)</u>	<u>57,085,988</u>	<u>1,573,600</u>	<u>55,512,388</u>
Compensated absences	269,607	162,094	(199,531)	232,170	139,302	92,868
Total	<u>\$ 58,119,187</u>	<u>\$ 162,094</u>	<u>\$ (1,683,131)</u>	<u>\$ 57,318,158</u>	<u>\$ 1,712,902</u>	<u>\$ 55,605,256</u>

(8) Obligations under Capital Leases

Governmental Activities:

Police Radios – A ten year contract was entered into for the purchase of radios to be used with the ERICA communication system. Annual payments of principal and interest are \$362,368. The balance at June 30, 2014 on this contract was \$1,584,160.

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

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(8) Obligations under Capital Leases (Continued)

Governmental Activities: (Continued)

Amount of future lease payments  
for the fiscal year ending June 30,

2015	\$ 362,368
2016	362,368
2017	362,368
2018	362,368
2019	<u>362,368</u>
Subtotal	1,811,840
Less amount representing interest	<u>(227,680)</u>
Present value of future lease payments	<u>\$ 1,584,160</u>

Facilities energy efficient equipment – A ten year contract was entered into for the purchase of energy efficient equipment to be installed in various City facilities. The balance at June 30, 2014 on this contract was \$827,648.

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

Amount of future lease payments  
for the fiscal year ending June 30,

2015	\$ 105,211
2016	105,211
2017	103,212
2018	101,728
2019	102,629
2020-2024	<u>470,676</u>
Subtotal	988,667
Less amount representing interest	<u>(161,019)</u>
Present value of future lease payments	<u>\$ 827,648</u>

(9) Bonds Payable

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 constructions 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.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(9) Bonds Payable (Continued)

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

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

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

The Series 2007B term bonds maturing in the years 2037 are subject to mandatory sinking account redemption on each November 1, commencing on November 1, 2012 at a redemption price equal to the principal amount thereof together with accrued interest, without premium.

Per the terms of the bond indenture, the Series 2007A and Series 2007B are required to maintain a reserve in the amount of 10% of the original proceeds or 125% of the average annual debt service for that every subsequent bond year. The Series 2007A were partially refunded in the amount of \$2,830,000 and Series 2007B were completely refunded in the amount of \$21,760,000 by the 2012 Series Lease Revenue Refunding Bonds. At June 30, 2014, the reserves were fully funded and the outstanding balance of the Series 2007A bonds was \$15,665,000.

Lease Revenue Refunding Bonds, Series 2012

In October 2012, the City of Indio Public Financing Authority issued \$24,500,000 Lease Revenue Refunding Bonds Series 2012. The proceeds were used to finance the acquisition and construction of certain capital improvements within the City and to advance refund the partial outstanding balance of Series 2007A and all of the remaining outstanding Series 2007B.

The Series 2012 bonds consist of \$9,565,000 of serial bonds and \$14,935,000 of term bonds. The serial bonds accrue interest at rates between 2.00% and 4.375% and the principal amounts mature between November 1, 2014 and November 1, 2024 in amounts ranging from \$635,000 to \$1,135,000. Term bonds of \$4,690,000 accrue interest at 4.50% and mature on November 1, 2029, bonds of \$4,620,000 accrue interest at 4.625% and mature on November 1, 2033, and bonds of \$5,625,000 accrue interest at 5% and mature on November 1, 2037.

Reserve requirements for the Series 2012 bonds are disclosed in the bond documents. At June 30, 2014, the reserves were fully funded and the outstanding balance of the Series 2012 bonds was \$24,500,000.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(9) Bonds Payable (Continued)

Defeased Debt

The partial refunding of Series 2007A reduced its total debt service payments over the life of the bonds by \$35,798, and obtained an economic gain (difference between net present value of the debt service payments on the old debt and new debt) of \$92,707.

The full refunding of Series 2007B increased its total debt service payments over the life of the bonds by \$9,721,057, and obtained an economic loss (difference between net present value of the debt service payments on the old debts and new debts) of \$5,012,308, plus the refunding funds on hand of \$2,761,325, with net loss of \$2,250,983.

The Series 2007 A and B were forced to be refunded due to the credit rating of Ambac Assurance Corporation bond insurance company being downgraded by the Standard & Poor's Corporation below the required rating level. The City was not able to find another bond insurance company to insure to the bond. Therefore, the City had to refund the bonds and the refunding resulted in a loss.

Debt Service Requirements to Maturity

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

Fiscal Year			
Ending			
June 30,	Principal	Interest	Total
2015	\$ 975,000	\$ 1,785,876	\$ 2,760,876
2016	995,000	1,766,176	2,761,176
2017	1,030,000	1,730,476	2,760,476
2018	1,080,000	1,677,726	2,757,726
2019	1,135,000	1,622,351	2,757,351
2020-2024	6,540,000	7,251,706	13,791,706
2025-2029	8,160,000	4,998,705	13,158,705
2030-2034	10,200,000	3,599,516	13,799,516
2035-2038	10,050,000	989,538	11,039,538
	<u>\$ 40,165,000</u>	<u>\$ 25,422,070</u>	<u>\$ 65,587,070</u>

(10) Installment Sale Agreement

In April 2008, the California Statewide Communities Development Authority issued \$14,665,000 of Gas Tax Revenue Certificates of Participation, Series 2008A, for the benefit of the City of Indio and the City of Coachella. Upon issuance of the Certificates, the Communities Authority caused the design, acquisition and construction of certain local roadway improvements and street resurfacing projects throughout the geographic boundaries of each local agency. The Communities Authority agreed to sell the projects to the local agencies and the local agencies agreed to purchase the projects. To fund the purchase price, the local agencies entered into Installment Sales Agreements. The purchase price paid by the local agencies under the Agreements is the sum of the



CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(10) Installment Sale Agreement (Continued)

principal amount of the local agency's obligation under the Agreements plus interest to accrue on the unpaid balance. The City of Indio's purchase price under the 2008 Installment Sales Agreement was \$7,450,000.

In April 2008, the California Statewide Communities Development Authority issued \$14,665,000 of Gas Tax Revenue Certificates of Participation, Series 2008A, for the benefit of the City of Indio and the City of Coachella. Upon issuance of the Certificates, the Communities Authority caused the design, acquisition and construction of certain local roadway improvements and street resurfacing projects throughout the geographic boundaries of each local agency. The Communities Authority agreed to sell the projects to the local agencies and the local agencies agreed to purchase the projects. To fund the purchase price, the local agencies entered into Installment Sales Agreements. The purchase price paid by the local agencies under the Agreements is the sum of the principal amount of the local agency's obligation under the Agreements plus interest to accrue on the unpaid balance. The City of Indio's purchase price under the 2008 Installment Sales Agreement was \$7,450,000.

Principal installments are due annually on each Certificate payment date and the interest installments are due semiannually on each Certificate interest payment date. Principal installment payments range from \$340,000 to \$674,050 and are scheduled to terminate in 2023. The installments accrue interest at rates between 4.00% and 4.375%. The City of Indio's outstanding installment sale obligation is \$5,005,000 as of June 30, 2014.

All of the gas tax revenues and all money in the City's Gas Tax Fund are irrevocably pledged to the punctual payment of 2008 Installment Sales Payments, and the gas tax revenues shall not be used for any other purpose while any of the 2008 Installment Sales Payments remain outstanding.

Per the terms of the trust agreement, the Series 2008A Certificates 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. Each local agency is required to maintain a portion of that required reserve amount and the reserves were fully funded.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the Installment Sales Agreement are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 470,000	\$ 205,113	\$ 675,113
2016	490,000	186,313	676,313
2017	510,000	166,712	676,712
2018	530,000	146,312	676,312
2019	555,000	125,112	680,112
2020-2023	2,450,000	266,576	2,716,576
	<u>\$ 5,005,000</u>	<u>\$ 1,096,138</u>	<u>\$ 6,101,138</u>

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

### (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, 2014 was \$3,025,334.

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. On September 21, 2012 the City of Indio cancelled the Installment Note, dated January 26, 2009 with the H.N. and Frances C. Berger Foundation. On September 27, 2012, A Sublease Agreement was recorded between the Indio Public Finance Authority, as Sublessor, and the City of Indio as Sublessee. The City of Indio assigned this interest by deed of trust with the assignment of quarterly rent payments to the H.N. and Frances C. Berger Foundation as the Assignee. The terms of the agreement requires the City of Indio to make scheduled quarterly rent payments of \$171, 389 calculated at 6% on the unpaid balance to The H.N. and Frances C. Berger Foundation over a 15 year term. The outstanding amount of the lease as of June 30, 2014 was \$6,069,898.

On June 20, 2007, the City of Indio entered into an agreement with the County of Riverside and Coachella Valley Association of Governments (CVAG) for the construction of Miles Bridge, the widening and reconstruction of Miles Avenue from Clinton Street westerly to the new Miles Bridge, and the widening and reconstruction of Clinton Street between Miles Avenue and Fred Waring Drive. The original agreement calls for Coachella Valley Association of Governments (CVAG) to front all the money, with the County and City paying their obligations over the next 10 years in annual installments of approximately \$275,000 each, plus simple interest at Local Agency Investment Funds (LAIF) rates, in accordance with CVAG policy. City of Indio shares 50% of the total project cost. The outstanding amount of the note as of June 30, 2014 was \$1,953,610.

### Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the Installment Sales Agreement are as follows:

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(11) Notes Payable

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 910,430	\$ 550,029	\$ 1,460,459
2016	906,418	513,406	1,419,824
2017	984,458	545,025	1,529,483
2018	1,014,669	433,884	1,448,553
2019	1,067,203	390,744	1,457,947
2020-2024	1,544,842	1,666,433	3,211,275
2025-2029	1,158,722	1,363,921	2,522,643
2030-2034	1,560,631	961,762	2,522,393
2035-2039	1,901,469	425,214	2,326,683
	<u>\$ 11,048,842</u>	<u>\$ 6,850,418</u>	<u>\$ 17,899,260</u>

(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.

*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 July 1, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	162
Active plan members	<u>220</u>
Total	<u>382</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 2013-14 the City contributed \$1,599,335 to the plan for current premiums.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(12) Post Employment Benefits (Continued)

*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 (ARC) of the employer, 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 fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 3,287,163
Interest on net OPEB obligation	636,839
Adjustments to annual required contributions	<u>(868,812)</u>
Annual OPEB cost (expense)	3,055,190
Contributions made (including premiums paid)	<u>(1,599,335)</u>
Increase in net OPEB obligation	1,455,855
Net OPEB obligation-beginning of fiscal year	<u>14,151,986</u>
Net OPEB obligation-end of fiscal year	<u><u>\$ 15,607,841</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding fiscal years were as follows:

<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
6/30/2012	\$3,199,267	48.40%	\$ 11,958,541
6/30/2013	3,835,990	41.69%	14,151,986
6/30/2014	3,055,190	52.35%	15,607,841

*Funded Status and Funding Progress:* The funded status of the plan as of July 1, 2013 was as follows:

Actuarial accrued liability (AAL)	\$37,563,242
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$37,563,242</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$16,718,443
UAAL as a percentage of covered payroll	225%

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(12) Post Employment Benefits (Continued)

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.

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 7 percent, investment rate of return of 4.5 percent and inflation rate of 3%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1 2013 was over 30 years. It is assumed the City's payroll will increase 3 percent per year. The general fund has been typically used to liquidate prior fiscal years liabilities for OPEB.

(13) Public Employees Retirement System Side Fund

During the 2005-06 fiscal year, the City was required to participate in the Public Employees Retirement System (PERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the pool and the funded status of the City's plan, in addition to the existing unfunded liability. The outstanding balance at June 30, 2014 was \$4,111,192.

(14) Water Enterprise Revenue Bond

Enterprise Revenue Bonds, Series 2006

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

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

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(14) Water Enterprise Revenue Bond (Continued)

Enterprise Revenue Bonds, Series 2006 (Continued)

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

Per the terms of the bond indenture, the Series 2006 bonds are required to maintain a reserve in the amount of 10% of the original proceeds, 125% of the average annual debt service for then current or every subsequent bond year, or 100% of the maximum annual debt service for the current or every subsequent bond year. At June 30, 2014, the reserve was fully funded and the outstanding balance of the Series 2006 bonds was \$55,205,000.

The Authority and the City shall fix, prescribe, revise and collect rates, fees and charges for the services and improvements furnished by the Water Enterprise during each year which are sufficient to yield net revenues for the Water Enterprise, which are at least equal to 120% of the total debt service payments coming due and payable in the next fiscal year. The revenue requirement was met by the Authority for the fiscal year ended June 30, 2014.

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 position of the Water enterprise fund.

The annual debt service requirements to maturity for the 2006 water bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,490,000	\$ 2,676,037	\$ 4,166,037
2016	1,550,000	2,616,437	4,166,437
2017	1,610,000	2,554,437	4,164,437
2018	1,680,000	2,486,012	4,166,012
2019	1,760,000	2,402,013	4,162,013
2020-2024	10,170,000	10,646,313	20,816,313
2025-2029	12,860,000	7,960,750	20,820,750
2030-2034	16,345,000	4,466,250	20,811,250
2035-2036	7,740,000	585,250	8,325,250
	\$ 55,205,000	\$ 36,393,499	\$ 91,598,499

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(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, 2014 was \$1,525,000.

\$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, 2014 was \$5,650,000.

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, 2014</u>
AD99-1/R	7/26/2012	\$1,520,000	4.690%	9/2/2020	\$1,160,000
AD01-01/R	7/26/2012	\$3,295,000	4.690%	9/2/2026	\$2,885,000
AD02-01/R	7/26/2012	\$3,410,000	4.690%	9/2/2026	\$3,030,000
AD02-02/R	7/26/2012	\$2,162,900	4.690%	9/2/2027	\$1,924,901
AD02-03/R	7/26/2012	\$4,119,800	4.710%	9/2/2027	\$3,667,500
AD03-1	1/15/2004	\$2,450,500	2.375% to 6.10%	9/2/2014	\$1,885,000
AD03-2	1/15/2004	\$1,965,000	2.375% to 6.10%	9/2/2014	\$1,520,000
AD03-3	12/23/2003	\$5,654,000	2.25% to 6.125%	9/2/2029	\$4,335,000
AD03-5	3/9/2004	\$1,890,000	2.20% to 5.875%	9/2/2029	\$1,445,000
AD03-6	3/31/2004	\$2,301,600	2.35% to 5.50%	9/2/2029	\$1,755,000
AD04-1	9/30/2004	\$2,265,000	2.80 to 6.00%	9/2/2030	\$1,800,000

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(15) Debt Issued Without Government Commitment (Continued)

Assessment District Limited Obligation Bonds (Continued)

<u>Description</u>	<u>Issuance Date</u>	<u>Face Value</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding Principal as of June 30, 2014</u>
AD04-2	11/4/2004	\$3,604,000	1.67% to 3.86%	9/2/2030	\$2,865,000
AD04-3	2/24/2005	\$7,350,000	2.90% to 5.50%	9/2/2030	\$5,850,000
CFD04-3 (Terra Lago)	9/15/2005	\$26,330,000	3.35% to 5.15%	9/1/2035	\$20,285,000
CFD05-1 (Talavera #1)	12/7/2005	\$10,170,000	3.50% to 5.25%	9/1/2036	\$8,905,000
CFD05-1 (Talavera #2)	12/14/2005	\$9,145,000	4.00% to 5.25%	9/1/2036	\$8,070,000
CFD06-1 (Sonora Wells)	10/18/2006	\$10,225,000	3.90 to 5.125%	9/1/2036	\$8,880,000

(16) 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>
Gas tax revenues	\$1,408,844	\$678,313	48%

(17) 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 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §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 lines of coverage. The California JPIA 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 nine-member Executive Committee.



CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

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

Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

**Liability** - In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies. The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

**Workers Compensation** - In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

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

variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

***Pollution legal Liability Insurance*** - The City of Indio participates in the pollution legal liability insurance program (formerly called environmental 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 \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

***Property Insurance*** - The City of Indio participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Indio property is currently insured according to a schedule of covered property submitted by the City of Indio to the Authority. City of Indio property currently has all-risk property insurance protection in the amount of \$123,728,022. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

***Crime Insurance*** - The City of Indio purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective 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 agency property. The insurance premium is paid by the tenant user and is paid to the City of Indio according to a schedule. The City of Indio then pays for the insurance. The insurance is arranged by the Authority.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

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

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-14.

Changes in the claims payable amounts in fiscal years 2012, 2013, and 2014 were as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Fiscal Year Claims and Prior Fiscal Year Changes <u>in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2011-12	\$6,437,405	\$83,484	\$(389,062)	\$6,131,827
2012-13	\$6,131,827	\$1,171,843	\$(398,577)	\$6,905,093
2013-14	\$6,905,093	\$(1,935,740)	\$(495,016)	\$4,474,337

(18) 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.

Participants are required to contribute 8% and 9% for the miscellaneous and safety plans, respectively, of their annual covered salary. The City makes the employee required contributions for the Laborer's International Union of North America (LIUNA), Police Command Unit (PCU), and Service Employees Internal Union (SEIU) employee groups. Benefit provisions and all other requirements are established by state statute and City contracts with employee bargaining groups.

Under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, 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, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011. The contribution rate indicated for the period is 34.001% and 20.54% of payroll for the Safety Plan and Miscellaneous Plan, respectively. The City's covered payroll for PERS was \$6,236,527 and \$10,793,971 for the Safety Plan and Miscellaneous Plan, respectively, for the fiscal year ended June 30, 2014. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(18) Defined Benefit Plan (Continued)

June 30, 2013, the contribution rate would be multiplied by the payroll of covered employees that was actually paid from the period from July 1, 2013 to June 30, 2014.

Contributions

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

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and type of employment
Inflation	2.75%
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%.

	<u>Safety Plan</u>
Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(18) Defined Benefit Plan (Continued)

Annual Pension Cost

*Three-Year Trend Information*

Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2012	\$ 1,796,499	\$ 1,566,948	100%	-
6/30/2013	1,882,719	1,791,450	100%	-
6/30/2014	2,105,331	2,217,298	100%	-

The funded status of the plan based on the June 30, 2011 (most recent information available), actuarial valuation is as follows:

Miscellaneous Plan

<u>Entry Age Normal Cost</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
\$ 62,588,244	\$ 46,220,976	\$ 16,367,268	73.8%	\$ 10,786,146	151.7%	

The Schedule of Funding Progress, presented as required supplementary information following the notes to basic financial statements, 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 as required supplementary information following the notes to basic financial statements, 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.

(19) Compliance with Budgetary Limitations

For the fiscal year ended June 30, 2014, the following funds reflected expenditures in excess of budgeted amounts:

<u>Major fund</u>	<u>Amount of Excess</u>
General Fund	
General Government:	
City manager	\$ (5,160)
Public Safety:	
Police support services	(152,912)
Fire and ambulance services	(187,589)
Code enforcement	(38,236)
Public Works:	
Street maintenance	(21,267)
Human Services:	
Senior services	(5,098)

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(19) Compliance with Budgetary Limitations (Continued)

<u>Non-major fund</u>	<u>Amount of Excess</u>
Special Revenue Funds:	
Traffic Safety	\$ (11,727)
Department of Conservation Recycle Grant	(11,416)
Lighting and Landscape	(81,891)
Cal GRIP	(1,826)
SMART Policing Grant	(2,572)
Donations	(549)

(20) Contingent Liabilities and Commitments

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 2013-2014, payment in the amount of \$337,295 was made to the County.

