Comprehensive Annual Financial Report

CITY OF COACHELLA
CALIFORNIA
INCORPORATED 1946

Fiscal Year Ended June 30, 2012

City of Coachella, California

Sonnenberg & Company CPA • AUDITS • TAXES • RESERVE STUDIES

Sonnenberg & Company, CPAs
A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

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Sonnenberg & Company 40 YEARS IN PRACTICE

Leonard C. Sonnenberg, CPA

City of Coachella, California

Financial Statements

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City of Coachella, California
Financial Statements
Year Ended June 30, 2012

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CITY OF COACHELLA

1515 SIXTH STREET, COACHELLA, CALIFORNIA 92236

PHONE (760) 398-3502 • FAX (760) 398-8117 • WWW.COACHELLA.ORG

December 10, 2012

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Coachella, California

State law requires that all general-purpose local governments publish each year a complete set of financial statements presented in conformity with generally accepted accounted principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Coachella for the fiscal year ended June 30, 2012. The City has complied with the financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. In addition to the customary fund statements included in the CAFR, Statement 34 requires that the City prepare government-wide financial statements, which include a Statement of Net Assets, and a Statement of Activities. These statements are prepared using the accrual basis of accounting, which is consistent with private business accounting, in contrast to the modified basis of accounting that is used in accounting for fund financial statements. In the financial section of this report, the reader is provided with reconciliation statements that will take the reader from the Fund Financial Statement to the Statements of Net Assets and Activities.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CAFR STRUCTURE

The format and content of this report comply with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board. It is presented in three sections:

Introductory Section:

The introductory section provides the reader with the organizational structure of the City, its services and operating environment. This section includes a title page, table of contents, a letter of transmittal, an organizational chart, a list of the City of Coachella's elected and appointed officials.

Financial Section:

The financial section presents the City's independent auditor's report on the Basic Financial Statements, the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, the Notes to Financial Statements, the Required Supplementary Information (RSI), and the non-major supplementary schedules.

Statistical Section:

The statistical section provides the reader with additional historical financial data and other information concerning the City.

It is the policy of the City of Coachella to have an annual audit performed by an independent certified public accountant. The independent audit of the City's financial statements for fiscal year ended June 30, 2012, was conducted by Sonnenberg & Company CPA's as appointed by the City Council. The auditor's unqualified opinion on the basic financial statements is included in the Financial Section of this report.

As part of the City's annual audit engagement, the auditors review the city's internal control structure, as well as compliance with applicable laws and regulations. The results of the City's annual audit for fiscal year ended June 30, 2012, provided no instances of material weaknesses in connection with the internal control structure of significant violations of applicable laws and regulations.

As recipients of federal, state and county financial resources, the City of Coachella is required to undergo an annual single audit. When applicable, information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separately issued report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF COACHELLA

The origin of the name Coachella is unclear but in 1901 the citizens of Woodspur, California voted on a new name for their community. During their town hall meeting the homeowners decided on Coachella as their designation. Coachella began as a 2½ square miles of territory gridded out on the mesquite-covered desert floor of Southern California. In the 1950's Coachella started the process to expand into its present sphere that includes 32 square miles.

In 1946 Coachella incorporated and officially became the "City of Coachella" operating under the general laws of the State of California. At the same time the first City Council was elected during the incorporation voting process. During the progressive 1950s, the city began its evolution towards the economic heights experienced today.

The City is located at the east end of the Coachella Valley approximately 40 miles east of Palm Springs, California. The surrounding area is largely agricultural land to the south; undeveloped land to the east and north; and, urban growth to the west. The communities of Coachella -- including Thermal and Mecca -- include more than 70,000 acres of land irrigated by the Colorado River via a complex canal system. This is where many of California's largest crops of lemons, avocados, figs and persimmons are grown.

Significant changes are occurring within the City and in the surrounding area. Coachella is a small, stable community located in the center of the fastest growing region in the area, the eastern Coachella Valley. The City offers a wealth of opportunity and an unmatched lifestyle for which the whole valley is internationally known.