Interim Housing Facilities for Indio High School

In April 2010, the City entered into an agreement with the Desert Sands Unified School District (District) to equally share the actual Interim Housing costs during the course of construction on rebuilding the Indio High School campus. The City recently constructed a new "Teen Center" directly across from the High School. The City envisions an inter-generational campus for this area and believes the Original Design is not consistent with the City's vision. Pursuant to the City's request, the District prepared a revised design. The revised design will require an interim campus during the construction the City and District agreed to share the interim housing cost. As of June 2014, the total cost is estimated to be \$5,890,420, which 50% of the cost is committed by the City. Starting August 2018, the annual City's payment to the Indio High school will be \$147,260, until July 2037.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(21) 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 the joint venture.

East Valley Reclamation Authority (“EVRA”)

The East Valley Reclamation Authority (EVRA) was created on December 18, 2013 under a joint powers agreement between The City of Indio through the Indio Water Authority (IWA) and the Valley Sanitary District (VSD) to plan, implement and operate a recycled water program including the tertiary or enhanced treatment of water, as well as the lease, ownership, operation and maintenance of Facilities and the financing costs relation to Public Capital Improvements. Primary funding for the EVRA is through contributions from the IWA and the VSD. The EVRA is governed by a Board appointed by the IWA and VSD and administered by either the IWA or VSD based on a rotation determined by the Board. For the fiscal year ended June 30, 2014, the IWA was the administrator of the EVRA and therefore maintains the books and records of the EVRA. The IWA’s contribution to the EVRA for the fiscal year ended June 30, 2014 was \$5,000 for operations. Audited financial statements may be obtained from the City of Indio 100 Civic Center Mall, Indio, CA 92201.

(22) Deficit Fund Balances and Deficits in Internal Service Funds

The following governmental funds had deficit fund balances as of June 30, 2014 due to the timing of grant reimbursement requests and temporary receivables where the City must front the cash and subsequently seek reimbursement.

Homeland Security	\$ (396)
Traffic Safety	(1,730)
Department of Conservation Recycle Grant	(2,234)
Asset Forfeiture	(5,257)
Community Development Block Grant	(399,461)
Congestion Management Air Quality	(14,764)

The following internal service funds had deficit net position as of June 30, 2014 and the City anticipates that these deficits will be reduced during the next fiscal year as part of the City’s financial recovery plan.

Fleet Maintenance	\$ (86,392)
Building and Grounds	(1,366,371)

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(23) Net Position and Fund Balances

A. Net Position

GASB Statement No. 63 adds the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position are divided into three captions under GASB Statement No. 34. These captions apply only to net position, which is determined only at the government-wide level, proprietary funds, and fiduciary funds and are described below.

*Net Investment in capital assets* describe the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describe the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, redevelopment funds restricted for low-and-moderate income purposes, and gas tax funds for street construction.

*Unrestricted* describes the portion of net position which is not restricted as to use.

B. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific Purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balances for governmental funds are made up of the following:

*Nonspendable* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed* – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally



CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(23) Net Position and Fund Balances

B. Fund Balances (Continued)

(for example: resolution and ordinance). Ordinance is the highest level of the City Council's approval.

*Assigned* – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Manager, Finance Officer or Deputy Finance Officer for the purpose of reporting these amounts in the annual financial statements.

*Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

(24) Restricted Net Position

Restricted net position is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at June 30, 2014 is as follows:

	<u>Governmental Activities</u>
Restricted for:	
Assessment districts	\$ 1,439,723
Community development	6,190,744
Debt service	2,470,796
Housing	8,825,449
Public safety	621,643
Public works	7,293,319
Total restricted net position	<u>\$ 26,841,674</u>

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(25) Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 23 for a description of these categories). A detailed schedule of fund balances at June 30, 2014 is as follows:

	General Fund	Capital Projects Fund	Assessment Districts Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 26,808	\$ -	\$ -	\$ -	\$ 26,808
Land held for resale	3,508,697				3,508,697
Advances				5,496,151	5,496,151
Total nonspendable fund balances	<u>3,535,505</u>			<u>5,496,151</u>	<u>9,031,656</u>
Restricted for:					
Debt service				2,865,414	2,865,414
Construction projects		1,283,149	1,439,723		2,722,872
Gas tax				1,099,266	1,099,266
Public safety				157,270	157,270
Supplemental law enforcement				201,365	201,365
Proposition 1B				73,363	73,363
LLEBG				14,937	14,937
Abandoned vehicle				25,553	25,553
Unclaimed property				5,041	5,041
Measure A				1,741,287	1,741,287
NPDES				19,892	19,892
Air quality				179,222	179,222
Indian gaming SB 621				119,230	119,230
Waste recycling AB939				561,970	561,970
Community facilities district				86,965	86,965
Certified access specialist SB 1186				4,434	4,434
Public education government channel				590,448	590,448
Article 3				84,178	84,178
COPS Hiring Recovery				41,740	41,740
Neighborhood stabilization 1				19,691	19,691
Neighborhood stabilization 2				1,337,595	1,337,595
Neighborhood stabilization 3				171,424	171,424
Cal emergency management				20,306	20,306
Lighting and landscape				3,691,682	3,691,682
Emergency, abandoned and recalcitrant				136	136
Donations				17,025	17,025
Indio Housing Authority				3,329,298	3,329,298
Total restricted fund balances		<u>1,283,149</u>	<u>1,439,723</u>	<u>16,458,732</u>	<u>19,181,604</u>
Committed	<u>1,139,500</u>				<u>1,139,500</u>
Assigned					
General government	125,292				125,292
General plan	700,000				700,000
Economic development	5,902,850				5,902,850
Lighting and landscape districts	195,000				195,000
Construction projects		984,869			984,869
Total assigned fund balances	<u>6,923,142</u>	<u>984,869</u>			<u>7,908,011</u>
Unassigned	<u>4,489,966</u>			<u>(423,842)</u>	<u>4,066,124</u>
Total fund balances	<u>\$ 16,088,113</u>	<u>\$ 2,268,018</u>	<u>\$ 1,439,723</u>	<u>\$ 21,531,041</u>	<u>\$ 41,326,895</u>

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(26) Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Indio that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets units they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12-001.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs that State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(26) Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The transfer of the assets and liabilities of the former redevelopment agency as of January 31, 2012 from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary gain (loss) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

(27) Successor Agency

A. Notes Receivable of the Successor Agency as of June 30, 2014 consisted of the following:

Jackalope	\$ 462,654
CV Volunteers in Medicine	75,000
Housing rehabilitation deferred loan program	<u>46,717</u>
Total	<u>\$ 584,371</u>

On November 5, 2008, and in furtherance of redevelopment goals to promote development on Highway 111, the RDA approved a \$500,000 loan agreement to Morcus Management and Jackalope for alterations to a restaurant located at 80-400 Highway 111, in Indio, California. The loan was scheduled to be paid over a seven year period at an interest rate of 4%, however, on November 16, 2010, due to financial difficulties encountered by Morcus Management and Jackalope, an amendment was made to the original loan agreement providing that no payments are necessary for the first 13.5 months following the amendment date, to accommodate for the cash flow concerns of Morcus Management and Jackalope. Morcus Management and Jackalope have agreed, with the City, to defer all loan payments, interest free, until March 31, 2012. In the beginning of fiscal year 2012-13, Morcus Management and Jackalope started making the regular payments. The amount of loans outstanding as of June 30, 2014 was \$462,654.

On August 4, 2010, the RDA approved a \$75,000 loan agreement to the Coachella Valley Volunteers in Medicine, a California based non-profit corporation. Funds from the Coachella Valley Volunteers in Medicine, have been allocated for construction of a new healthcare clinic to be operated at the intersection of 48th Street and Jackson Street in the City of Indio with the completion of construction estimated to occur in or about June 2013. During the construction and until completion of the Jackson Site, the Coachella Valley Volunteers in Medicine intends to and shall conduct its operations at 81-880 Dr. Carreon Boulevard. The RDA, in furtherance of the development goals to provide healthcare delivery options to lower-income individuals located in eastern Riverside County, California has provided financial assistance in the amount of \$75,000 solely and exclusively for the purchase of furniture, fixtures and equipment to the Coachella Valley

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(27) Successor Agency (Continued)

Volunteers in Medicine. From the date the temporary site opens for business, the Coachella Valley Volunteers in Medicine must maintain continuous operation within the City or must repay the City \$75,000 without any offset.

The Housing Rehabilitation Deferred Loan program provides financial assistance in the form of deferred low-interest loans to qualified homeowners, allowing them to eliminate health and safety-related property conditions, make basic improvements to the interior of the residence, and to make needed exterior aesthetic home improvements. After ten years of satisfactory program participation, continued home-owner occupancy, and exemplary maintenance/upkeep of the property, the loan would be forgiven and converted into a grant. The amount of loans outstanding as of June 30, 2014 was \$46,717.

B. Land held for resale in the RDA Capital Project Fund consists of 131 properties purchased as early as 1950. The purchases of these properties are spread over a longer period and recorded at cost. As of June 30, 2014, land held for resale totaled \$37,926,065.

C. In January 2010, the former Redevelopment Low/Moderate Fund loaned the former Redevelopment Capital Projects Fund \$4,557,784 for payment of the SERAF contribution. In fiscal year 2010-2011, the former Redevelopment Low/Moderate Fund loaned the Redevelopment Capital Project Funds \$938,367 for payment of the SERAF contribution. The Indio Housing Authority will be repaid in installments or in a lump sum by fiscal year ending June 30, 2015. Long term payable balance as of June 30, 2014 was \$5,496,151.

D. Long-term debt of the Successor Agency as of June 30, 2014, consisted of the following:

	Balance at June 30, 2013	Additions	Retirements	Balance at June 30, 2014	Amount Due Within One Year
Bonds payable:					
1997 Series A	\$ 545,000	\$ -	\$ (65,000)	\$ 480,000	\$ 65,000
1999 Revenue Refunding	2,500,000		(195,000)	2,305,000	205,000
2004A Tax Allocation	8,895,000		(135,000)	8,760,000	145,000
2008A Tax Allocation	57,345,000		(885,000)	56,460,000	1,040,000
2008B Tax Allocation	4,195,000		(695,000)	3,500,000	610,000
Total	<u>\$ 73,480,000</u>	<u>\$ -</u>	<u>\$ (1,975,000)</u>	<u>\$ 71,505,000</u>	<u>\$ 2,065,000</u>

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.

# CITY OF INDIO

## Notes to Basic Financial Statements

June 30, 2014

(27) Successor Agency (Continued)

Tax Increment Revenue Refunding Bonds, 1997 Series A (Continued)

The Series A bonds consist of \$1,105,000 of term bonds. These bonds accrue interest at a rate of 7.48% with the principal amount maturing on August 15, 2019. The Series A term bonds are subject to mandatory redemption from sinking account payments prior to their maturity in principal amounts ranging from \$20,000 to \$95,000, as outlined in the bond indenture. The outstanding balance at June 30, 2014 was \$480,000.

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, 2014 was \$2,305,000.

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 \$205,000. At June 30, 2014 the actual reserve amount was \$332,350.

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.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(27) Successor Agency (Continued)

Tax Allocation Bonds, Series 2004A (Continued)

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, 2014, the reserve was fully funded and the outstanding balance of the Series 2004A was \$8,760,000.

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 (accruing interest at 5.625%), and 2035 (accruing interest at 5.250%) 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 redemption price equal to the principal amount thereof together with accrued interest, without premium.

CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(27) Successor Agency (Continued)

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

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.

Reserve requirements for the Series 2008A and Series 2008B bonds are disclosed in the bond documents. At June 30, 2013, the reserves were fully funded and the outstanding balance of the Series 2008A and Series 2008B bonds were \$56,460,000 and \$3,500,000, 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 financial statements.

Debt Service Requirements to Maturity

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 2,065,000	\$ 3,812,381	\$ 5,877,381
2016	2,160,000	3,702,436	5,862,436
2017	2,270,000	3,580,643	5,850,643
2018	2,390,000	3,446,565	5,836,565
2019	2,525,000	3,304,831	5,829,831
2020-2024	13,460,000	14,445,786	27,905,786
2025-2029	16,495,000	10,661,209	27,156,209
2030-2034	22,220,000	5,391,781	27,611,781
2035-2037	7,920,000	436,088	8,356,088
	<u>\$ 71,505,000</u>	<u>\$ 48,781,720</u>	<u>\$ 120,286,720</u>



CITY OF INDIO

Notes to Basic Financial Statements

June 30, 2014

(28) Prior Period Adjustments

The accompanying financial statements include adjustments that resulted in the restatements of beginning net position. The following summarizes the effect of the prior period adjustments to beginning net position as of July 1, 2013:

	<u>Government-wide Statement</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Private-Purpose Trust Funds</u>
Net position - beginning of fiscal year	\$ 452,622,818	\$ 152,535,926	\$ (27,033,803)
Restatement, per GASB Statement No. 65, to adjust unamortized bond issuance costs at June 30, 2013	(876,267)	(751,518)	(1,911,994)
Net position - beginning of fiscal year, restated	<u>\$ 451,746,551</u>	<u>\$ 151,784,408</u>	<u>\$ (28,945,797)</u>

(29) Subsequent Events

Management of the City has evaluated subsequent events through December 22, 2014, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF INDIO  
General Fund  
Schedule of Revenues - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget	Prior Year Actual
	Original	Final		Positive (Negative)	
Taxes:					
Property taxes	\$ 5,935,662	\$ 5,935,662	\$ 6,030,538	\$ 94,876	\$ 6,677,046
Document transfer tax	300,000	300,000	289,028	(10,972)	344,121
Sales tax	6,572,000	6,572,000	6,953,532	381,532	6,371,904
In-lieu sales tax	2,125,611	2,395,894	2,395,894		2,005,293
Utility taxes	8,564,800	8,564,800	8,387,643	(177,157)	8,399,029
Franchise taxes	2,120,875	2,255,875	2,338,806	82,931	2,090,285
Transient occupancy tax	3,296,000	2,996,000	3,077,890	81,890	2,820,398
Total taxes	<u>28,914,948</u>	<u>29,020,231</u>	<u>29,473,331</u>	<u>453,100</u>	<u>28,708,076</u>
Licenses and permits:					
Business licenses	640,000	680,000	722,796	42,796	676,524
Building permits	811,000	1,588,000	2,201,029	613,029	947,544
Other licenses and permits	285,550	402,050	460,357	58,307	402,643
Total licenses and permits	<u>1,736,550</u>	<u>2,670,050</u>	<u>3,384,182</u>	<u>714,132</u>	<u>2,026,711</u>
Intergovernmental:					
Motor vehicle license fees	6,814,979	6,969,428	7,004,927	35,499	6,739,345
Grants	88,250	410,030	355,841	(54,189)	118,451
Total intergovernmental	<u>6,903,229</u>	<u>7,379,458</u>	<u>7,360,768</u>	<u>(18,690)</u>	<u>6,857,796</u>
Charges for services:					
Plan checks and inspections	712,500	1,363,500	1,726,292	362,792	1,088,663
Facility rentals	1,692,816	1,592,816	1,616,398	23,582	1,710,485
Fire and ambulance	1,040,000	1,260,000	1,364,633	104,633	1,233,092
Police	215,000	166,000	168,082	2,082	138,363
Other	3,749,275	4,675,390	4,606,369	(69,021)	4,164,802
Total charges for services	<u>7,409,591</u>	<u>9,057,706</u>	<u>9,481,774</u>	<u>424,068</u>	<u>8,335,405</u>
Fines:					
Vehicle fines	265,000	265,000	278,230	13,230	282,181
Parking fines	110,000	110,000	149,377	39,377	79,874
Other fines	664,000	464,000	355,731	(108,269)	755,919
Total fines	<u>1,039,000</u>	<u>839,000</u>	<u>783,338</u>	<u>(55,662)</u>	<u>1,117,974</u>
Investment income		50,000	63,679	13,679	35,350
Miscellaneous:					
Other	1,679,400	1,635,005	1,829,647	194,642	1,362,014
Total miscellaneous	<u>1,679,400</u>	<u>1,635,005</u>	<u>1,829,647</u>	<u>194,642</u>	<u>1,362,014</u>
Total revenues	<u>\$ 47,682,718</u>	<u>\$ 50,651,450</u>	<u>\$ 52,376,719</u>	<u>\$ 1,725,269</u>	<u>\$ 48,443,326</u>

See Notes to Required Supplementary Information

CITY OF INDIO  
General Fund  
Schedule of Expenditures - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance with	Prior Year Actual
	Original	Final		Final Budget Positive (Negative)	
<b>General Government:</b>					
City council	\$ 310,091	\$ 310,091	\$ 281,509	\$ 28,582	\$ 269,867
City attorney	850,000	850,000	720,664	129,336	972,099
City manager	566,344	566,344	571,504	(5,160)	490,826
Human resources	786,994	786,994	770,037	16,957	491,947
City clerk	271,684	271,684	203,827	67,857	244,375
Finance	1,411,362	1,411,362	1,356,114	55,248	1,248,675
Total general government	<u>4,196,475</u>	<u>4,196,475</u>	<u>3,903,655</u>	<u>292,820</u>	<u>3,717,789</u>
<b>Public Safety:</b>					
Police administration	1,222,160	1,222,160	1,157,200	64,960	1,082,110
Police field services	8,159,603	8,401,257	8,135,426	265,831	7,460,735
Police investigations	6,080,309	6,280,309	6,197,976	82,333	5,838,389
Police traffic safety	749,254	749,254	734,353	14,901	694,247
Police support services	3,278,983	3,396,592	3,549,504	(152,912)	3,060,392
Fire and ambulance services	11,248,013	11,341,434	11,529,023	(187,589)	10,504,724
Animal control	1,117,276	1,117,276	994,152	123,124	1,155,614
Code enforcement	1,387,482	1,266,674	1,304,910	(38,236)	1,245,445
Total public safety	<u>33,243,080</u>	<u>33,774,956</u>	<u>33,602,544</u>	<u>172,412</u>	<u>31,041,656</u>
<b>Public works:</b>					
Street maintenance	2,135,320	2,256,128	2,277,395	(21,267)	2,105,712
Engineering	1,096,051	1,286,051	1,220,823	65,228	1,047,266
Parks and parkways	1,081,118	1,081,118	900,980	180,138	1,225,215
Total public works	<u>4,312,489</u>	<u>4,623,297</u>	<u>4,399,198</u>	<u>224,099</u>	<u>4,378,193</u>
<b>Community development:</b>					
Promotion and publicity	523,500	523,500	408,602	114,898	292,773
Building safety	1,153,692	1,347,442	1,179,363	168,079	1,017,089
Economic development	1,454,899	1,707,269	1,608,979	98,290	857,985
Planning	731,214	731,214	666,604	64,610	640,804
Total community development	<u>3,863,305</u>	<u>4,309,425</u>	<u>3,863,548</u>	<u>445,877</u>	<u>2,808,651</u>
<b>Human services:</b>					
Special events					386,012
Youth services	585,992	585,992	576,340	9,652	500,041
Human services	554,235	359,235	329,867	29,368	146,499
Senior services	534,701	550,306	555,404	(5,098)	512,471
Total human services	<u>1,674,928</u>	<u>1,495,533</u>	<u>1,461,611</u>	<u>33,922</u>	<u>1,545,023</u>
Other	1,391,518	7,122,956	406,849	6,716,107	323,011
<b>Debt service:</b>					
Principal	275,876	275,876	275,876		263,618
Interest and other charges	86,492	86,492	86,492		98,750
Total debt service	<u>362,368</u>	<u>362,368</u>	<u>362,368</u>		<u>362,368</u>
Total expenditures	<u>\$ 49,044,163</u>	<u>\$ 55,885,010</u>	<u>\$ 47,999,773</u>	<u>\$ 7,885,237</u>	<u>\$ 44,176,691</u>

See Notes to Required Supplementary Information

# CITY OF INDIO

## Notes to Required Supplementary Information

June 30, 2014

### (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 accounting principles generally accepted in the United States.