The "City of Eternal Sunshine - Gateway to the Salton Sea" is largely a young, rural and family-oriented area of the desert. Much of its population is made up of younger Hispanic family groups that enjoy a sense of community and a lifestyle enriched with elements of a proud heritage.

Coachella's population is long established, with a young median age of 22.8, and is growing fast. Coachella's official population was 22,724 at the 2000 census, however according to the California Department of Finance, the population nearly doubled to 41,904 as of 2012; one of the highest growth rates in the State. In addition, Coachella's stability is evidenced by its unusually high rate of 61% home ownership.

The City of Coachella operates under a council-manager format of government which consists of a Mayor, Mayor Pro-Tem, three Councilmembers and the City Manager. The position of Mayor is independently elected every two years, while the position of Mayor Pro-Tem is rotated among the other elected Councilmember's.

Services are also provided to the City and its citizens by contract and by the direct services of other government agencies and organizations, these services include police and fire protection through the County of Riverside, library services through County of Riverside, City promotion through the Coachella Chamber of Commerce, electricity service through the Imperial Irrigation District, refuse collection through Burrtec Waste and Recycling Services, public transit through Sunline Transit Agency, and cable service through Time Warner. The City of Coachella also is financially accountable for all legally separate entities such as; Successor Agency to the Coachella Redevelopment Agency, Coachella Sanitary District, Coachella Water Authority and Coachella Fire Protection District. Additional information on these legally separate entities can be found in the notes to the financial statements.

Pursuant to City ordinance, the City Manager and Finance Director are responsible for the preparation of the annual budget for City Council consideration prior to the start of the fiscal year. The annual budget serves as the foundation for the City of Coachella's financial planning and control.

The City maintains budget controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, Special Revenue, Debt Service and Capital Projects Fund are included in the annual appropriated budget. Budgetary amounts for Debt Service, Capital Projects, and certain Special Revenue Funds are adopted annually, however, budgets are considered to be long-term in nature.

The adopted budget for fiscal year 2011-2012 was prepared in accordance with accounting principles generally accepted in the United States of America. As reflected in the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

During the last fiscal year, sales tax revenues, a major source of funds for the City's General Fund reached an annual level of $3.31 million. The top five economic segments producing sales taxes were, in descending order, Transportation, Food Products, Business to Business, General Retail, and Construction.

According to the State of California Economic Development (EDD), as of June 2012, the total workforce for the City of Coachella is 12,700 of which 10,200 were employed. The unemployment rate was 19.9%

The General Fund ended the year with a fund balance of $7.91 million. Of the total $7.91 million, $2.50 million is committed, $3.92 million is unassigned, $.7 million is non-spendable and $.80 is restricted.

The management of the City continues to be cautiously optimistic about the economic future of the community. Efforts are continuing to develop the industrial portion of the economic base and to expand the retail and tourism segment. Of continuing concern to the City is its ability to hold down operating costs while maintaining acceptable levels of service. Another concern is the continuing threat to local government by the State of California which continues to transfer property taxes to education as it eliminated all Redevelopment Agencies during the past year in order to solve its own budget problems.

MAJOR INITIATIVES

Capital Improvement Projects:

During fiscal year 2011-2012, expenditures were incurred and planning strategies implemented or continued on several large capital improvement projects. Projects planned or completed during the 2011-12 fiscal year included: Rancho Los Flores Park - developing approximately twenty-five acres of recently acquired park land, underground utilities, curbs gutters and sidewalks, shade structures, square steel perimeter fencing, picnic areas, monument wall and sewer; Bagdouma Park – improvements included lighting and field remediation, new goal posts, decomposed granite paths, irrigation and landscape upgrades, new hardscape, sports lighting, storm drain upgrades and an on-site electrical system; Avenue 52 Grade Separation – currently in the planning and design stages to include permitting, right-of-way acquisition, design and construction; Avenue 54 Wastewater Treatment Plant – upgrades to include the rehabilitation of the existing 1.5 million gallon per day contact stabilization process system and the replacement of the aeration equipment, sludge disposal facilities and expansion of the sludge drying beds. In addition, a significant amount of work has been done to repair the streets and improve public landscaping with additional amounts budgeted in the future.