City of Indio  
Required Supplementary Information  
June 30, 2014

Schedule of Funding Progress - Other Post-employment Benefits (Retiree Health)

Actuarial Valuation Date	Entry Age Normal Cost Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Payroll ((b-a)/c)
7/1/2008	\$ 28,176,358	\$ -	\$ 28,176,358	0%	\$ 14,311,605	197%
7/1/2010	36,509,155	-	36,509,155	0%	15,233,624	240%
7/1/2012	46,336,672	-	46,336,672	0%	15,804,940	293%
7/1/2013	37,563,242	-	37,563,242	0%	16,718,443	225%

City of Indio  
 Required Supplementary Information  
 June 30, 2014

Schedule of Funding Progress - California Public Employees Retirement System  
 Miscellaneous Plan

Actuarial Valuation Date	Entry Age Normal Cost Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2008	\$ 41,066,850	\$ 35,393,329	\$ 5,673,521	86.2%	\$ 14,069,843	40.3%
6/30/2009	49,569,875	39,210,233	10,359,642	79.1%	15,342,922	67.5%
6/30/2010	55,418,570	43,741,473	11,677,097	78.9%	12,665,052	92.2%
6/30/2011	62,588,244	46,220,976	16,367,268	73.8%	10,786,146	151.7%

Information is based on the most recent actuarial valuation.





SUPPLEMENTARY SCHEDULES



CITY OF INDIO  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014  
With Comparative Totals for June 30, 2013

	Special Revenue Funds	Debt Service Fund	Totals	
			2014	2013
<u>Assets</u>				
Cash and investments	\$ 9,489,481	\$ 275,132	\$ 9,764,613	\$ 8,441,114
Cash and investments with fiscal agent	698,929	2,761,671	3,460,600	3,478,607
Accounts receivable	628,893		628,893	470,310
Due from other governments	1,182,678		1,182,678	1,228,482
Interest receivable	3,469		3,469	3,094
Notes receivable	5,777,030		5,777,030	5,395,599
Advances to private-purpose trust funds	5,496,151		5,496,151	5,496,151
Property held for resale	66,662		66,662	227,699
Total assets	<u>\$ 23,343,293</u>	<u>\$ 3,036,803</u>	<u>\$ 26,380,096</u>	<u>\$ 24,741,056</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 957,198	\$ 171,389	\$ 1,128,587	\$ 1,108,075
Accrued liabilities	103,768		103,768	84,165
Due to other funds	392,488		392,488	1,136,165
Unearned revenue	190,960		190,960	2,774,674
Retentions payable	39,500		39,500	54,819
Total liabilities	<u>1,683,914</u>	<u>171,389</u>	<u>1,855,303</u>	<u>5,157,898</u>
Deferred Inflows of Resources:				
Unearned revenue - loans/notes	2,455,267		2,455,267	
Unearned revenue - grant revenue	538,485		538,485	
Total deferred inflows of resources	<u>2,993,752</u>		<u>2,993,752</u>	
Total liabilities and deferred inflows	<u>4,677,666</u>	<u>171,389</u>	<u>4,849,055</u>	<u>5,157,898</u>
Fund balances:				
Restricted	13,593,318	2,865,414	16,458,732	18,917,776
Unassigned	(423,842)		(423,842)	665,382
Total fund balances	<u>18,665,627</u>	<u>2,865,414</u>	<u>21,531,041</u>	<u>19,583,158</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 23,343,293</u>	<u>\$ 3,036,803</u>	<u>\$ 26,380,096</u>	<u>\$ 24,741,056</u>

CITY OF INDIO  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Special Revenue Funds	Debt Service Fund	Totals	
			2014	2013
<b>Revenues:</b>				
Taxes	\$ 4,599,200	\$ -	\$ 4,599,200	\$ 3,853,704
Special assessments	3,791,742		3,791,742	3,865,959
Intergovernmental	3,281,854		3,281,854	7,862,681
Fines	104,148		104,148	96,728
Investment income	2,397,952	408	2,398,360	3,943,577
Miscellaneous	546,457		546,457	1,109,166
<b>Total revenues</b>	<b>14,721,353</b>	<b>408</b>	<b>14,721,761</b>	<b>20,731,815</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	262,016		262,016	485,878
Public safety	1,478,029		1,478,029	1,561,589
Public works	4,046,971		4,046,971	7,841,228
Community development	3,518,576		3,518,576	4,922,113
<b>Debt service:</b>				
Principal	948,403	345,450	1,293,853	1,272,004
Interest and other charges	409,034	2,198,140	2,607,174	2,581,494
Bond issuance costs				381,214
<b>Total expenditures</b>	<b>10,663,029</b>	<b>2,543,590</b>	<b>13,206,619</b>	<b>19,045,520</b>
Excess (deficiency) of revenues over (under) expenditures	4,058,324	(2,543,182)	1,515,142	1,686,295
<b>Other financing sources (uses):</b>				
Payment to bond escrow agent				(21,335,000)
Interfund transfers in	467,021	2,941,421	3,408,442	2,345,660
Interfund transfers out	(2,975,701)		(2,975,701)	(2,872,549)
Issuance of debt				24,500,000
<b>Total other financing sources (uses)</b>	<b>(2,508,680)</b>	<b>2,941,421</b>	<b>432,741</b>	<b>2,638,111</b>
<b>Net change in fund balances</b>	<b>1,549,644</b>	<b>398,239</b>	<b>1,947,883</b>	<b>4,324,406</b>
Fund balances at beginning of fiscal year	17,115,983	2,467,175	19,583,158	15,258,752
<b>Fund balances at end of fiscal year</b>	<b>\$ 18,665,627</b>	<b>\$ 2,865,414</b>	<b>\$ 21,531,041</b>	<b>\$ 19,583,158</b>

## 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.

Homeland Security Fund - To account for funds received from the Riverside County Operational Area 2009 Homeland Security Grant Program.

Energy Efficiency & Conservation Block Grant Fund - To account for revenues and expenditures to be used to reduce fossil fuel emissions, and total energy use, improve energy efficiency and create and retain jobs.

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.

## NONMAJOR SPECIAL REVENUE FUNDS (Continued)

HBRRP Fund - To account for Highway Bridge Replacement and Rehabilitation (HBRRP) 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.

Waste 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.

Certified Access Specialist SB 1186 Fund - To account for revenue and expenditures for funds received related to help bring local businesses into ADA compliance and develop tools to help educate the business community in expanding ADA access.

CalGRIP Fund – To account for the California Gang Reduction, Intervention and Prevention Program of the California Emergency Management Agency.

Indio Housing Authority Fund - To account for monies received and expended for housing related activities and housing functions.

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

Public Education Government Channel Fund – To account for revenues and expenditures for public education government channel.

SMART Policing Grant Fund – To account for revenues and expenditures for grant funds received to develop effective, economical, and innovative responses to precipitous or extraordinary increases in crime, or in a type or types of crime within their jurisdictions.

COPS Hiring Recovery Fund – To account for the Federal grant to hire additional police officer positions.

Neighborhood Stabilization Project Grant 1 Fund – To account for the revenues to assist in the redevelopment of abandoned or foreclosed homes.

Neighborhood Stabilization Project Grant 2 Fund – To account for grant funds provided by the Recovery Act to address abandoned and foreclosed properties.

Neighborhood Stabilization Project Grant 3 Fund – To account for grant funds provided by the Recovery Act to address abandoned and foreclosed properties.

Lighting and Landscape 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.

## NONMAJOR SPECIAL REVENUE FUNDS (Continued)

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.

Emergency, Abandoned and Recalcitrant Fund – To account for revenue and expenditures to abate emergency situations or to cleanup abandoned or recalcitrant sites that pose a threat to human health, safety, and the environment, as a result of petroleum release from an underground storage tank.

Congestion Management Air Quality Fund – To account for revenue and expenditures for funding related to projects and programs in air quality nonattainment and maintenance areas for ozone, carbon monoxide, and particular matter, which reduce transportation related emissions.

Cal Emergency Management Fund – To account for the funds to be used for the Project Safe Neighborhoods.

Donations Fund – Donations to the City of items and funds for a designated purchase.



CITY OF INDIO  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2014  
With Comparative Totals At June 30, 2013

	Gas Tax	Traffic Safety	Public Safety	Supplemental Law Enforcement	Proposition 1B	LLEBG
<u>Assets</u>						
Cash and investments	\$ 386,520	\$ 6,102	\$ 86,943	\$ 199,674	\$ 73,363	\$ 15,329
Cash and investments with fiscal agent	698,929					
Accounts receivable	98,128			32		
Due from other governments			70,283	8,333		
Interest receivable	117		44	79		3
Notes receivable						
Advances to private-purpose trust funds						
Property held for resale						
Total assets	<u>\$ 1,183,694</u>	<u>\$ 6,102</u>	<u>\$ 157,270</u>	<u>\$ 208,118</u>	<u>\$ 73,363</u>	<u>\$ 15,332</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 68,961	\$ -	\$ -	\$ 6,075	\$ -	\$ 395
Accrued liabilities	10,953	7,832		678		
Due to other funds						
Unearned revenue						
Retentions payable	4,514					
Total liabilities	<u>84,428</u>	<u>7,832</u>		<u>6,753</u>		<u>395</u>
Deferred Inflows of Resources:						
Unearned revenue - loans/notes						
Unearned revenue - grant revenue						
Total deferred inflows of resources						
Total liabilities and deferred inflows	<u>84,428</u>	<u>7,832</u>		<u>6,753</u>		<u>395</u>
Fund balances:						
Restricted	1,099,266		157,270	201,365	73,363	14,937
Unassigned		(1,730)				
Total fund balances (deficits)	<u>1,099,266</u>	<u>(1,730)</u>	<u>157,270</u>	<u>201,365</u>	<u>73,363</u>	<u>14,937</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,183,694</u>	<u>\$ 6,102</u>	<u>\$ 157,270</u>	<u>\$ 208,118</u>	<u>\$ 73,363</u>	<u>\$ 15,332</u>

Homeland Security	Energy Efficiency and Conservation	Abandoned Vehicle	Unclaimed Property	Measure A	Article 3	NPDES	Air Quality
\$ -	\$ -	\$ 20,137	\$ 75,091	\$ 1,497,821	\$ 84,145	\$ 20,101	\$ 210,428
1,778		5,658		27,813 265,879 552	33		26,222 75
<u>\$ 1,778</u>	<u>\$ -</u>	<u>\$ 25,795</u>	<u>\$ 75,091</u>	<u>\$ 1,792,065</u>	<u>\$ 84,178</u>	<u>\$ 20,101</u>	<u>\$ 236,725</u>
\$ 2,021	\$ -	\$ 242	\$ 70,050	\$ 36,711	\$ -	\$ 209	\$ 31,281
153				14,067			
<u>2,174</u>		<u>242</u>	<u>70,050</u>	<u>50,778</u>		<u>209</u>	<u>31,281</u>
							26,222
							26,222
<u>2,174</u>		<u>242</u>	<u>70,050</u>	<u>50,778</u>		<u>209</u>	<u>57,503</u>
(396)		25,553	5,041	1,741,287	84,178	19,892	179,222
<u>(396)</u>		<u>25,553</u>	<u>5,041</u>	<u>1,741,287</u>	<u>84,178</u>	<u>19,892</u>	<u>179,222</u>
<u>\$ 1,778</u>	<u>\$ -</u>	<u>\$ 25,795</u>	<u>\$ 75,091</u>	<u>\$ 1,792,065</u>	<u>\$ 84,178</u>	<u>\$ 20,101</u>	<u>\$ 236,725</u>

(Continued)

CITY OF INDIO  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2014  
With Comparative Totals At June 30, 2013  
(Continued)

<u>Assets</u>	HBRRP	Indian Gaming SB 621	Waste Recycling AB939	Community Facilities District	Certified Access Specialist SB 1186	CalGrip
Cash and investments	\$ -	\$ 479,929	\$ 556,487	\$ 46,589	\$ 4,786	\$ -
Cash and investments with fiscal agent						
Accounts receivable			15,554			
Due from other governments			1,210	40,225		
Interest receivable		131	210	151		11
Notes receivable						
Advances to private-purpose trust funds						
Property held for resale						
Total assets	<u>\$ -</u>	<u>\$ 480,060</u>	<u>\$ 573,461</u>	<u>\$ 86,965</u>	<u>\$ 4,786</u>	<u>\$ 11</u>
 <u>Liabilities, Deferred Inflows of Resources</u> <u>and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ 155,871	\$ 5,328	\$ -	\$ 352	\$ -
Accrued liabilities		13,999	6,163			
Due to other funds						11
Unearned revenue		190,960				
Retentions payable						
Total liabilities		<u>360,830</u>	<u>11,491</u>		<u>352</u>	<u>11</u>
 Deferred Inflows of Resources:						
Unearned revenue - loans/notes						
Unearned revenue - grant revenue						
Total deferred inflows of resources						
Total liabilities and deferred inflows		<u>360,830</u>	<u>11,491</u>		<u>352</u>	<u>11</u>
 Fund balances:						
Nonspendable:						
Advances						
Restricted		119,230	561,970	86,965	4,434	
Unassigned						
Total fund balances (deficits)		<u>119,230</u>	<u>561,970</u>	<u>86,965</u>	<u>4,434</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 480,060</u>	<u>\$ 573,461</u>	<u>\$ 86,965</u>	<u>\$ 4,786</u>	<u>\$ 11</u>

Indio Housing Authority	Department of Conservation Recycle Grant	Public Education Government Channel	Smart Policing Grant	COPS Hiring Recovery	Neighborhood Stabilization Grant 1	Neighborhood Stabilization Grant 2	Neighborhood Stabilization Grant 3
\$ 7,532	\$ 21,950	\$ 542,044	\$ -	\$ -	\$ 19,683	\$ 1,163,191	\$ 106,506
		48,404	114	117,611		157,999	
3					8	114,366	
4,632,377						530	
5,496,151						1,037,253	107,400
							66,662
<u>\$ 10,136,063</u>	<u>\$ 21,950</u>	<u>\$ 590,448</u>	<u>\$ 114</u>	<u>\$ 117,611</u>	<u>\$ 19,691</u>	<u>\$ 2,473,339</u>	<u>\$ 280,568</u>
\$ -	\$ 24,184	\$ -	\$ -	\$ -	\$ -	\$ 82,115	\$ 326
			114	21,646		16,217	1,418
				54,225			
						159	
	24,184		114	75,871		98,491	1,744
1,310,614						1,037,253	107,400
<u>1,310,614</u>						<u>1,037,253</u>	<u>107,400</u>
1,310,614	24,184		114	75,871		1,135,744	109,144
5,496,151		590,448		41,740	19,691	1,337,595	171,424
3,329,298	(2,234)						
8,825,449	(2,234)	590,448		41,740	19,691	1,337,595	171,424
<u>\$ 10,136,063</u>	<u>\$ 21,950</u>	<u>\$ 590,448</u>	<u>\$ 114</u>	<u>\$ 117,611</u>	<u>\$ 19,691</u>	<u>\$ 2,473,339</u>	<u>\$ 280,568</u>

(Continued)

CITY OF INDIO  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2014  
With Comparative Totals At June 30, 2013  
(Continued)

	Lighting and Landscape	Asset Forfeiture	Community Development Block Grant	Emergency Abandoned Recalcitrant	Congestion Management Air Quality	Cal Emergency Management
<u>Assets</u>						
Cash and investments	\$ 3,826,716	\$ -	\$ -	\$ 136	\$ -	\$ 20,298
Cash and investments with fiscal agent						
Accounts receivable	64	260			280,525	
Due from other governments	14,124	4,726	512,263			
Interest receivable	1,513	1				8
Notes receivable						
Advances to private-purpose trust funds						
Property held for resale						
<b>Total assets</b>	<b>\$ 3,842,417</b>	<b>\$ 4,987</b>	<b>\$ 512,263</b>	<b>\$ 136</b>	<b>\$ 280,525</b>	<b>\$ 20,306</b>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 150,735	\$ 10,244	\$ 30,618	\$ -	\$ 280,525	\$ -
Accrued liabilities			10,795			
Due to other funds			337,985			
Unearned revenue						
Retentions payable			20,063		14,764	
<b>Total liabilities</b>	<b>150,735</b>	<b>10,244</b>	<b>399,461</b>		<b>295,289</b>	
Deferred Inflows of Resources:						
Unearned revenue - loans/notes						
Unearned revenue - grant revenue			512,263			
<b>Total deferred inflows of resources</b>			<b>512,263</b>			
<b>Total liabilities and deferred inflows</b>	<b>150,735</b>	<b>10,244</b>	<b>911,724</b>		<b>295,289</b>	
Fund balances:						
Nonspendable						
Advances						
Restricted	3,691,682			136		20,306
Unassigned		(5,257)	(399,461)		(14,764)	
<b>Total fund balances (deficits)</b>	<b>3,691,682</b>	<b>(5,257)</b>	<b>(399,461)</b>	<b>136</b>	<b>(14,764)</b>	<b>20,306</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,842,417</b>	<b>\$ 4,987</b>	<b>\$ 512,263</b>	<b>\$ 136</b>	<b>\$ 280,525</b>	<b>\$ 20,306</b>

Donations	Totals	
	2014	2013
\$ 17,980	\$ 9,489,481	\$ 8,269,724
	698,929	700,108
	628,893	470,310
	1,182,678	1,228,482
	3,469	3,094
	5,777,030	5,395,599
	5,496,151	5,496,151
	66,662	227,699
<u>\$ 17,980</u>	<u>\$ 23,343,293</u>	<u>\$ 21,791,167</u>
\$ 955	\$ 957,198	\$ 936,686
	103,768	84,165
	392,488	824,840
	190,960	2,774,674
	39,500	54,819
<u>955</u>	<u>1,683,914</u>	<u>4,675,184</u>
	2,455,267	
	538,485	
	<u>2,993,752</u>	
955	4,677,666	4,675,184
	5,496,151	
17,025	13,593,318	16,450,601
	(423,842)	665,382
<u>17,025</u>	<u>18,665,627</u>	<u>17,115,983</u>
<u>\$ 17,980</u>	<u>\$ 23,343,293</u>	<u>\$ 21,791,167</u>

CITY OF INDIO  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Gas Tax	Traffic Safety	Public Safety	Supplemental Law Enforcement	Proposition 1B
Revenues:					
Taxes	\$ 2,563,135	\$ -	\$ 432,437	\$ -	\$ -
Special assessments					
Intergovernmental	134,042		10,232	145,856	
Fines		99,422			
Investment income	32,706		376	843	192
Miscellaneous					
<b>Total revenues</b>	<b>2,729,883</b>	<b>99,422</b>	<b>443,045</b>	<b>146,699</b>	<b>192</b>
Expenditures:					
Current:					
General government					
Public safety		225,592	192,993	97,225	
Public works	1,851,753				
Community development					
Debt service:					
Principal	455,000				
Interest and other charges	229,055				
<b>Total expenditures</b>	<b>2,535,808</b>	<b>225,592</b>	<b>192,993</b>	<b>97,225</b>	
Excess (deficiency) of revenues over (under) expenditures	194,075	(126,170)	250,052	49,474	192
Other financing sources (uses):					
Interfund transfers in					
Interfund transfers out			(253,658)		
<b>Total other financing sources (uses)</b>			<b>(253,658)</b>		
<b>Net change in fund balances</b>	<b>194,075</b>	<b>(126,170)</b>	<b>(3,606)</b>	<b>49,474</b>	<b>192</b>
Fund balances (deficits) at beginning of fiscal year	905,191	124,440	160,876	151,891	73,171
Fund balances (deficits) at end of fiscal year	<b>\$ 1,099,266</b>	<b>\$ (1,730)</b>	<b>\$ 157,270</b>	<b>\$ 201,365</b>	<b>\$ 73,363</b>

LLEBG	Homeland Security	Energy Efficiency and Conservation	Abandoned Vehicle	Unclaimed Property	Measure A	Article 3	NPDES	Air Quality
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,603,628	\$ -	\$ -	\$ -
22,148	41,196		13,095			84,000		74,625
122		5		3,219	5,300	178		793
					86,809			
22,270	41,196	5	13,095	3,219	1,695,737	84,178		75,418
35,471	11,624		2,680		464,274		95,108	60,508
					493,403			
					179,979			
35,471	11,624		2,680		1,137,656		95,108	60,508
(13,201)	29,572	5	10,415	3,219	558,081	84,178	(95,108)	14,910
	18,405						115,000	
		(983)						
	18,405	(983)					115,000	
(13,201)	47,977	(978)	10,415	3,219	558,081	84,178	19,892	14,910
28,138	(48,373)	978	15,138	1,822	1,183,206			164,312
\$ 14,937	\$ (396)	\$ -	\$ 25,553	\$ 5,041	\$ 1,741,287	\$ 84,178	\$ 19,892	\$ 179,222

(Continued)



CITY OF INDIO  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013  
(Continued)

	HBRRP	Indian Gaming SB 621	Waste Recycling AB939	Community Facilities District	Certified Access Specialist SB 1186
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments				2,696,166	
Intergovernmental	205,820	279,122	12,481		
Fines					
Investment income		1,709	2,527	1,573	
Miscellaneous			222,950		2,834
<b>Total revenues</b>	<b>205,820</b>	<b>280,831</b>	<b>237,958</b>	<b>2,697,739</b>	<b>2,834</b>
Expenditures:					
Current:					
General government			183,458		
Public safety		259,776		58,604	
Public works	3,737				
Community development					
Debt service:					
Principal					
Interest and other charges					
<b>Total expenditures</b>	<b>3,737</b>	<b>259,776</b>	<b>183,458</b>	<b>58,604</b>	
Excess (deficiency) of revenues over (under) expenditures	202,083	21,055	54,500	2,639,135	2,834
Other financing sources (uses):					
Interfund transfers in					
Interfund transfers out			(66,171)	(2,627,750)	
<b>Total other financing sources (uses)</b>			<b>(66,171)</b>	<b>(2,627,750)</b>	
<b>Net change in fund balances</b>	<b>202,083</b>	<b>21,055</b>	<b>(11,671)</b>	<b>11,385</b>	<b>2,834</b>
Fund balances (deficits) at beginning of fiscal year	(202,083)	98,175	573,641	75,580	1,600
Fund balances (deficits) at end of fiscal year	\$ -	\$ 119,230	\$ 561,970	\$ 86,965	\$ 4,434

CalGrip	Indio Housing Authority	Department of Conservation Recycle Grant	Public Education Government Channel	Smart Policing Grant	COPS Hiring Recovery	Neighborhood Stabilization Grant 1	Neighborhood Stabilization Grant 2	Neighborhood Stabilization Grant 3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66,797		22,357		110,085	453,670		351,526	151,471
32	35					92	1,990,358	339,594
			186,334					
66,829	35	22,357	186,334	110,085	453,670	92	2,341,884	491,065
		60,009						
66,290	26,750		9,854	98,759	428,632		2,318,876	573,975
66,290	26,750	60,009	9,854	98,759	428,632		2,318,876	573,975
539	(26,715)	(37,652)	176,480	11,326	25,038	92	23,008	(82,910)
(27,139)				15,294				
(27,139)				15,294				
(26,600)	(26,715)	(37,652)	176,480	26,620	25,038	92	23,008	(82,910)
26,600	8,852,164	35,418	413,968	(26,620)	16,702	19,599	1,314,587	254,334
\$ -	\$ 8,825,449	\$ (2,234)	\$ 590,448	\$ -	\$ 41,740	\$ 19,691	\$ 1,337,595	\$ 171,424

(Continued)

CITY OF INDIO  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013  
(Continued)

	Lighting and Landscape	Asset Forfeiture	Community Development Block Grant	Emergency Abandoned and Recalcitrant	Congestion Management Air Quality
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	1,095,576				
Intergovernmental			812,734	10,072	280,525
Fines		4,726			
Investment income	18,050	146		9	
Miscellaneous	17,334				
Total revenues	<u>1,130,960</u>	<u>4,872</u>	<u>812,734</u>	<u>10,081</u>	<u>280,525</u>
Expenditures:					
Current:					
General government					
Public safety		56,600		10,073	
Public works	1,276,302				295,289
Community development			522,831		
Debt service:					
Principal					
Interest and other charges					
Total expenditures	<u>1,276,302</u>	<u>56,600</u>	<u>522,831</u>	<u>10,073</u>	<u>295,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(145,342)</u>	<u>(51,728)</u>	<u>289,903</u>	<u>8</u>	<u>(14,764)</u>
Other financing sources (uses):					
Interfund transfers in	318,322				
Interfund transfers out					
Total other financing sources (uses)	<u>318,322</u>				
Net change in fund balances	172,980	(51,728)	289,903	8	(14,764)
Fund balances (deficits) at beginning of fiscal year	<u>3,518,702</u>	<u>46,471</u>	<u>(689,364)</u>	<u>128</u>	
Fund balances (deficits) at end of fiscal year	<u>\$ 3,691,682</u>	<u>\$ (5,257)</u>	<u>\$ (399,461)</u>	<u>\$ 136</u>	<u>\$ (14,764)</u>

Cal Emergency Management	Donations	Totals	
		2014	2013
\$ -	\$ -	\$ 4,599,200	\$ 3,853,704
		3,791,742	3,865,959
		3,281,854	7,862,681
		104,148	96,728
93		2,397,952	3,943,327
	30,196	546,457	1,109,166
<u>93</u>	<u>30,196</u>	<u>14,721,353</u>	<u>20,731,565</u>
	18,549	262,016	485,878
		1,478,029	1,561,589
		4,046,971	7,841,228
		3,518,576	4,922,113
		948,403	902,231
		409,034	450,093
	<u>18,549</u>	<u>10,663,029</u>	<u>16,163,132</u>
<u>93</u>	<u>11,647</u>	<u>4,058,324</u>	<u>4,568,433</u>
		467,021	161,461
		(2,975,701)	(2,872,549)
		(2,508,680)	(2,711,088)
93	11,647	1,549,644	1,857,345
20,213	5,378	17,115,983	15,258,638
<u>\$ 20,306</u>	<u>\$ 17,025</u>	<u>\$ 18,665,627</u>	<u>\$ 17,115,983</u>

CITY OF INDIO  
Gas Tax Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Taxes	\$ 2,428,630	\$ 2,563,135	\$ 134,505	\$ 1,944,365
Intergovernmental	1,100,000	134,042	(965,958)	1,598,138
Investment income	2,000	32,706	30,706	34,445
Total revenues	<u>3,530,630</u>	<u>2,729,883</u>	<u>(800,747)</u>	<u>3,576,948</u>
Expenditures:				
Current:				
Public works	4,232,394	1,851,753	2,380,641	3,189,668
Debt service:				
Principal	455,000	455,000		435,000
Interest and other charges	223,313	229,055	(5,742)	243,942
Total expenditures	<u>4,910,707</u>	<u>2,535,808</u>	<u>2,374,899</u>	<u>3,868,610</u>
Excess (deficiency) of revenues over (under) expenditures	(1,380,077)	194,075	1,574,152	(291,662)
Fund balance at beginning of fiscal year	<u>905,191</u>	<u>905,191</u>		<u>1,196,853</u>
Fund balance at end of fiscal year	<u>\$ (474,886)</u>	<u>\$ 1,099,266</u>	<u>\$ 1,574,152</u>	<u>\$ 905,191</u>

CITY OF INDIO  
Traffic Safety Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Fines	\$ 100,000	\$ 99,422	\$ (578)	\$ 68,510
Investment income				1,871
Total revenues	<u>100,000</u>	<u>99,422</u>	<u>(578)</u>	<u>70,381</u>
Expenditures:				
Current:				
Public safety	<u>213,865</u>	<u>225,592</u>	<u>(11,727)</u>	<u>220,849</u>
Total expenditures	<u>213,865</u>	<u>225,592</u>	<u>(11,727)</u>	<u>220,849</u>
Excess (deficiency) of revenues over (under) expenditures	(113,865)	(126,170)	(12,305)	(150,468)
Fund balance at beginning of fiscal year	<u>124,440</u>	<u>124,440</u>		<u>274,908</u>
Fund balance (deficit) at end of fiscal year	<u>\$ 10,575</u>	<u>\$ (1,730)</u>	<u>\$ (12,305)</u>	<u>\$ 124,440</u>

CITY OF INDIO  
Public Safety Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Taxes	\$ 380,000	\$ 432,437	\$ 52,437	\$ 367,941
Intergovernmental	44,450	10,232	(34,218)	
Investment income		376	376	631
Total revenues	<u>424,450</u>	<u>443,045</u>	<u>18,595</u>	<u>368,572</u>
Expenditures:				
Current:				
Public safety	<u>211,189</u>	<u>192,993</u>	<u>18,196</u>	<u>161,144</u>
Total expenditures	<u>211,189</u>	<u>192,993</u>	<u>18,196</u>	<u>161,144</u>
Excess (deficiency) of revenues over (under) expenditures	<u>213,261</u>	<u>250,052</u>	<u>36,791</u>	<u>207,428</u>
Other financing sources (uses):				
Interfund transfers out	<u>(253,658)</u>	<u>(253,658)</u>		<u>(253,658)</u>
Total other financing sources (uses)	<u>(253,658)</u>	<u>(253,658)</u>		<u>(253,658)</u>
Net change in fund balances	(40,397)	(3,606)	36,791	(46,230)
Fund balance at beginning of fiscal year	<u>160,876</u>	<u>160,876</u>		<u>207,106</u>
Fund balance at end of fiscal year	<u>\$ 120,479</u>	<u>\$ 157,270</u>	<u>\$ 36,791</u>	<u>\$ 160,876</u>

CITY OF INDIO  
Supplemental Law Enforcement Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
<b>Revenues:</b>				
Intergovernmental	\$ 129,862	\$ 145,856	\$ 15,994	\$ 77,741
Investment income		843	843	1,263
<b>Total revenues</b>	<b>129,862</b>	<b>146,699</b>	<b>16,837</b>	<b>79,004</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	281,753	97,225	184,528	195,136
<b>Total expenditures</b>	<b>281,753</b>	<b>97,225</b>	<b>184,528</b>	<b>195,136</b>
Excess (deficiency) of revenues over (under) expenditures	(151,891)	49,474	201,365	(116,132)
Fund balance at beginning of fiscal year	151,891	151,891		268,023
Fund balance at end of fiscal year	\$ -	\$ 201,365	\$ 201,365	\$ 151,891



CITY OF INDIO  
 Proposition 1B Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Investment income	\$ -	\$ 192	\$ 192	\$ 701
Total revenues	<u>          </u>	<u>192</u>	<u>192</u>	<u>701</u>
Expenditures:				
Current:				
General government				
Public works				
Total expenditures	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (deficiency) of revenues over (under) expenditures		192	192	701
Fund balance at beginning of fiscal year	<u>73,171</u>	<u>73,171</u>	<u>          </u>	<u>72,470</u>
Fund balance at end of fiscal year	<u>\$ 73,171</u>	<u>\$ 73,363</u>	<u>\$ 192</u>	<u>\$ 73,171</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  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 29,247	\$ 22,148	\$ (7,099)	\$ -
Investment income		122	122	612
Total revenues	<u>29,247</u>	<u>22,270</u>	<u>(6,977)</u>	<u>612</u>
Expenditures:				
Current:				
Public safety	<u>40,247</u>	<u>35,471</u>	<u>4,776</u>	<u>50,291</u>
Total expenditures	<u>40,247</u>	<u>35,471</u>	<u>4,776</u>	<u>50,291</u>
Excess (deficiency) of revenues over (under) expenditures	(11,000)	(13,201)	(2,201)	(49,679)
Fund balance at beginning of fiscal year	<u>28,138</u>	<u>28,138</u>		<u>77,817</u>
Fund balance at end of fiscal year	<u>\$ 17,138</u>	<u>\$ 14,937</u>	<u>\$ (2,201)</u>	<u>\$ 28,138</u>

CITY OF INDIO  
Homeland Security Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 11,787	\$ 41,196	\$ 29,409	\$ 16,546
Miscellaneous				197,994
Total revenues	<u>11,787</u>	<u>41,196</u>	<u>29,409</u>	<u>214,540</u>
Expenditures:				
Current:				
Public safety	<u>11,787</u>	<u>11,624</u>	<u>163</u>	<u>19,070</u>
Total expenditures	<u>11,787</u>	<u>11,624</u>	<u>163</u>	<u>19,070</u>
Excess (deficiency) of revenues over (under) expenditures		<u>29,572</u>	<u>29,572</u>	<u>195,470</u>
Other financing sources (uses):				
Interfund transfers in	<u>18,405</u>	<u>18,405</u>		
Total other financing sources (uses)	<u>18,405</u>	<u>18,405</u>		
Net change in fund balances	18,405	47,977	29,572	195,470
Fund balance (deficit) at beginning of fiscal year	<u>(48,373)</u>	<u>(48,373)</u>		<u>(243,843)</u>
Fund balance (deficit) at end of fiscal year	<u>\$ (29,968)</u>	<u>\$ (396)</u>	<u>\$ 29,572</u>	<u>\$ (48,373)</u>

CITY OF INDIO  
 Abandoned Vehicle Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 176,500	\$ 13,095	\$ (163,405)	\$ 32,964
Investment income				47
Total revenues	<u>176,500</u>	<u>13,095</u>	<u>(163,405)</u>	<u>33,011</u>
Expenditures:				
Current:				
Public safety	<u>129,500</u>	<u>2,680</u>	<u>126,820</u>	<u>19,071</u>
Total expenditures	<u>129,500</u>	<u>2,680</u>	<u>126,820</u>	<u>19,071</u>
Excess of revenues over expenditures	47,000	10,415	(36,585)	13,940
Fund balance (deficit) at beginning of fiscal year	<u>15,138</u>	<u>15,138</u>		<u>1,198</u>
Fund balance at end of fiscal year	<u><u>\$ 62,138</u></u>	<u><u>\$ 25,553</u></u>	<u><u>\$ (36,585)</u></u>	<u><u>\$ 15,138</u></u>

CITY OF INDIO  
 Unclaimed Property Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Investment income	\$ -	\$ 3,219	\$ 3,219	\$ -
Total revenues	<u>                    </u>	<u>          3,219</u>	<u>          3,219</u>	<u>                    </u>
Expenditures:				
Current:				
Public safety	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess of revenues over expenditures		3,219	3,219	
Fund balance at beginning of fiscal year	<u>          1,822</u>	<u>          1,822</u>	<u>                    </u>	<u>          1,822</u>
Fund balance at end of fiscal year	<u><u>          1,822</u></u>	<u><u>          5,041</u></u>	<u><u>          3,219</u></u>	<u><u>          1,822</u></u>

CITY OF INDIO  
Measure A Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Taxes	\$ 1,515,000	\$ 1,603,628	\$ 88,628	\$ 1,541,398
Investment income	5,000	5,300	300	8,260
Miscellaneous	3,270,295	86,809	(3,183,486)	395,684
Total revenues	<u>4,790,295</u>	<u>1,695,737</u>	<u>(3,094,558)</u>	<u>1,945,342</u>
Expenditures:				
Current:				
Public works	4,797,504	464,274	4,333,230	1,021,070
Debt service:				
Principal	491,167	493,403	(2,236)	467,231
Interest and other charges	182,215	179,979	2,236	206,151
Total expenditures	<u>5,470,886</u>	<u>1,137,656</u>	<u>4,333,230</u>	<u>1,694,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(680,591)</u>	<u>558,081</u>	<u>1,238,672</u>	<u>250,890</u>
Other financing sources (uses):				
Interfund transfers out				(31,462)
Total other financing sources (uses)				<u>(31,462)</u>
Net change in fund balance	(680,591)	558,081	1,238,672	219,428
Fund balance at beginning of fiscal year	<u>1,183,206</u>	<u>1,183,206</u>		<u>963,778</u>
Fund balance at end of fiscal year	<u>\$ 502,615</u>	<u>\$ 1,741,287</u>	<u>\$ 1,238,672</u>	<u>\$ 1,183,206</u>

CITY OF INDIO  
Article 3 Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 84,000	\$ 84,000	\$ -	\$ 188,800
Investment income		178	178	
Total revenues	<u>84,000</u>	<u>84,178</u>	<u>178</u>	<u>188,800</u>
Expenditures:				
Current:				
General government	<u>84,000</u>		<u>84,000</u>	<u>203,848</u>
Total expenditures	<u>84,000</u>		<u>84,000</u>	<u>203,848</u>
Excess (deficiency) of revenues over (under) expenditures		<u>84,178</u>	<u>84,178</u>	<u>(15,048)</u>
Other financing sources (uses):				
Interfund transfers in				<u>31,462</u>
Total other financing sources (uses)				<u>16,414</u>
Net change in fund balance		84,178	84,178	16,414
Fund balance (deficit) at beginning of fiscal year				<u>(16,414)</u>
Fund balance at end of fiscal year	<u>\$ -</u>	<u>\$ 84,178</u>	<u>\$ 84,178</u>	<u>\$ -</u>

CITY OF INDIO  
NPDES Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues				
Expenditures:				
Current:				
Public works	115,000	95,108	19,892	90,253
Total expenditures	115,000	95,108	19,892	90,253
Excess (deficiency) of revenues over (under) expenditures	(115,000)	(95,108)	19,892	(90,253)
Other financing sources:				
Interfund transfers in	115,000	115,000		90,201
Total other financing sources	115,000	115,000		90,201
Net change in fund balance		19,892	19,892	(52)
Fund balance at beginning of fiscal year				52
Fund balance at end of fiscal year	\$ -	\$ 19,892	\$ 19,892	\$ -



CITY OF INDIO  
 Air Quality (AB2766) Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 95,000	\$ 74,625	\$ (20,375)	\$ 94,171
Investment income		793	793	1,206
Total revenues	<u>95,000</u>	<u>75,418</u>	<u>(19,582)</u>	<u>95,377</u>
Expenditures:				
Current:				
Public works	<u>137,000</u>	<u>60,508</u>	<u>76,492</u>	<u>65,514</u>
Total expenditures	<u>137,000</u>	<u>60,508</u>	<u>76,492</u>	<u>65,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,000)</u>	<u>14,910</u>	<u>56,910</u>	<u>29,863</u>
Other financing sources (uses):				
Interfund transfers in				<u>14,575</u>
Total other financing sources (uses)				<u>14,575</u>
Net change in fund balance	(42,000)	14,910	56,910	44,438
Fund balance at beginning of fiscal year	<u>164,312</u>	<u>164,312</u>		<u>119,874</u>
Fund balance at end of fiscal year	<u>\$ 122,312</u>	<u>\$ 179,222</u>	<u>\$ 56,910</u>	<u>\$ 164,312</u>

CITY OF INDIO  
 Department of Conservation Recycle Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ -	\$ 22,357	\$ 22,357	\$ 22,171
Investment income				409
Total revenues		22,357	22,357	22,580
Expenditures:				
Current:				
General government	48,593	60,009	(11,416)	38,667
Total expenditures	48,593	60,009	(11,416)	38,667
Excess (deficiency) of revenues over (under) expenditures	(48,593)	(37,652)	10,941	(16,087)
Fund balance at beginning of fiscal year	35,418	35,418		51,505
Fund balance (deficit) at end of fiscal year	\$ (13,175)	\$ (2,234)	\$ 10,941	\$ 35,418