Economic Development:

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1x26 that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Coachella that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. This action also deeply impacted the City's ability to continue an economic development program as the major portion of funds used for capital improvements in the City came from funds of the Redevelopment Agency.

Despite the elimination of the Coachella Redevelopment Agency, the City continues to attract retail and industrial businesses, and construction has continued at several locations within the City. Major projects in construction during the 2011-2012 fiscal year included: a new 7,200 square foot Kidney Dialysis medical clinic in the City's downtown area, Save-A-Lot supermarket, Family Dollar and Sears Hometown Store which will occupy previously vacant tenant spaces in the existing Coachella Shopping Center. In addition, two agricultural packing plant expansion projects consisting of a 25,000 square foot shed structure for the Sun Date facility on Oates lane and a 24,000 square foot warehouse for Desert Valley Date on Industrial Way began construction this past year. Construction drawings for a new 11,700 square foot industrial shed structure were approved for the Ocean Mist produce packing facility at 52-300 Enterprise Way. A new liquefied natural gas truck fueling facility received approval to submit construction drawings.

Housing activities during fiscal year 2011-2012 encompassed use of Community Development Block Grant funds and HOME funds to accomplish the agency's broad mission.

FINANCIAL INFORMATION

Budgetary Controls:

The City of Coachella requires the City Manager to submit an estimated revenue and proposed expenditure budget for the ensuing year to the City Council on or before the last Council meeting in June. Each department head is responsible for monitoring departmental expenditures incurred compared to appropriations established by the City Council. Oversight functions are provided by the City Manager and the Finance Director through administrative policies and periodic review.

Internal Controls:

The management of the City is responsible for establishing and maintaining an internal control system to ensure that the City's assets are protected from loss, theft, or misuse and to ensure that accurate accounting data is collected to allow for the preparation of financial statements in conformance with generally accepted accounting principles. The City's internal controls provide reasonable, but not absolute assurance that these objectives are met and that the cost of controls does not exceed the benefits derived. Internal controls are continually reviewed by management to ensure compliance with City policies and modified to allow for any changes in the organizational structure. We believe the City's internal control system meets the established objectives of safe-guarding assets and providing assurance that financial transactions are properly recorded and reported.

Discretely Presented Component Units:

The Coachella Redevelopment Agency was established pursuant to the State of California Health and Safety Codes, Section 33000, entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities. The City's Council members act as the Agency's directors, designate management, and have full accountability for the Agency's fiscal matters. The Agency's financial data and transactions are presented as a governmental fund type. Additional information about the Redevelopment Agency can be found in the Notes to the Financial Statements.

In addition to the Redevelopment Agency, the City's legally separate component units include the Coachella Water Authority, Coachella Sanitary District, Coachella Fire Protection District, Coachella Education and Government Access Corporation, and the Coachella Financing Authority.

General Governmental Functions:

General Governmental functions include the General Fund, Special Revenue funds, Debt Service funds, Capital Project funds, Trust funds, and component unit enterprise funds.

The City's enterprise operations consist of refuse, water, and sanitary funds. The last two funds fall under the management and control of the City Council acting as Board Members and the Refuse Fund is under the direct management of the City Council,

The Water Fund's operating revenues totaled \$5.42 million and operating expenses totaled \$4.0 million for fiscal year 2011-2012. The fund ended the year with a net asset balance of \$25.01 million of which \$20.05 were invested in capital assets net of related debt, \$4.20 million were restricted for construction and \$.77 million was unrestricted.

The Sanitary Fund's operating revenues totaled \$5.02 million and operating expenses totaled \$3.51 million for fiscal year 2011-2012. The Sewer Fund's net asset balance at June 30, 2012 was $17.35 million comprising of $11.09 million invested in capital assets net of related debt, $6.35 million restricted for construction and debt service and $(.08) million as unrestricted.

Cash Management:

The City of Coachella's investment program is governed by the California Government Code Section 53600, et. seq., and the City Investment Policy which is adopted annually by the City Council. The Investment Policy stipulates the hierarchy of investment objectives as safety, liquidity and return.

Risk Management:

The City is self-insured for worker's compensation and general liability insurance, and participates in the Public Employees Risk Management Association (PERMA), a consortium of twenty six member agencies located in Riverside, San Bernardino, Imperial and San Diego Counties. The Notes to the Financial Statements provides a more detailed explanation of the City's insurance coverage.

The City's risk management program has enabled the City to minimize its exposure to risk and control the associated costs of providing the program. In addition, an active employee safety training and inspection program has continued to provide a safe work environment.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Due credit is given to the Mayor and the City Council Members for their support in planning and conducting the operations of our City in a responsible and progressive manner. Recognition is also given to all employees of the City of Coachella who continue to serve our community with commitment and dedication throughout the year, and to the citizens of the City of Coachella, our greatest appreciation for your continued support, input and guidance in helping us serve you better, thus preserving our City's quality of life and reputation for innovation and leadership.

Respectfully Submitted,

David R. Garcia
City Manager

William B. Pattison Jr.
Finance Director

CITY OF COACHELLA

List of Principal Officials
As of June 30, 2012

City Council – Manager Form of Government

CITY COUNCIL

EDUARDO GARCIA
Mayor

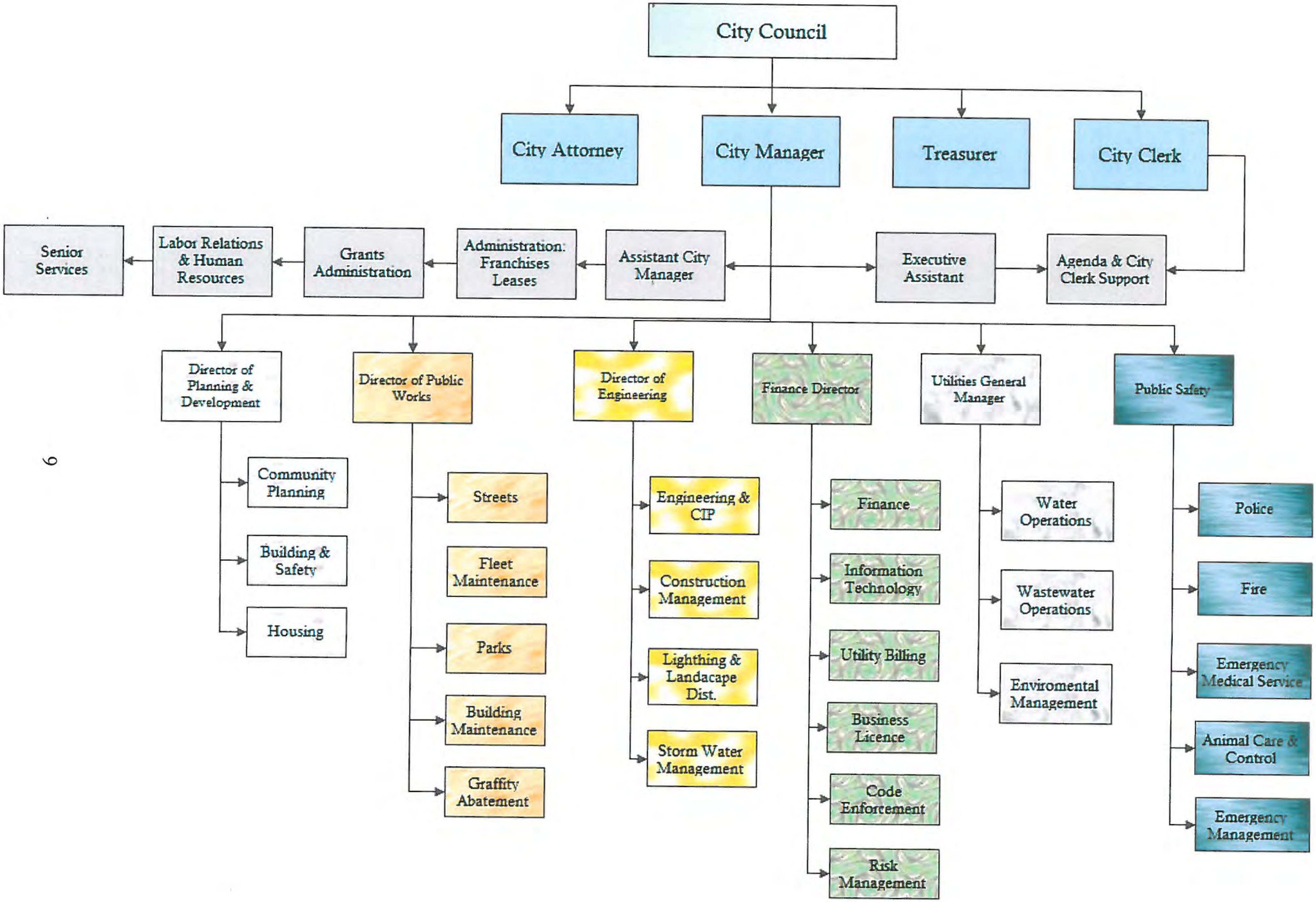
EMMANUEL MARTINEZ
Mayor Pro Tem

ARTURO AVILES Council Member	STEVEN HERNANDEZ Council Member	GILBERT RAMIREZ, JR Council Member

CITY ADMINISTRATION

DAVID GARCIA
City Manager

Assistant City Manager	Noelia Chapa
City Attorney	Carlos Campos
City Treasurer	Stacey Garcia
City Clerk	Vianney Gonzalez
Acting Development Services Director	Luis Lopez
Finance Director	William B. Pattison, CPA
Chief of Police	Frank Taylor
City Engineer	Jonathan Hoy
Fire Chief	Bonifacio De La Cruz
Public Works Director	Maritza Martinez


City Council
City Attorney
City Manager
Treasurer
City Clerk
Senior Services
Labor Relations & Human Resources
Grants Administration
Administration: Franchises Leases
Assistant City Manager
Executive Assistant
Agenda & City Clerk Support
Director of Planning & Development
Director of Public Works
Director of Engineering
Finance Director
Utilities General Manager
Public Safety
Community Planning
Building & Safety
Housing
Streets
Fleet Maintenance
Parks
Building Maintenance
Graffity Abatement
Engineering & CIP
Construction Management