CITY OF INDIO  
Lighting and Landscape Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Special assessments	\$ 1,075,574	\$ 1,095,576	\$ 20,002	\$ 1,238,929
Investment income		18,050	18,050	36,437
Miscellaneous		17,334	17,334	11,641
Total revenues	<u>1,075,574</u>	<u>1,130,960</u>	<u>55,386</u>	<u>1,287,007</u>
Expenditures:				
Current:				
Public works	<u>1,194,411</u>	<u>1,276,302</u>	<u>(81,891)</u>	<u>1,234,445</u>
Total expenditures	<u>1,194,411</u>	<u>1,276,302</u>	<u>(81,891)</u>	<u>1,234,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,837)</u>	<u>(145,342)</u>	<u>(26,505)</u>	<u>52,562</u>
Other financing sources (uses):				
Interfund transfers in	<u>318,322</u>	<u>318,322</u>		
Total other financing sources (uses)	<u>318,322</u>	<u>318,322</u>		
Net change in fund balance	199,485	172,980	(26,505)	52,562
Fund balance at beginning of fiscal year	<u>3,518,702</u>	<u>3,518,702</u>		<u>3,466,140</u>
Fund balance at end of fiscal year	<u>\$ 3,718,187</u>	<u>\$ 3,691,682</u>	<u>\$ (26,505)</u>	<u>\$ 3,518,702</u>

CITY OF INDIO  
 Asset Forfeiture Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Fines	\$ 27,000	\$ 4,726	\$ (22,274)	\$ 28,218
Investment income		146	146	1,445
Total revenues	<u>27,000</u>	<u>4,872</u>	<u>(22,128)</u>	<u>29,663</u>
Expenditures:				
Current:				
Public safety	<u>70,000</u>	<u>56,600</u>	<u>13,400</u>	<u>123,151</u>
Total expenditures	<u>70,000</u>	<u>56,600</u>	<u>13,400</u>	<u>123,151</u>
Excess (deficiency) of revenues over (under) expenditures	(43,000)	(51,728)	(8,728)	(93,488)
Fund balance at beginning of fiscal year	<u>46,471</u>	<u>46,471</u>		<u>139,959</u>
Fund balance (deficit) at end of fiscal year	<u>\$ 3,471</u>	<u>\$ (5,257)</u>	<u>\$ (8,728)</u>	<u>\$ 46,471</u>

CITY OF INDIO  
Community Development Block Grant Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 908,028	\$ 812,734	\$ (95,294)	\$ 829,484
Total revenues	<u>908,028</u>	<u>812,734</u>	<u>(95,294)</u>	<u>829,484</u>
Expenditures:				
Current:				
Community development	903,279	522,831	380,448	1,252,688
Total expenditures	<u>903,279</u>	<u>522,831</u>	<u>380,448</u>	<u>1,252,688</u>
Excess (deficiency) of revenues over (under) expenditures	4,749	289,903	285,154	(423,204)
Fund balance (deficit) at beginning of fiscal year	<u>(689,364)</u>	<u>(689,364)</u>		<u>(266,160)</u>
Fund balance (deficit) at end of fiscal year	<u><u>\$ (684,615)</u></u>	<u><u>\$ (399,461)</u></u>	<u><u>\$ 285,154</u></u>	<u><u>\$ (689,364)</u></u>

CITY OF INDIO  
 HBRRP Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 6,181,011	\$ 205,820	\$ (5,975,191)	\$ 1,890,310
Total revenues	<u>6,181,011</u>	<u>205,820</u>	<u>(5,975,191)</u>	<u>1,890,310</u>
Expenditures:				
Current:				
Public works	<u>6,180,978</u>	<u>3,737</u>	<u>6,177,241</u>	<u>1,975,977</u>
Total expenditures	<u>6,180,978</u>	<u>3,737</u>	<u>6,177,241</u>	<u>1,975,977</u>
Excess (deficiency) of revenues over (under) expenditures	33	202,083	202,050	(85,667)
Fund balance (deficit) at beginning of fiscal year	<u>(202,083)</u>	<u>(202,083)</u>		<u>(116,416)</u>
Fund balance (deficit) at end of fiscal year	<u>\$ (202,050)</u>	<u>\$ -</u>	<u>\$ 202,050</u>	<u>\$ (202,083)</u>

CITY OF INDIO  
Indian Gaming SB 621 Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 279,122	\$ 279,122	\$ -	\$ -
Investment income		1,709	1,709	199
Total revenues	<u>279,122</u>	<u>280,831</u>	<u>1,709</u>	<u>199</u>
Expenditures:				
Current:				
Public safety	324,122	259,776	64,346	94,291
Total expenditures	<u>324,122</u>	<u>259,776</u>	<u>64,346</u>	<u>94,291</u>
Excess (deficiency) of revenues over (under) expenditures	(45,000)	21,055	66,055	(94,092)
Fund balance at beginning of fiscal year	<u>98,175</u>	<u>98,175</u>		<u>192,267</u>
Fund balance at end of fiscal year	<u><u>\$ 53,175</u></u>	<u><u>\$ 119,230</u></u>	<u><u>\$ 66,055</u></u>	<u><u>\$ 98,175</u></u>

CITY OF INDIO  
Waste Recycling AB939 Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 12,000	\$ 12,481	\$ 481	\$ -
Investment income		2,527	2,527	4,764
Miscellaneous	225,000	222,950	(2,050)	283,203
	<u>237,000</u>	<u>237,958</u>	<u>958</u>	<u>287,967</u>
Expenditures:				
Current:				
General government	221,960	183,458	38,502	146,315
	<u>221,960</u>	<u>183,458</u>	<u>38,502</u>	<u>146,315</u>
Excess of revenues over expenditures	<u>15,040</u>	<u>54,500</u>	<u>39,460</u>	<u>141,652</u>
Other financing sources (uses):				
Interfund transfers out	<u>(66,171)</u>	<u>(66,171)</u>		
Total other financing sources (uses)	<u>(66,171)</u>	<u>(66,171)</u>		
Net change in fund balance	(51,131)	(11,671)	39,460	141,652
Fund balance at beginning of fiscal year	<u>573,641</u>	<u>573,641</u>		<u>431,989</u>
Fund balance at end of fiscal year	<u>\$ 522,510</u>	<u>\$ 561,970</u>	<u>\$ 39,460</u>	<u>\$ 573,641</u>



CITY OF INDIO  
Community Facilities District Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Special assessments	\$ 2,632,388	\$ 2,696,166	\$ 63,778	\$ 2,627,030
Investment income		1,573	1,573	914
Miscellaneous				8,200
Total revenues	<u>2,632,388</u>	<u>2,697,739</u>	<u>65,351</u>	<u>2,636,144</u>
Expenditures:				
Current:				
Public safety	<u>67,100</u>	<u>58,604</u>	<u>8,496</u>	<u>67,265</u>
Total expenditures	<u>67,100</u>	<u>58,604</u>	<u>8,496</u>	<u>67,265</u>
Excess of revenues over expenditures	<u>2,565,288</u>	<u>2,639,135</u>	<u>73,847</u>	<u>2,568,879</u>
Other financing sources (uses):				
Interfund transfers out	<u>(2,603,988)</u>	<u>(2,627,750)</u>	<u>(23,762)</u>	<u>(2,587,429)</u>
Total other financing sources (uses)	<u>(2,603,988)</u>	<u>(2,627,750)</u>	<u>(23,762)</u>	<u>(2,587,429)</u>
Net change in fund balance	(38,700)	11,385	50,085	(18,550)
Fund balance at beginning of fiscal year	<u>75,580</u>	<u>75,580</u>		<u>94,130</u>
Fund balance at end of fiscal year	<u>\$ 36,880</u>	<u>\$ 86,965</u>	<u>\$ 50,085</u>	<u>\$ 75,580</u>

CITY OF INDIO  
 Cal GRIP Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 73,423	\$ 66,797	\$ (6,626)	\$ 178,326
Investment income		32	32	
Total revenues	<u>73,423</u>	<u>66,829</u>	<u>(6,594)</u>	<u>178,326</u>
Expenditures:				
Current:				
Community development	<u>71,058</u>	<u>66,290</u>	<u>4,768</u>	<u>143,231</u>
Total expenditures	<u>71,058</u>	<u>66,290</u>	<u>4,768</u>	<u>143,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,365</u>	<u>539</u>	<u>(1,826)</u>	<u>35,095</u>
Other financing sources (uses):				
Interfund transfers out		<u>(27,139)</u>	<u>(27,139)</u>	
Total other financing sources (uses)		<u>(27,139)</u>	<u>(27,139)</u>	
Net change in fund balance	2,365	(26,600)	(28,965)	35,095
Fund balance (deficit) at beginning of fiscal year	<u>26,600</u>	<u>26,600</u>		<u>(8,495)</u>
Fund balance at end of fiscal year	<u>\$ 28,965</u>	<u>\$ -</u>	<u>\$ (28,965)</u>	<u>\$ 26,600</u>

CITY OF INDIO  
COPS Hiring Recovery Grant Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 627,994	\$ 453,670	\$ (174,324)	\$ 627,272
Total revenues	627,994	453,670	(174,324)	627,272
Expenditures:				
Current:				
Public safety	445,185	428,632	16,553	629,329
Total expenditures	445,185	428,632	16,553	629,329
Excess (deficiency) of revenues over (under) expenditures	182,809	25,038	(157,771)	(2,057)
Fund balance at beginning of fiscal year	16,702	16,702		18,759
Fund balance at end of fiscal year	\$ 199,511	\$ 41,740	\$ (157,771)	\$ 16,702

CITY OF INDIO  
Neighborhood Stabilization Grant 1 Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 62,780
Investment income		92	92	
Miscellaneous				27,339
Total revenues		92	92	90,119
Expenditures:				
Current:				
Community development				276
Total expenditures				276
Excess (deficiency) of revenues over (under) expenditures		92	92	89,843
Fund balance (deficit) at beginning of fiscal year	19,599	19,599		(70,244)
Fund balance at end of fiscal year	\$ 19,599	\$ 19,691	\$ 92	\$ 19,599

CITY OF INDIO  
Neighborhood Stabilization Grant 2 Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 1,912,000	\$ 351,526	\$ (1,560,474)	\$ 1,099,234
Investment income	<u>3,390,000</u>	<u>1,990,358</u>	<u>(1,399,642)</u>	<u>3,504,734</u>
Total revenues	<u>5,302,000</u>	<u>2,341,884</u>	<u>(2,960,116)</u>	<u>4,603,968</u>
Expenditures:				
Current:				
Community development	<u>5,255,121</u>	<u>2,318,876</u>	<u>2,936,245</u>	<u>2,694,678</u>
Total expenditures	<u>5,255,121</u>	<u>2,318,876</u>	<u>2,936,245</u>	<u>2,694,678</u>
Excess (deficiency) of revenues over (under) expenditures	46,879	23,008	(23,871)	1,909,290
Fund balance (deficit) at beginning of fiscal year	<u>1,314,587</u>	<u>1,314,587</u>	<u>                    </u>	<u>(594,703)</u>
Fund balance at end of fiscal year	<u><u>\$ 1,361,466</u></u>	<u><u>\$ 1,337,595</u></u>	<u><u>\$ (23,871)</u></u>	<u><u>\$ 1,314,587</u></u>

CITY OF INDIO  
 Neighborhood Stabilization Grant 3 Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Fiscal Year Actual</u>
Revenues:				
Intergovernmental	\$ 478,578	\$ 151,471	\$ (327,107)	\$ 681,523
Investment income	525,000	339,594	(185,406)	342,562
Total revenues	<u>1,003,578</u>	<u>491,065</u>	<u>(512,513)</u>	<u>1,024,085</u>
Expenditures:				
Current:				
Community development	<u>929,878</u>	<u>573,975</u>	<u>355,903</u>	<u>752,121</u>
Total expenditures	<u>929,878</u>	<u>573,975</u>	<u>355,903</u>	<u>752,121</u>
Excess (deficiency) of revenues over (under) expenditures	73,700	(82,910)	(156,610)	271,964
Fund balance (deficit) at beginning of fiscal year	<u>254,334</u>	<u>254,334</u>	<u></u>	<u>(17,630)</u>
Fund balance (deficit) at end of fiscal year	<u>\$ 328,034</u>	<u>171,424</u>	<u>(156,610)</u>	<u>254,334</u>

CITY OF INDIO  
Energy Efficiency and Conservation Block Grant Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 67,236
Investment income		5	5	32
Total revenues		5	5	67,268
Expenditures:				
Current:				
Community development				67,236
Total expenditures				67,236
Excess (deficiency) of revenues over (under) expenditures		5	5	32
Other financing sources (uses):				
Interfund transfers out		(983)	(983)	
Total other financing sources (uses)		(983)	(983)	
Net change in fund balance		(978)	(978)	32
Fund balance at beginning of fiscal year	978	978		946
Fund balance at end of fiscal year	\$ 978	\$ -	\$ (978)	\$ 978

CITY OF INDIO  
Public Education Government Channel Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income				2,293
Miscellaneous	170,000	186,334	16,334	177,725
Total revenues	170,000	186,334	16,334	180,018
Expenditures:				
Current:				
Community development	200,000	9,854	190,146	11,883
Total expenditures	200,000	9,854	190,146	11,883
Excess (deficiency) of revenues over (under) expenditures	(30,000)	176,480	206,480	168,135
Fund balance at beginning of fiscal year	413,968	413,968		245,833
Fund balance at end of fiscal year	\$ 383,968	\$ 590,448	\$ 206,480	\$ 413,968



CITY OF INDIO  
 SMART Policing Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 96,187	\$ 110,085	\$ 13,898	\$ 12,182
Investment income				43
Total revenues	<u>96,187</u>	<u>110,085</u>	<u>13,898</u>	<u>12,225</u>
Expenditures:				
Current:				
Public safety	<u>96,187</u>	<u>98,759</u>	<u>(2,572)</u>	<u>23,526</u>
Total expenditures	<u>96,187</u>	<u>98,759</u>	<u>(2,572)</u>	<u>23,526</u>
Excess (deficiency) of revenues over (under) expenditures		<u>11,326</u>	<u>11,326</u>	<u>(11,301)</u>
Other financing sources (uses):				
Interfund transfers in	<u>16,825</u>	<u>15,294</u>	<u>(1,531)</u>	
Total other financing sources (uses)	<u>16,825</u>	<u>15,294</u>	<u>(1,531)</u>	
Net change in fund balance	16,825	26,620	9,795	(11,301)
Fund balance (deficit) at beginning of fiscal year	<u>(26,620)</u>	<u>(26,620)</u>		<u>(15,319)</u>
Fund balance (deficit) at end of fiscal year	<u>\$ (9,795)</u>	<u>\$ -</u>	<u>\$ 9,795</u>	<u>\$ (26,620)</u>

CITY OF INDIO  
Emergency, Abandoned and Recalcitrant Special Revenue Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 28,000	\$ 10,072	\$ (17,928)	\$ 51,648
Investment income		9	9	83
Total revenues	<u>28,000</u>	<u>10,081</u>	<u>(17,919)</u>	<u>51,731</u>
Expenditures:				
Current:				
Public safety	<u>28,000</u>	<u>10,073</u>	<u>17,927</u>	<u>51,648</u>
Total expenditures	<u>28,000</u>	<u>10,073</u>	<u>17,927</u>	<u>51,648</u>
Excess (deficiency) of revenues over (under) expenditures		8	8	83
Fund balance at beginning of fiscal year	<u>128</u>	<u>128</u>		<u>45</u>
Fund balance at end of fiscal year	<u>\$ 128</u>	<u>\$ 136</u>	<u>\$ 8</u>	<u>\$ 128</u>

CITY OF INDIO  
 Congestion Management Air Quality Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 332,000	\$ 280,525	\$ (51,475)	\$ 325,155
Investment income				45
Total revenues	<u>332,000</u>	<u>280,525</u>	<u>(51,475)</u>	<u>325,200</u>
Expenditures:				
Current:				
Public works	<u>332,000</u>	<u>295,289</u>	<u>36,711</u>	<u>264,301</u>
Total expenditures	<u>332,000</u>	<u>295,289</u>	<u>36,711</u>	<u>264,301</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(14,764)</u>	<u>(14,764)</u>	<u>60,899</u>
Other financing sources (uses):				
Interfund transfers in				<u>25,223</u>
Total other financing sources (uses)				<u>25,223</u>
Net change in fund balance		(14,764)	(14,764)	86,122
Fund balance (deficit) at beginning of fiscal year				<u>(86,122)</u>
Fund balance (deficit) at end of fiscal year	<u>\$ -</u>	<u>\$ (14,764)</u>	<u>\$ (14,764)</u>	<u>\$ -</u>

CITY OF INDIO  
 Donations Special Revenue Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ 49
Miscellaneous	18,000	30,196	12,196	5,780
Total revenues	<u>18,000</u>	<u>30,196</u>	<u>12,196</u>	<u>5,829</u>
Expenditures:				
Current:				
General government	18,000	18,549	(549)	2,757
Total expenditures	<u>18,000</u>	<u>18,549</u>	<u>(549)</u>	<u>2,757</u>
Excess (deficiency) of revenues over (under) expenditures		11,647	11,647	3,072
Fund balance at beginning of fiscal year	<u>5,378</u>	<u>5,378</u>		<u>2,306</u>
Fund balance at end of fiscal year	<u>\$ 5,378</u>	<u>\$ 17,025</u>	<u>\$ 11,647</u>	<u>\$ 5,378</u>

## DEBT SERVICE FUND

Debt service fund is 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:

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.

CITY OF INDIO  
 General Debt Service Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Fiscal Year Ended June 30, 2014  
 With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Investment income	\$ -	\$ 408	\$ 408	\$ 250
Total revenues		408	408	250
Expenditures:				
Debt service:				
Principal	340,875	345,450	(4,575)	369,773
Interest and other charges	2,206,913	2,198,140	8,773	2,131,401
Debt issuance costs				381,214
Total expenditures	2,547,788	2,543,590	4,198	2,882,388
Excess (deficiency) of revenues over (under) expenditures	(2,547,788)	(2,543,182)	4,606	(2,882,138)
Other financing sources (uses):				
Payment to bond escrow agent				(21,335,000)
Interfund transfers in	2,547,788	2,941,421	393,633	2,184,199
Issuance of debt				24,500,000
Total other financing sources (uses)	2,547,788	2,941,421	393,633	5,349,199
Net change in fund balance		398,239	398,239	2,467,061
Fund balance at beginning of fiscal year	2,467,175	2,467,175		114
Fund balance at end of fiscal year	\$ 2,467,175	\$ 2,865,414	\$ 398,239	\$ 2,467,175

## 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:

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 construction in various Assessment Districts established by the City of Indio.

CITY OF INDIO  
Capital Projects Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Intergovernmental	\$ 10,875,961	\$ 4,175,358	\$ (6,700,603)	\$ 4,019,362
Investment income		329,010	329,010	106,146
Developer fees	1,442,000	4,901,203	3,459,203	5,559,270
Total revenues	<u>12,317,961</u>	<u>9,405,571</u>	<u>(2,912,390)</u>	<u>9,684,778</u>
Expenditures:				
Current:				
Public works	15,837,605	5,625,342	10,212,263	7,881,393
Debt service:				
Principal	289,457	279,087	10,370	279,087
Interest and other charges		6,363	(6,363)	9,620
Total expenditures	<u>16,127,062</u>	<u>5,910,792</u>	<u>10,216,270</u>	<u>8,170,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,809,101)</u>	<u>3,494,779</u>	<u>7,303,880</u>	<u>1,514,678</u>
Other financing sources (uses):				
Interfund transfers in		24,600	24,600	
Interfund transfers out	(614,000)	(8,423,487)	(7,809,487)	(1,373,470)
Total other financing sources (uses)	<u>(614,000)</u>	<u>(8,398,887)</u>	<u>(7,784,887)</u>	<u>(1,373,470)</u>
Net change in fund balance	(4,423,101)	(4,904,108)	(481,007)	141,208
Fund balance at beginning of fiscal year	<u>7,172,126</u>	<u>7,172,126</u>		<u>7,030,918</u>
Fund balance at end of fiscal year	<u>\$ 2,749,025</u>	<u>\$ 2,268,018</u>	<u>\$ (481,007)</u>	<u>\$ 7,172,126</u>



CITY OF INDIO  
Assessment District Capital Projects Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Fiscal Year Actual
Revenues:				
Investment income	\$ -	\$ 2,931	\$ 2,931	\$ 3,950
Miscellaneous	25,269	25,269		
Total revenues	25,269	28,200	2,931	3,950
Expenditures:				
Current:				
Public works	102,770	102,770		1,199,292
Total expenditures	102,770	102,770		1,199,292
Excess (deficiency) of revenues over (under) expenditures	(77,501)	(74,570)	2,931	(1,195,342)
Other financing sources (uses):				
Interfund transfers in				1
Interfund transfers out	(25,267)	(25,267)		
Total other financing sources (uses)		(25,267)		1
Net change in fund balance	(77,501)	(99,837)	2,931	(1,195,341)
Fund balance at beginning of fiscal year	1,539,560	1,539,560		2,734,901
Fund balance at end of fiscal year	\$ 1,462,059	\$ 1,439,723	\$ 2,931	\$ 1,539,560

## 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 the City’s 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 Position  
June 30, 2014  
With Comparative Totals for June 30, 2013

	Golf	Solid Waste	Totals	
			2014	2013
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and investments	\$ 1,800	\$ 218	\$ 2,018	\$ 303,166
Accounts receivable	1,400		1,400	27
Interest receivable		245	245	244
Inventory	27,145		27,145	29,190
<b>Total current assets</b>	<b>30,345</b>	<b>463</b>	<b>30,808</b>	<b>332,627</b>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Land	465,959		465,959	465,959
Structures and improvements	360,349		360,349	360,349
Machinery and equipment	50,076		50,076	50,076
Less accumulated depreciation	(124,571)		(124,571)	(114,354)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>751,813</b>		<b>751,813</b>	<b>762,030</b>
<b>Total assets</b>	<b>782,158</b>	<b>463</b>	<b>782,621</b>	<b>1,094,657</b>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	42,126		42,126	10,926
Accrued liabilities	7,992		7,992	9,649
Due to other funds	598,813		598,813	385,654
<b>Total liabilities</b>	<b>648,931</b>		<b>648,931</b>	<b>406,229</b>
<b>Net position:</b>				
Net investment in capital assets	751,813		751,813	762,030
Unrestricted	(618,586)	463	(618,123)	(73,602)
<b>Total net position</b>	<b>\$ 133,227</b>	<b>\$ 463</b>	<b>\$ 133,690</b>	<b>\$ 688,428</b>

CITY OF INDIO  
Non-major Enterprise Funds  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Golf	Solid Waste	Totals	
			2014	2013
Operating revenues:				
Charges for services	\$ 688,908	\$ -	\$ 688,908	\$ 686,665
Total operating revenues	688,908		688,908	686,665
Operating expenses:				
Personnel services	133,932		133,932	171,052
Contractual services	316,017		316,017	303,357
Depreciation	10,217		10,217	10,890
Repairs and maintenance	158,609		158,609	2,403
Materials and supplies	323,724		323,724	363,284
Total operating expenses	942,499		942,499	850,986
Operating income (loss)	(253,591)		(253,591)	(164,321)
Nonoperating revenues:				
Investment income		1,850	1,850	5,088
Total nonoperating revenues		1,850	1,850	5,088
Income (loss) before transfers	(253,591)	1,850	(251,741)	(159,233)
Interfund transfers out		(302,997)	(302,997)	
Change in net position	(253,591)	(301,147)	(554,738)	(159,233)
Net position at beginning of fiscal year	386,818	301,610	688,428	847,661
Net position at end of fiscal year	\$ 133,227	\$ 463	\$ 133,690	\$ 688,428

CITY OF INDIO  
Non-major Enterprise Funds  
Combining Statement of Cash Flows  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Golf	Solid Waste	Totals	
			2014	2013
Cash flows from operating activities:				
Cash received from customers	\$ 689,580	\$ -	\$ 689,580	\$ 684,218
Cash payments to suppliers of goods and services	(768,807)		(768,807)	(669,031)
Cash payments to employee for services	(133,932)		(133,932)	(171,052)
Net cash provided by (used for) operating activities	(213,159)		(213,159)	(155,865)
Cash flows from non-capital and related financing activities:				
Cash received (paid) to/from other funds		(302,997)	(302,997)	
Due to/from other funds	213,159		213,159	154,362
Net cash provided by non-capital and related financing activities	213,159	(302,997)	(89,838)	154,362
Cash flows from investing activities:				
Interest received on investments		1,849	1,849	5,372
Net cash provided by investing activities		1,849	1,849	5,372
Net increase (decrease) in cash and cash equivalents		(301,148)	(301,148)	3,869
Cash and cash equivalents at beginning of fiscal year	1,800	301,366	303,166	299,297
Cash and cash equivalents at end of fiscal year	\$ 1,800	\$ 218	\$ 2,018	\$ 303,166
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (253,591)	\$ -	\$ (253,591)	\$ (164,321)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	10,217		10,217	10,890
(Increase) decrease in accounts receivable	(1,373)		(1,373)	(13)
(Increase) decrease in inventory	2,045		2,045	(2,434)
Increase (decrease) in accounts payable	29,543		29,543	13
Net cash provided by (used for) operating activities	\$ (213,159)	\$ -	\$ (213,159)	\$ (155,865)

## 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.

Building 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 Position  
June 30, 2014  
With Comparative Totals for June 30, 2013

	Risk Management	Information Technology	Vehicle Replacement	Buildings and Grounds
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and investments	\$ 5,417,173	\$ 180,928	\$ 1,163,236	\$ -
Deposit with other agencies	582,389			227,134
Accounts receivable	84,722	2,149		300
Prepaid items				
Total current assets	<u>6,084,284</u>	<u>183,077</u>	<u>1,163,236</u>	<u>227,434</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Machinery and equipment		7,015,409		863,436
Vehicles			8,858,078	
Less accumulated depreciation		<u>(5,310,172)</u>	<u>(7,731,459)</u>	
Total capital assets (net of accumulated depreciation)		<u>1,705,237</u>	<u>1,126,619</u>	<u>863,436</u>
Total assets	<u>6,084,284</u>	<u>1,888,314</u>	<u>2,289,855</u>	<u>1,090,870</u>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	25,327	64,753	127,305	194,620
Accrued liabilities	5,838	22,651		11,502
Due to other funds				524,247
Capital lease payable				73,705
<b>Noncurrent liabilities:</b>				
Capital lease payable				789,731
Claims payable	<u>4,474,337</u>			
Total liabilities	<u>4,505,502</u>	<u>87,404</u>	<u>127,305</u>	<u>1,593,805</u>
<b>Net position (deficit):</b>				
Net investment in capital assets		1,705,237	1,126,619	
Unrestricted	<u>1,578,782</u>	<u>95,673</u>	<u>1,035,931</u>	<u>(502,935)</u>
Total net position (deficit)	<u>\$ 1,578,782</u>	<u>\$ 1,800,910</u>	<u>\$ 2,162,550</u>	<u>\$ (502,935)</u>

Fleet Maintenance	Centralized Services	Totals	
		2014	2013
\$ 28,388	\$ 29,209	\$ 6,818,934	\$ 8,428,319
		809,523	51,534
300	182	87,653	5,822
			1,079
<u>28,688</u>	<u>29,391</u>	<u>7,716,110</u>	<u>8,486,754</u>
		7,878,845	6,744,029
		8,858,078	9,978,892
		<u>(13,041,631)</u>	<u>(12,953,522)</u>
		3,695,292	3,769,399
<u>28,688</u>	<u>29,391</u>	<u>11,411,402</u>	<u>12,256,153</u>
90,281	20,744	523,030	221,308
24,799		64,790	66,098
		524,247	260,036
		73,705	
		789,731	
		<u>4,474,337</u>	<u>6,905,093</u>
<u>115,080</u>	<u>20,744</u>	<u>6,449,840</u>	<u>7,452,535</u>
		2,831,856	3,769,399
<u>(86,392)</u>	<u>8,647</u>	<u>2,129,706</u>	<u>1,034,219</u>
<u>\$ (86,392)</u>	<u>\$ 8,647</u>	<u>\$ 4,961,562</u>	<u>\$ 4,803,618</u>



CITY OF INDIO  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Risk Management	Information Technology	Vehicle Replacement	Buildings and Grounds
Operating revenues:				
Charges for services	\$ 5,452,583	\$ 1,060,312	\$ -	\$ 1,486,009
Other income	1,171,308	248,465		8,393
Total operating revenues	<u>6,623,891</u>	<u>1,308,777</u>		<u>1,494,402</u>
Operating expenses:				
Personnel services	4,557,442	428,176		232,423
Contractual services		179,450		100,735
Depreciation		383,076	436,008	
Repairs and maintenance		147,407		417,348
Materials and supplies	4,033	341,157	719,339	864,526
Claims and judgments	15,075			
Total operating expenses	<u>4,576,550</u>	<u>1,479,266</u>	<u>1,155,347</u>	<u>1,615,032</u>
Operating income (loss)	<u>2,047,341</u>	<u>(170,489)</u>	<u>(1,155,347)</u>	<u>(120,630)</u>
Nonoperating revenues:				
Investment income				46
Total nonoperating revenues				<u>46</u>
Income (loss) before transfers and capital contributions	2,047,341	(170,489)	(1,155,347)	(120,584)
Transfers in			7,000	
Transfers out	(150,000)			(52,606)
Cash contributions			202,195	
Change in net position	1,897,341	(170,489)	(946,152)	(173,190)
Net position (deficit) at beginning of fiscal year	<u>(318,559)</u>	<u>1,971,399</u>	<u>3,108,702</u>	<u>(329,745)</u>
Net position (deficit) at end of fiscal year	<u>\$ 1,578,782</u>	<u>\$ 1,800,910</u>	<u>\$ 2,162,550</u>	<u>\$ (502,935)</u>

Fleet Maintenance	Centralized Services	Totals	
		2014	2013
\$ 1,706,552	\$ 76,835	\$ 9,782,291	\$ 9,976,956
3,362	1,818	1,433,346	172,784
<u>1,709,914</u>	<u>78,653</u>	<u>11,215,637</u>	<u>10,149,740</u>
484,057		5,702,098	5,498,073
136,484	228,969	645,638	589,831
		819,084	1,055,221
14,141		578,896	552,405
1,281,206	93,276	3,303,537	2,530,745
		15,075	773,368
<u>1,915,888</u>	<u>322,245</u>	<u>11,064,328</u>	<u>10,999,643</u>
<u>(205,974)</u>	<u>(243,592)</u>	<u>151,309</u>	<u>(849,903)</u>
		46	37,574
		46	37,574
(205,974)	(243,592)	151,355	(812,329)
		7,000	980,000
		(202,606)	
		202,195	233,000
<u>(205,974)</u>	<u>(243,592)</u>	<u>157,944</u>	<u>400,671</u>
<u>119,582</u>	<u>252,239</u>	<u>4,803,618</u>	<u>4,402,947</u>
<u>\$ (86,392)</u>	<u>\$ 8,647</u>	<u>\$ 4,961,562</u>	<u>\$ 4,803,618</u>

CITY OF INDIO  
Internal Service Funds  
Combining Statement of Cash Flows  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013

	Risk Management	Information Technology	Vehicle Replacement
Cash flows from operating activities:			
Cash received from user departments	\$ 6,013,535	\$ 1,306,657	\$ -
Cash payments to suppliers of goods and services	(2,434,366)	(641,955)	(592,034)
Cash payments to employees for services	(4,568,359)	(423,060)	
Net cash provided by (used for) operating activities	(989,190)	241,642	(592,034)
Cash flows from non-capital and related financing activities:			
Cash received (paid) to/from other funds	(150,000)		7,000
Due to/from other funds			
Net cash provided by (used for) non-capital and related financing activities	(150,000)		7,000
Cash flows from capital and related financing activities:			
Cash contributions			202,195
Cash received from disposal of capital assets			719,339
Issuance of new debt, net			
Acquisition of capital assets		(271,380)	(329,500)
Net cash provided by (used for) capital and related financing activities		(271,380)	592,034
Cash flows from investing activities:			
Interest received on investments			
Net cash provided by (used for) investing activities			
Net increase (decrease) in cash and cash equivalents	(1,139,190)	(29,738)	7,000
Cash and cash equivalents at beginning of fiscal year	6,556,363	210,666	1,156,236
Cash and cash equivalents at end of fiscal year	\$ 5,417,173	\$ 180,928	\$ 1,163,236

Buildings and Grounds	Fleet Maintenance	Centralized Services	Totals	
			2014	2013
\$ 1,267,142	\$ 1,709,788	\$ 78,695	\$ 10,375,817	\$ 10,158,868
(1,247,250)	(1,442,629)	(312,867)	(6,671,101)	(3,682,547)
(231,543)	(480,444)		(5,703,406)	(5,490,088)
(211,651)	(213,285)	(234,172)	(1,998,690)	986,233
(52,606)			(195,606)	980,000
264,211			264,211	(85,512)
211,605			68,605	894,488
			202,195	233,000
			719,339	
863,436			863,436	
(863,436)			(1,464,316)	(340,422)
			320,654	(107,422)
46			46	40,945
46			46	40,945
	(213,285)	(234,172)	(1,609,385)	1,814,244
	241,673	263,381	8,428,319	6,614,075
\$ -	\$ 28,388	\$ 29,209	\$ 6,818,934	\$ 8,428,319

(Continued)

CITY OF INDIO  
Internal Service Funds  
Combining Statement of Cash Flows  
Fiscal Year Ended June 30, 2014  
With Comparative Totals for Fiscal Year Ended June 30, 2013  
(Continued)

	Risk Management	Information Technology	Vehicle Replacement
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,047,341	\$ (170,489)	\$ (1,155,347)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		383,076	436,008
(Increase) decrease in deposits with other agencies	(530,855)		
(Increase) decrease in accounts receivable	(79,501)	(2,120)	
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	15,498	26,059	127,305
Increase (decrease) in accrued liabilities	(10,917)	5,116	
Increase (decrease) in claims and judgments payable	(2,430,756)		
Net cash provided by (used for) operating activities	\$ (989,190)	\$ 241,642	\$ (592,034)

Buildings and Grounds	Fleet Maintenance	Centralized Services	Totals	
			2014	2013
\$ (120,630)	\$ (205,974)	\$ (243,592)	\$ 151,309	\$ (849,903)
			819,084	1,055,221
(227,134)			(757,989)	102
(126)	(126)	42	(81,831)	9,026
		1,079	1,079	(3)
135,359	(10,798)	8,299	301,722	(9,461)
880	3,613		(1,308)	7,985
			(2,430,756)	773,266
<u>\$ (211,651)</u>	<u>\$ (213,285)</u>	<u>\$ (234,172)</u>	<u>\$ (1,998,690)</u>	<u>\$ 986,233</u>

## FIDUCIARY FUNDS

Fiduciary fund are used to account for the receipt and disbursements of various taxes, deposits, deductions, and property collected by the City, acting in the capacity of an agent for distribution to other governmental units or other organizations. Fiduciary fund financial statements include a statement of net assets and statement of changes in net assets.

Trust Funds are used to account for assets held by the City as trustee for the Redevelopment Agency Successor Agency.

RDA Low and Moderate Housing Successor Agency Fund – To account for revenue and expenses incurred previously incurred in the Low and Moderate Fund.

RDA Debt Service Successor Agency Fund – To account for debt service payment previously paid in the Redevelopment Agency Debt Service Fund.

RDA Successor Agency Fund – To account for revenue and expenses incurred in the dissolution of the Redevelopment Agency.

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.

East Valley Reclamation Authority (“EVRA”) Fund – To account for the planning, implementation, and operations of the recycled water program including the tertiary or enhanced treatment of water.

Waste Transfer Station Fund – To account for the City’s fiduciary capacity as custodian of the monies held on the operation of transfer station.

CITY OF INDIO  
PRIVATE-PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2014

	RDA Low/Mod Successor Agency Fund	RDA Debt Service Successor Agency Fund	RDA Successor Agency Fund	Totals
<b>Assets:</b>				
Cash and investments	\$ 263,229	\$ -	\$ 4,775,507	\$ 5,038,736
Cash and investments with fiscal agents	332,364	4,966,288	1,052,699	6,351,351
Interest receivable	103			103
Accounts receivable, net			26,611	26,611
Notes receivable	46,717		537,654	584,371
Land held for resale			37,926,065	37,926,065
	<u>642,413</u>	<u>4,966,288</u>	<u>44,318,536</u>	<u>49,927,237</u>
Total assets	<u>\$ 642,413</u>	<u>\$ 4,966,288</u>	<u>\$ 44,318,536</u>	<u>\$ 49,927,237</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,915	\$ 45,754	\$ 48,669
Accrued liabilities			17,267	17,267
Unearned revenue			75,000	75,000
Retention payable			295,489	295,489
Interest payable			1,441,655	1,441,655
Deposits payable			110,000	110,000
Advances from City of Indio			5,496,151	5,496,151
Long-term debt, due within one year			2,065,000	2,065,000
Long-term debt, due in more than one year			69,440,000	69,440,000
		<u>2,915</u>	<u>78,986,316</u>	<u>78,989,231</u>
Total liabilities		<u>2,915</u>	<u>78,986,316</u>	<u>78,989,231</u>
<b>Net Position:</b>				
Unrestricted	642,413	4,963,373	(34,667,780)	(29,061,994)
Total net position (deficit)	<u>\$ 642,413</u>	<u>\$ 4,963,373</u>	<u>\$ (34,667,780)</u>	<u>\$ (29,061,994)</u>





CITY OF INDIO  
PRIVATE-PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
For the Fiscal Year Ended June 30, 2014

	RDA Low/Mod Successor Agency Fund	RDA Debt Service Successor Agency Fund	RDA Successor Agency Fund	Totals
Additions:				
Investment revenue	\$ 1,271	\$ 738	\$ 23,435	\$ 25,444
Taxes and assessments			6,074,392	6,074,392
Charges for services			607,903	607,903
Other revenue	2,543		428,965	431,508
Interfund transfer in		5,903,074	2,696,960	8,600,034
Total additions	<u>3,814</u>	<u>5,903,812</u>	<u>9,831,655</u>	<u>15,739,281</u>
Deductions:				
Community development	2,009	3,124	3,321,750	3,326,883
Interest expenses		3,928,561		3,928,561
Interfund transfer out	31	1,975,000	6,625,003	8,600,034
Total deductions	<u>2,040</u>	<u>5,906,685</u>	<u>9,946,753</u>	<u>15,855,478</u>
Change in net position	<u>1,774</u>	<u>(2,873)</u>	<u>(115,098)</u>	<u>(116,197)</u>
Net Position (deficit) - July 1, 2013	640,639	4,966,246	(32,640,688)	(27,033,803)
Prior period adjustments			(1,911,994)	(1,911,994)
Net Position (deficit) - July 1, 2013, restated	<u>640,639</u>	<u>4,966,246</u>	<u>(34,552,682)</u>	<u>(28,945,797)</u>
Net Position (deficit) - June 30, 2014	<u>\$ 642,413</u>	<u>\$ 4,963,373</u>	<u>\$ (34,667,780)</u>	<u>\$ (29,061,994)</u>

CITY OF INDIO  
Agency Funds  
Combining Statement of Assets and Liabilities  
June 30, 2014  
With Comparative Totals for June 30, 2013

	ERICA	Assessment Districts	East Valley Reclamation Authority	Waste Transfer Station
<b>Assets:</b>				
Cash and investments	\$ 339,015	\$ 10,033,049	\$ 4,914	\$ 90,662
Cash and investments with fiscal agents		7,247,549		
Accounts receivable		5,712	5,000	31,502
Due from other governments		113,140		
Interest receivable	137	3,249		86
	<u>137</u>	<u>3,249</u>		<u>86</u>
Total assets	<u>\$ 339,152</u>	<u>\$ 17,402,699</u>	<u>\$ 9,914</u>	<u>\$ 122,250</u>
<b>Liabilities:</b>				
Accounts payable	\$ 118,988	\$ 9,518	\$ -	\$ 122,250
Due to members	220,164		9,914	
Due to bondholders		17,192,324		
Deposits payable		200,857		
		<u>200,857</u>		
Total liabilities	<u>\$ 339,152</u>	<u>\$ 17,402,699</u>	<u>\$ 9,914</u>	<u>\$ 122,250</u>

Totals

<u>2014</u>	<u>2013</u>
\$ 10,467,640	\$ 10,268,436
7,247,549	7,529,264
42,214	69,071
113,140	236,944
<u>3,472</u>	<u>3,555</u>
<u>\$ 17,874,015</u>	<u>\$ 18,107,270</u>

\$ 250,756	\$ 277,861
230,078	153,991
17,192,324	17,521,586
<u>200,857</u>	<u>153,832</u>
<u>\$ 17,874,015</u>	<u>\$ 18,107,270</u>

CITY OF INDIO  
Agency Funds  
Statement of Changes in Assets and Liabilities  
Fiscal Year Ended June 30, 2014

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<b><u>ERICA</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 238,339	\$ 100,676	\$ -	\$ 339,015
Due from other governments	44,056		(44,056)	
Interest receivable	103	34		137
Total assets	<u>\$ 282,498</u>	<u>\$ 100,710</u>	<u>\$ (44,056)</u>	<u>\$ 339,152</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 128,507	\$ 34,537	\$ (44,056)	\$ 118,988
Due to members	153,991	66,173		220,164
Total liabilities	<u>\$ 282,498</u>	<u>\$ 100,710</u>	<u>\$ (44,056)</u>	<u>\$ 339,152</u>

**ASSESSMENT DISTRICTS**

<b><u>Assets</u></b>				
Cash and investments	\$ 9,949,907	\$ 83,142	\$ -	\$ 10,033,049
Cash and investments with fiscal agent	7,529,264		(281,715)	7,247,549
Accounts receivable	5,000	712		5,712
Due from other governments	192,888		(79,748)	113,140
Interest receivable	3,355		(106)	3,249
Total assets	<u>\$ 17,680,414</u>	<u>\$ 83,854</u>	<u>\$ (361,569)</u>	<u>\$ 17,402,699</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 4,996	\$ 4,522	\$ -	\$ 9,518
Due to bondholders	17,521,586	32,307	(361,569)	17,192,324
Deposits payable	153,832	47,025		200,857
Total liabilities	<u>\$ 17,680,414</u>	<u>\$ 83,854</u>	<u>\$ (361,569)</u>	<u>\$ 17,402,699</u>

**EAST VALLEY**

**RECLAMATION AUTHORITY**

<b><u>Assets</u></b>				
Cash and investments	\$ -	\$ 4,914	\$ -	\$ 4,914
Accounts receivable		5,000		5,000
Total assets	<u>\$ -</u>	<u>\$ 9,914</u>	<u>\$ -</u>	<u>\$ 9,914</u>
<b><u>Liabilities</u></b>				
Due to members	\$ -	9,914		9,914
Total liabilities	<u>\$ -</u>	<u>\$ 9,914</u>	<u>\$ -</u>	<u>\$ 9,914</u>

CITY OF INDIO  
Agency Funds  
Statement of Changes in Assets and Liabilities  
Fiscal Year Ended June 30, 2014

<b><u>WASTE TRANSFER STATION</u></b>	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<u>Assets</u>				
Cash and investments	\$ 80,190	\$ 10,472	\$ -	\$ 90,662
Interest receivable	97		(11)	86
Accounts receivable	64,071		(32,569)	31,502
<b>Total assets</b>	<b>\$ 144,358</b>	<b>\$ 10,472</b>	<b>\$ (32,580)</b>	<b>\$ 122,250</b>
<u>Liabilities</u>				
Accounts payable	\$ 144,358	\$ 10,472	\$ (32,580)	\$ 122,250
<b>Total liabilities</b>	<b>\$ 144,358</b>	<b>\$ 10,472</b>	<b>\$ (32,580)</b>	<b>\$ 122,250</b>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<u>Assets</u>				
Cash and investments	\$ 10,268,436	\$ 199,204	\$ -	\$ 10,467,640
Cash and investments with fiscal agent	7,529,264		(281,715)	7,247,549
Accounts receivable	69,071	5,712	(32,569)	42,214
Due from other governments	236,944		(123,804)	113,140
Interest receivable	3,555	34	(117)	3,472
<b>Total assets</b>	<b>\$ 18,107,270</b>	<b>\$ 204,950</b>	<b>\$ (438,205)</b>	<b>\$ 17,874,015</b>
<u>Liabilities</u>				
Accounts payable	\$ 277,861	\$ 49,531	\$ (76,636)	\$ 250,756
Due to bondholders	17,521,586	32,307	(361,569)	17,192,324
Due to members	153,991	76,087		230,078
Deposits payable	153,832	47,025		200,857
<b>Total liabilities</b>	<b>\$ 18,107,270</b>	<b>\$ 204,950</b>	<b>\$ (438,205)</b>	<b>\$ 17,874,015</b>



STATISTICAL SECTION





CITY OF INDIO

STATISTICAL SECTION TABLE OF CONTENTS

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<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
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<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	171-175
<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	176-178
<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	179-183
<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 Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Net investment in capital assets	\$223,825	\$278,101	\$326,774	\$379,737	\$416,262	\$435,697	\$372,187	\$431,924	\$432,106	\$425,528
Restricted	53,566	79,377	72,743	36,977	22,249	22,533	82,334	23,734	25,716	26,842
Unrestricted	19,814	23,690	11,164	27,035	17,375	(10,396)	(11,553)	(8,635)	(5,199)	(4,019)
<b>Total governmental activities net assets</b>	<b>\$297,205</b>	<b>\$381,168</b>	<b>\$410,681</b>	<b>\$443,749</b>	<b>\$455,886</b>	<b>\$447,834</b>	<b>\$442,968</b>	<b>\$447,023</b>	<b>\$452,623</b>	<b>\$448,351</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$136,406	\$140,536	\$158,649	\$159,962	\$159,716	\$159,188	\$153,658	\$146,605	\$143,311	\$136,334
Unrestricted	9,452	11,314	11,192	10,426	8,860	9,622	11,165	10,409	9,225	18,628
<b>Total business-type activities net assets</b>	<b>\$145,858</b>	<b>\$151,850</b>	<b>\$169,841</b>	<b>\$170,388</b>	<b>\$168,576</b>	<b>\$168,810</b>	<b>\$164,823</b>	<b>\$157,014</b>	<b>\$152,536</b>	<b>\$154,962</b>
<b>Primary government:</b>										
Net investment in capital assets	\$360,231	\$418,637	\$485,423	\$539,699	\$575,978	\$594,885	\$525,845	\$578,529	\$575,417	\$561,862
Restricted	53,566	79,377	72,743	36,977	22,249	22,533	82,334	23,734	25,716	26,842
Unrestricted	29,266	35,004	22,356	37,461	26,235	(774)	(388)	1,774	4,026	14,609
<b>Total primary government net position</b>	<b>\$443,063</b>	<b>\$533,018</b>	<b>\$580,522</b>	<b>\$614,137</b>	<b>\$624,462</b>	<b>\$616,644</b>	<b>\$607,791</b>	<b>\$604,037</b>	<b>\$605,159</b>	<b>\$603,313</b>

Source: City of Indio

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 6,722	\$ 8,532	\$ 8,947	\$ 5,831	\$ 4,825	\$ 5,190	\$ 6,774	\$ 6,965	\$ 7,005	\$ 6,535
Public safety	17,660	22,793	33,986	41,487	35,625	35,810	37,665	41,502	32,930	47,339
Public works	16,952	17,074	25,051	16,203	16,286	13,224	14,689	16,441	22,946	16,019
Community development	7,639	10,255	6,890	8,068	6,747	18,221	19,779	15,226	8,653	8,710
Human services	3,731	1,776	1,888	3,682	2,832	3,040	2,974	2,821	2,693	2,665
Interest expense and other charges	4,108	3,268	4,624	7,460	8,366	8,303	10,450	3,318	6,235	3,013
Total governmental activities expenses	<u>56,812</u>	<u>63,698</u>	<u>81,386</u>	<u>82,731</u>	<u>74,681</u>	<u>83,788</u>	<u>92,331</u>	<u>86,273</u>	<u>80,462</u>	<u>84,281</u>
Business-type activities:										
Water	9,379	11,346	16,453	21,552	22,689	21,518	21,710	24,125	22,562	23,563
Golf	783	718	793	890	1,077	852	899	904	851	942
Solid Waste	-	-	-	-	186	147	83	-	-	-
Total business-type activities expenses	<u>10,162</u>	<u>12,064</u>	<u>17,246</u>	<u>22,442</u>	<u>23,952</u>	<u>22,517</u>	<u>22,692</u>	<u>25,029</u>	<u>23,413</u>	<u>24,505</u>
Total primary government expenses	<u>66,974</u>	<u>75,762</u>	<u>98,632</u>	<u>105,173</u>	<u>98,633</u>	<u>106,305</u>	<u>115,023</u>	<u>111,302</u>	<u>103,875</u>	<u>108,786</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	453	1,636	87	485	561	902	1,037	3,698	11,086	10,520
Public safety	1,692	2,628	3,434	2,515	2,297	4,343	7,017	5,917	2,489	2,316
Public works	1,712	2,679	3,587	3,178	3,891	2,405	2,005	3,255	1,115	1,828
Community development	7,777	10,140	5,592	3,172	3,112	1,360	3,120	5,118	1,312	2,560
Human services	599	5	1	1,005	619	1,530	2,317	785	3,056	3,869
Operating contributions and grants	6,272	4,660	12,863	14,797	18,633	8,316	8,443	7,098	21,959	14,847
Capital contributions and grants	32,662	83,871	32,490	41,437	14,035	19,062	13,617	6,347	9,689	8,841
Total governmental activities program revenues	<u>51,167</u>	<u>105,619</u>	<u>58,054</u>	<u>66,589</u>	<u>43,148</u>	<u>37,918</u>	<u>37,556</u>	<u>32,218</u>	<u>50,706</u>	<u>44,781</u>
Business-type activities:										
Charges for services:										
Water	6,233	8,182	10,442	12,278	14,377	15,235	15,578	16,207	15,971	18,198
Golf	673	615	621	1,035	952	847	840	755	687	689
Solid Waste	-	-	-	-	153	100	229	-	-	-
Capital contributions and grants	<u>2,756</u>	<u>8,482</u>	<u>21,689</u>	<u>6,347</u>	<u>4,016</u>	<u>5,340</u>	<u>1,906</u>	<u>-</u>	<u>1,768</u>	<u>2,480</u>
Total business-type activities program revenues	<u>9,662</u>	<u>17,279</u>	<u>32,752</u>	<u>19,660</u>	<u>19,498</u>	<u>21,522</u>	<u>18,553</u>	<u>16,962</u>	<u>18,426</u>	<u>21,367</u>
Total primary government activities program revenues	<u>60,829</u>	<u>122,898</u>	<u>90,806</u>	<u>86,249</u>	<u>62,646</u>	<u>59,440</u>	<u>56,109</u>	<u>49,180</u>	<u>69,132</u>	<u>66,148</u>
Net revenues (expenses):										
Governmental activities	(5,645)	41,921	(23,332)	(16,142)	(31,533)	(45,870)	(54,775)	(54,055)	(29,756)	(39,500)
Business-type activities	<u>(500)</u>	<u>5,215</u>	<u>15,506</u>	<u>(2,782)</u>	<u>(4,454)</u>	<u>(995)</u>	<u>(4,139)</u>	<u>(8,067)</u>	<u>(4,987)</u>	<u>(3,138)</u>
Total primary government net expense	<u>(6,145)</u>	<u>47,136</u>	<u>(7,826)</u>	<u>(18,924)</u>	<u>(35,987)</u>	<u>(46,865)</u>	<u>(58,914)</u>	<u>(62,122)</u>	<u>(34,743)</u>	<u>(42,638)</u>

General revenues and other changes in net position:

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Taxes:										
Property taxes	11,908	20,012	25,309	23,918	23,844	18,819	19,944	16,120	13,373	13,000
Sales tax	8,879	9,514	9,803	8,548	7,021	6,111	6,999	7,667	8,377	9,349
Transient occupancy taxes	1,220	1,331	1,818	2,070	1,941	1,845	1,945	2,547	2,820	3,078
Other taxes	5,186	6,073	7,054	7,869	7,049	6,602	11,707	14,485	11,521	11,747
Investment income	1,768	2,957	5,777	3,161	1,641	662	554	328	73	64
Motor vehicle in lieu, unrestricted	387	433	416	375	307	269	419	-	43	36
Other general revenues	2,220	2,352	2,668	3,268	3,773	2,785	4,518	5,373	3,468	5,076
Transfers	-	-	-	-	19	142	170	206	(15)	(6,245)
Total governmental activities	<u>31,568</u>	<u>42,672</u>	<u>52,845</u>	<u>49,209</u>	<u>45,595</u>	<u>37,235</u>	<u>46,256</u>	<u>46,726</u>	<u>39,660</u>	<u>36,105</u>
<b>Business-type activities:</b>										
Investment income	19	31	2,216	3,029	2,197	889	146	65	91	70
Transfers	-	-	-	-	(19)	(142)	(170)	(206)	15	6,245
Other general revenues	2	15	268	300	465	481	303	399	403	-
Total business-type activities	<u>21</u>	<u>46</u>	<u>2,484</u>	<u>3,329</u>	<u>2,643</u>	<u>1,228</u>	<u>279</u>	<u>258</u>	<u>509</u>	<u>6,315</u>
Total primary government	<u>31,589</u>	<u>42,718</u>	<u>55,329</u>	<u>52,538</u>	<u>48,238</u>	<u>38,463</u>	<u>46,535</u>	<u>46,984</u>	<u>40,169</u>	<u>42,420</u>
<b>Changes in net position</b>										
Governmental activities	25,923	84,593	29,513	33,067	14,062	(8,635)	(8,519)	(7,329)	9,904	(3,395)
Business-type activities	(479)	5,261	17,990	547	(1,811)	233	(3,860)	(7,809)	(4,478)	3,177
Total primary government	<u>\$ 25,444</u>	<u>\$ 89,854</u>	<u>\$ 47,503</u>	<u>\$ 33,614</u>	<u>\$ 12,251</u>	<u>\$ (8,402)</u>	<u>\$ (12,379)</u>	<u>\$ (15,138)</u>	<u>\$ 5,426</u>	<u>\$ (218)</u>

Source: City of Indio

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund:										
Reserved	\$ 2,670	\$ 9,633	\$ 11,948	\$ 11,203	\$ 12,852	\$ 7,757	\$ -	\$ -	\$ -	\$ -
Unreserved	16,187	20,722	22,930	10,266	3,232	(3,956)	-	-	-	-
Total general fund	<u>\$ 18,857</u>	<u>\$ 30,355</u>	<u>\$ 34,878</u>	<u>\$ 21,469</u>	<u>\$ 16,084</u>	<u>\$ 3,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:										
Reserved	\$ 52,484	\$ 74,693	\$ 104,226	\$ 133,137	\$ 112,380	\$ 98,812	\$ -	\$ -	\$ -	\$ -
Unreserved:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	8,090	7,649	6,134	6,599	4,787	1,994	-	-	-	-
Capital projects funds	30,355	37,729	17,972	12,043	5,342	(1,241)	-	-	-	-
Total all other governmental funds	<u>\$ 90,929</u>	<u>\$ 120,071</u>	<u>\$ 128,332</u>	<u>\$ 151,779</u>	<u>\$ 122,509</u>	<u>\$ 99,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,640	\$ 3,793	\$ 3,989	\$ 3,536
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	730	1,140
Assigned	-	-	-	-	-	-	16	21	784	6,922
Unassigned	-	-	-	-	-	-	(1,725)	783	4,266	4,490
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,931</u>	<u>\$ 4,597</u>	<u>\$ 9,769</u>	<u>\$ 16,088</u>
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,496
Restricted	-	-	-	-	-	-	92,801	24,153	26,334	19,182
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	2,315	2,294	1,296	985
Unassigned:	-	-	-	-	-	-	(2,190)	(1,423)	665	(424)
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,926</u>	<u>\$ 25,024</u>	<u>\$ 28,295</u>	<u>\$ 25,239</u>

*In fiscal year 2010-2011, the City implemented GASB 54 which changes the reporting requirements for fund balances in the financial statements.*

Source: City of Indio

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Taxes	\$ 26,910	\$ 33,922	\$ 40,159	\$ 42,998	\$ 39,059	\$ 35,182	\$ 37,526	\$ 35,537	\$ 32,562	\$ 34,073
Special assessments	777	1,444	2,412	2,940	3,539	3,697	3,782	3,950	3,866	3,792
Licenses and permits	5,932	7,871	4,340	2,630	2,260	1,680	1,691	1,381	2,027	3,384
Intergovernmental	9,655	11,620	19,710	23,168	27,640	18,218	20,053	14,047	18,740	14,818
Charges for services	6,460	9,573	11,070	11,141	10,926	5,801	6,835	9,034	8,335	9,482
Fines and forfeitures	780	815	1,072	1,002	1,122	1,205	913	1,199	1,215	887
Investment earnings	2,350	4,750	6,365	5,385	2,871	1,138	506	314	4,089	2,794
Developer fees	15,731	37,028	15,987	8,566	5,309	3,919	3,944	2,238	5,559	4,901
Contributions from property owners	10,921	35,964	8,380	2,485	3,894	2,931	1,447	1,384	2,471	2,401
Miscellaneous	1,010	4,738	4,596	2,175	1,991	-	-	-	-	-
Total revenues	<u>80,526</u>	<u>147,725</u>	<u>114,091</u>	<u>102,490</u>	<u>98,611</u>	<u>73,771</u>	<u>76,697</u>	<u>69,084</u>	<u>78,864</u>	<u>76,532</u>
<b>Expenditures</b>										
Current:										
General government	6,150	8,038	8,032	5,934	5,235	4,727	4,021	4,000	4,204	4,166
Public safety	17,714	21,594	27,272	33,534	33,104	33,599	30,958	32,875	32,603	35,080
Public works	20,859	66,092	85,887	66,646	68,722	30,642	14,604	14,840	21,300	14,174
Community development	7,306	10,963	10,100	9,483	17,041	18,155	18,349	12,304	7,731	7,382
Human services	3,697	1,722	1,827	1,643	2,301	2,537	1,692	1,716	1,545	1,461
Other	-	-	-	1,687	438	3,366	3,610	70	323	407
Debt service:										
Principal retirement	1,505	1,158	1,068	8,019	890	3,489	3,733	4,065	1,815	1,849
Interest and fiscal charges	3,286	2,759	4,656	4,884	5,547	7,052	6,853	4,707	2,690	2,700
Other charges	1,690	2,367	2,646	8,922	5,082	8,419	4,112	1,511	381	-
Total expenditures	<u>62,207</u>	<u>114,693</u>	<u>141,488</u>	<u>140,752</u>	<u>138,360</u>	<u>111,986</u>	<u>87,932</u>	<u>76,088</u>	<u>72,592</u>	<u>67,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,319</u>	<u>33,032</u>	<u>(27,397)</u>	<u>(38,262)</u>	<u>(39,749)</u>	<u>(38,215)</u>	<u>(11,235)</u>	<u>(7,004)</u>	<u>6,272</u>	<u>9,313</u>
<b>Other financing sources (uses):</b>										
Transfers in	10,642	21,050	17,456	16,841	22,165	16,131	9,238	9,514	5,787	6,862
Transfers out	(10,642)	(20,441)	(17,464)	(16,841)	(22,146)	(15,989)	(9,068)	(9,308)	(6,782)	(12,912)
Lease purchase and loan proceeds	-	-	-	-	-	2,846	854	2,788	-	-
Issuance of bonds	28,615	7,000	43,000	74,767	7,000	-	-	-	24,500	-
Sale of real property	-	-	-	-	-	-	1,592	-	-	-
Original discount on bonds	-	-	-	(469)	-	-	-	-	-	-
Payment to bond escrow agent	(2,335)	-	(2,811)	(25,999)	-	-	-	-	(21,335)	-
Total other financing sources (uses)	<u>26,280</u>	<u>7,609</u>	<u>40,181</u>	<u>48,299</u>	<u>7,019</u>	<u>2,988</u>	<u>2,616</u>	<u>2,994</u>	<u>2,170</u>	<u>(6,050)</u>
Extraordinary gain (loss) on dissolution of redevelopment agency	-	-	-	-	-	-	-	(61,226)	-	-
Net change in fund balances	<u>\$ 44,599</u>	<u>\$ 40,641</u>	<u>\$ 12,784</u>	<u>\$ 10,037</u>	<u>\$ (32,730)</u>	<u>\$ (35,227)</u>	<u>\$ (8,619)</u>	<u>\$ (65,236)</u>	<u>\$ 8,442</u>	<u>\$ 3,263</u>
Debt service as a percentage of noncapital expenditures	-2.4%	-2.3%	10.0%	23.4%	16.9%	22.8%	20.2%	13.3%	7.2%	8.0%

Source: City of Indio

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 June 30	Residential Property	Commercial Property	Industrial Property	Other Property	Tax-Exempt Property	Assessed Value	Direct Tax Rate
2014	\$ 4,596,084	\$ 778,639	\$ 232,313	\$ 709,675	\$ 87,181	\$ 6,229,530	0.0998
2013	4,265,362	762,283	239,808	714,989	90,074	5,892,368	0.2513
2012	4,335,337	744,572	248,495	743,900	87,436	5,984,868	0.2568
2011	4,472,376	659,381	250,854	1,061,776	85,653	6,358,734	0.2541
2010	4,598,619	888,537	255,978	942,327	85,167	6,600,294	0.2544
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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City of Indio	0.19501	0.19501	0.19501	0.19501	0.13251	0.13251	0.13251	0.13251	0.13251	0.13251
Redevelopment Agency	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	-	-
Total Direct Rate	0.26323	0.25394	0.25847	0.24644	0.24571	0.25437	0.25412	0.25684	0.25133	0.25133
Direct & Overlapping Tax Rates										
Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Coachella Valley Unified School	0.03054	0.05956	0.05990	0.05708	0.05949	0.07247	0.09332	0.07487	0.07968	0.07968
Coachella Valley Water District	0.02080	0.02080	0.02080	0.04000	0.04000	0.06000	0.08000	0.08000	0.08000	0.08000
CVWD Imp Dist 53	0.00020	0.00020	-	0.00090	-	-	-	-	-	-
CVWD Imp Dist 55	0.02690	0.02340	0.01240	0.00840	0.00640	0.00600	0.00600	-	-	-
CVWD Imp Dist 58	0.02690	0.02520	0.01560	0.00230	-	-	-	-	-	-
Desert Community College	0.01994	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995
Desert Sands Unified School District	0.09581	0.07674	0.07613	0.07561	0.07990	0.08112	0.10036	0.11467	0.11156	0.11156
Total Direct & Overlapping Tax Rates	1.22109	1.22585	1.20478	1.20424	1.20574	1.23954	1.29963	1.28949	1.29119	1.29119

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	2014		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Worldmark The Club	\$ 59,444,889	0.95%		
Jackson 42	47,039,038	0.76%		
JFK Memorial Hospital	40,651,370	0.65%	\$ 33,223,141	1.15%
Time Warner Entertainment	36,984,705	0.59%		
Trendwest Resorts Inc,	35,929,879	0.58%		
Polo Square Partners	34,777,033	0.56%		
ALJACKS	26,644,595	0.43%		
JDG Properties	25,389,289	0.41%		
Target Corporation	23,538,505	0.38%		
Smoketree Apartments	18,683,161	0.30%	19,433,930	0.67%
Hills Golf Club LLC			20,459,907	0.71%
Lennar Homes of California			16,617,766	0.58%
Paseo Group LP			16,277,884	0.56%
Pulte Home Corporation			15,895,972	0.55%
Desert 49 estates, Inc			15,772,412	0.55%
K W PCCP Del Mar			13,546,500	0.47%
Sayre Aptment			13,452,250	0.47%
Ralphs Gricery			13,406,272	0.46%
	<u>\$349,082,464</u>	5.60%	<u>\$ 178,086,034</u>	6.17%

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 Nine 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
2014	5,251,198	6,043,843	115.09%	118,271 *	6,162,114	117.35%
2013	4,949,402	6,712,961 <sup>A</sup>	135.63%	131,576 *	6,844,537	138.29%
2012	16,782,104	14,597,944	86.99%	274,460 *	14,872,404	88.62%
2011	16,461,513	16,748,822	101.75%	222,745 *	16,971,567	103.10%
2010	28,840,933	18,029,192	62.51%	10,811,741	28,840,933	100.00%
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 nine years of data for this schedule.*

\*The City participates in the County's "Teeter Plan" whereby the county pays current year delinquencies in November of the subsequent year but keeps subsequent collections and penalties.

NOTE:

Amounts presented include City property taxes and residual revenue for former Redevelopment Agency. Effective February 1, 2012, ABx1 26 dissolved the Redevelopment Agencies throughout the State of California which resulted in the reduction of amounts collected for the Fiscal Year ended June 2012 and subsequent years.

<sup>A</sup> Includes proceeds from redistribution of former Redevelopment and Low/Mod Housing funds relinquished to the State in 2012.

Sources: County of Riverside Auditor Controller's Office  
HdL, Coren & Cone  
City of Indio

CITY OF INDIO  
Ratios of Outstanding Debt by Type  
(amounts expressed in thousands)  
Last Nine 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					
2014	2,785	68,720	5,005	40,165	11,049	127,724	55,205	182,929	82,398	1,560,289	11.72%	2.22	
2013	3,045	70,435	5,460	40,165	12,132	131,237	56,605	187,842	81,393	1,584,233	11.86%	2.31	
2012	3,290	72,080	5,895	37,000	13,171	131,436	57,970	189,406	78,065	1,546,312	12.25%	2.43	
2011	3,520	73,660	6,392	37,805	11,201	132,578	59,290	191,868	77,165	1,402,529	13.68%	2.49	
2010	3,735	75,165	6,797	38,580	4,779	129,056	60,570	189,626	83,675	1,516,518	12.50%	2.27	
2009	3,940	76,610	7,187	39,325	4,000	131,062	61,795	192,857	82,230	1,255,000	15.37%	2.35	
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 nine 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  
(2) State Department of Finance  
(3) Coachella Valley Economic Partnership

CITY OF INDIO  
Ratio of General Bonded Debt Outstanding  
(amounts expressed in thousands)  
Last Nine 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			
2014	55,205	2,785	68,720	40,165	11,049	177,924	82,398	1,560,289	2.94%	2.16		
2013	56,605	3,045	70,435	40,165	12,132	182,382	81,393	1,584,233	3.00%	2.24		
2012	57,970	3,290	72,080	37,000	13,171	183,511	78,065	1,546,312	3.07%	2.35		
2011	59,290	3,520	73,660	37,805	11,201	185,476	77,165	1,402,529	2.92%	2.40		
2010	60,570	3,735	75,165	38,580	6,797	184,847	83,675	1,516,518	2.80%	2.21		
2009	61,795	3,940	76,610	39,325	7,187	188,857	82,230	1,255,000	2.30%	2.30		
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 nine 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

(1) State Department of Finance

(2) Coachella Valley Economic Partnership

CITY OF INDIO  
Direct and Overlapping Debt  
June 30, 2014

2013-14 Assessed Valuation: \$6,233,926,209

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u> <u>6/30/14</u>	<u>% Applicable (1)</u>	<u>City's Share of</u> <u>Debt 6/30/14</u>
Desert Community College District	\$316,283,162	9.686%	\$ 30,635,187
Coachella Valley Unified School District	182,018,662	9.169	16,689,291
Desert Sands Unified School District	282,295,470	16.758	47,307,075
City of Indio Community Facilities District No. 2004-3	20,285,000	100.	20,285,000
City of Indio Community Facilities District No. 2005-1, I.A. No. 1 and 2	16,975,000	100.	16,975,000
City of Indio Community Facilities District No. 2006-1	8,875,000	100.	8,875,000
Desert Recreation and Park District 1915 Act Bonds	1,300,000	99.841	1,297,933
City of Indio 1915 Act Bonds	21,455,000	100.	21,455,000
Valley Sanitary District Assessment District No. 2004-VSD	7,060,000	100.	<u>7,060,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$170,579,486
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$692,656,315	2.974%	\$20,599,599
Riverside County Pension Obligation Bonds	334,515,000	2.974	9,948,476
Riverside County Board of Education Certificates of Participation	2,700,000	2.974	80,298
Coachella Valley Unified School District Certificates of Participation	43,720,000	9.169	4,008,687
Desert Sands Unified School District Certificates of Participation	66,445,000	16.758	11,134,853
Desert Recreation and Park District Certificates of Participation	2,150,000	15.305	<u>329,058</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$46,100,971
Less: Riverside County supported obligations			<u>276,087</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$46,377,058
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>	 \$71,505,000	 99.997-100. %	 \$71,502,938
 TOTAL GROSS OVERLAPPING DEBT			 \$288,183,395
CITY DIRECT DEBT			<u>127,724,000</u>
 TOTAL DIRECT AND OVERLAPPING DEBT			 \$415,907,395

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

Source: California Municipal Statistics, Inc.  
City of Indio

CITY OF INDIO

Legal Debt Margin Information  
(amounts expressed in thousands)  
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed valuation (1)	\$4,012,495	\$5,122,808	\$5,580,002	\$ 7,055,452	\$ 7,432,737	\$6,600,295	\$6,358,734	\$ 5,984,868	\$ 6,097,869	\$ 6,229,530
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	601,874	768,421	837,000	1,058,318	1,114,911	990,044	953,810	897,730	914,680	934,430
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 601,874	\$ 768,421	\$ 837,000	\$1,058,318	\$1,114,911	\$ 990,044	\$ 953,810	\$ 897,730	\$ 914,680	\$ 934,430
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%	0.0%	0.0%	0.0%

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

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

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

Fiscal Year Ended June 30	Water Revenue Bonds					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	4,194	62	4,132	1,400	2,732	1.00
2013	4,208	59	4,229	1,365	2,843	1.00
2012	4,179	16	4,163	1,320	2,843	1.00
2011	4,174	9	4,165	1,280	2,894	1.00
2010	3,795	12	3,783	1,225	2,575	1.00
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

Fiscal Year Ended June 30	Gas Tax Certificate of Participation					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	689	11	678	455	223	1.00
2013	676	4	676	435	241	1.00
2012	678	-	678	420	258	1.00
2011	679	-	679	405	274	1.00
2010	665	4	661	390	287	0.98
2009	29	-	29	340	335	0.04
2008	8	-	8	-	-	-
2007	-	-	-	-	-	-
2006	372	6	366	215	154	0.99

Fiscal Year Ended June 30	2007 Lease Revenue Bonds					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	1,796	6	1,790	-	1,796	1.00
2013	23,024	-	23,024	21,335	1,689	1.00
2012	2,309	1	2,308	805	1,503	1.00
2011	2,306	1	2,305	775	1,531	1.00
2010	2,311	9	2,302	745	1,557	1.00
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	-	-	-	-	-	-

Fiscal Year Ended June 30	RDA Tax Allocation Bonds				
	Tax Increment	Debt Service		Coverage	
		Principal	Interest		
2014	5,647	1,715	3,747	1.03	
2013	5,471	1,645	3,826	1.00	
2012	9,017	1,580	3,902	1.64	
2011	8,978	1,495	3,975	1.64	
2010	9,847	1,445	2,656	2.40	
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	

Fiscal Year Ended June 30	RDA Revenue Refunding Bonds				
	Tax Increment	Debt Service		Coverage	
		Principal	Interest		
2014	427	260	167	1.00	
2013	427	245	182	1.00	
2012	2,254	230	196	5.29	
2011	2,245	215	209	5.29	
2010	2,462	205	221	5.78	
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 nine 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.



CITY OF INDIO  
Demographic and Economic Statistics  
Last Ten 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)(4)
2014	82,398	32.7	3.13	\$ 51,202	\$ 21,702	9.3%
2013	81,393	34.1	3.48	46,822	18,772	12.1%
2012	78,065	34.3	3.23	41,082	19,748	14.0%
2011	77,165	29.6	3.22	52,001	20,734	15.5%
2010	83,675	29.3	3.12	53,824	22,350	15.7%
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%

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

CITY OF INDIO  
Principal Employers  
Current Year and Nine Years Ago

Employer (1)	2014		2005	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Riverside*	1,295	4.54%		
Fantasy Springs Casino*	1,100	3.86%		
Desert Sands Unified School District	1,057	3.71%		
John F. Kennedy Memorial Hospital**	518	1.82%		
City of Indio*	224	0.79%		
Cardenas Market	165	0.58%		
Target	150	0.53%		
Home Depot	133	0.47%		
Firsta Ford/Lincoln	133	0.47%		
Ralphs	130	0.46%		
Total Employment Listed	4,905	17.21%		Not Available
Total City Employment (2)	28,500		Not Available	

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

Sources: (1) City of Indio  
MuniServices. LLC

Results based on direct correspondence with city's local businesses.

(2) State of California Employment Development Department website

\*Includes full and part time.

\*\*Includes FTEs only.

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

<u>Function</u>	Full-Time and Part-time Employees as of June 30									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	34	32	46	41	55	46	46	41	45	39
Police	97	121	127	136	139	123	104	113	107	99
Public works	43	41	50	53	54	36	27	29	24	26
Community development	21	39	30	29	28	23	26	18	15	16
Water	<u>23</u>	<u>27</u>	<u>31</u>	<u>30</u>	<u>32</u>	<u>39</u>	<u>38</u>	<u>41</u>	<u>44</u>	<u>44</u>
	<u>218</u>	<u>260</u>	<u>284</u>	<u>289</u>	<u>308</u>	<u>267</u>	<u>241</u>	<u>242</u>	<u>235</u>	<u>224</u>

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

Source: City of Indio

CITY OF INDIO  
Operating Indicators  
by Function  
Last Nine Fiscal Years

	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:									
Arrests	5,311	2,462	2,909	3,012	2,713	2,416	2,163	2,062	219
Traffic citations issued	8,332	10,914	9,306	7,984	5,755	5,129	4,066	4,206	3,134
Parking citations issued	Unavailable	1,574	972	1,670	1,172	1,428	686	437	355
Fire:									
Number of emergency calls	9,896	10,384	9,948	6,058	9,817	7,918	8,138	8,442	8,564
Inspections	1,262	1,340	536	2,228	1,993	2,564	2,287	2,535	2,254
Public works:									
Street resurfacing (miles)	40.6	56.8	34.0	15.0	16.5	5.0	1.0	0.0	3.3
Water:									
New connections	2,196	823	964	489	261	330	0	258	488
Average daily consumption (millions of gallons)	22	21	20	19	18	18	18	18	20
Golf Course:									
Golf rounds played	20,980	24,402	29,533	33,753	25,680	23,762	20,576	19,753	18,908

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

Source: City of Indio

CITY OF INDIO  
Capital Asset Statistics  
by Function  
Last Eight Fiscal Years

	Fiscal Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Police:								
Stations	1	1	1	1	1	1	1	1
Sub-stations	2	2	2	1	1	1	1	1
Animal care centers	1	1	1	1	1	1	1	1
Fire:								
Fire stations	3	4	4	4	4	4	4	4
Public works:								
Paved streets (miles)	220	230	238	243	244	244	244	251
Streetlights	2,644	2,754	2,822	2,885	2,903	2,825	2,869	2,858
Traffic signals	64	68	75	83	85	87	89	92
Recreation:								
Parks	10	11	11	14	13	13	15	17
Senior centers	1	1	1	1	1	1	1	1
Teen centers	-	-	1	1	1	1	1	1
Water:								
Water mains (miles)	301	313	315	321	327	327	327	329
Maximum daily capacity (millions of gallons)	67	59	72	63	66	66	66	66
Golf Course:								
Municipal golf courses	1	1	1	1	1	1	1	1

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

Source: City of Indio

INDIO WATER AUTHORITY

Water Sold by Type of Customer  
Last Ten Fiscal Years  
(in hundred cubic feet)

Type of Customer:	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Single-Family Residential	4,435,620	5,220,351	5,978,060	5,837,410	5,498,690	5,300,683	5,308,272	5,413,435	5,392,718	5,392,822	
Multi-Family Residential	1,221,544	1,168,366	1,190,415	1,252,174	1,211,311	1,159,934	1,149,631	1,165,519	1,066,970	978,114	
Commercial/Institutional	2,445,359	2,012,073	2,018,372	1,581,580	1,383,664	1,192,074	1,164,122	1,195,118	1,138,652	1,228,943	
Industrial	139,514	102,982	108,758	90,848	69,675	63,468	56,401	59,114	61,707	72,389	
Landscaping Irrigation	541,712	664,680	821,906	955,825	1,101,207	1,085,119	1,196,706	1,229,869	1,067,837	1,205,557	
Total	8,783,749	9,168,452	10,117,511	9,717,837	9,264,547	8,801,278	8,875,132	9,063,055	8,727,884	8,877,825	
Total commodity rate per 100 cubic feet	\$ 0.63	\$ 0.71	\$ 0.71	\$ 0.88	\$ 1.06	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	Tiered Rates

Note:  
During FY 2013-2014, IWA changed its rate structure to a customized water budget with a five tiered rate structure.

Source: Indio Water Authority

INDIO WATER AUTHORITY  
Water Rates  
Last Eight Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rate (1)</u>		<u>Rate per 100 Cubic Feet</u>
2014	\$	15.55	Tier 1 \$ 0.77 Tier 2 1.16 Tier 3 1.55 Tier 4 2.32 Tier 5 3.09
2013		9.24	1.16
2012		9.24	1.16
2011		9.24	1.16
2010		9.24	1.16
2009		8.48	1.06
2008		7.01	0.88
2007		5.70	0.71

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

Note:

During FY 2013-2014, IWA changed its rate structure to a customized water budget with a five tiered rate s

Source: Indio Water Authority







City of Indio  
Finance Department  
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