Lighthing & Landacape Dist.
Storm Water Management
Finance
Information Technology
Utility Billing
Business Licence
Code Enforcement
Risk Management
Water Operations
Wastewater Operations
Enviromental Management
Police
Fire
Emergency Medical Service
Animal Care & Control
Emergency Management

FINANCIAL SECTION

Sonnenberg & Company, CPAs
A Professional Corporation
5190 Governor Drive, Suite 201, San Diego, California 92122
Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX

Sonnenberg & Company 40 YEARS IN PRACTICE

Leonard C. Sonnenberg, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Coachella
City of Coachella, California

We have audited the accompanying statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coachella (the "City"), California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coachella as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of the City of Coachella's internal control over financial reporting and on 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 not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The information identified in the accompanying table of contents as *Management's Discussion and Analysis* and *required supplementary information* are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coachella's basic financial statements. The supplementary schedules listed in the table of contents, including combining schedules and additional budgetary comparison schedules, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Leonard C Sonnenberg

December 10, 2012 — Sonnenberg & Company, CPAs

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Sonnenberg & Company, CPAs

December 10, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Coachella (City), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal. All amounts are expressed in millions of dollars unless otherwise stated.

Financial Highlights

The total assets of the City of Coachella exceeded its total liabilities at the close of the fiscal year by \$177.82 million *(net assets)*. Of this amount, \$142.39 million is invested in capital assets, net of any related debt and is not available to meet ongoing obligations. Approximately \$1.58 million *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$34.58 million between FY 2011 and FY 2012. During the period Total Revenues equaled \$30.07 million, a decrease of \$9.71 million over fiscal year 2011 and expenses totaled \$32.59 million a \$7.47 million decrease over the same time period. The Governmental activities total net assets increased by \$33,587,519 and the Business-type total net assets increased by \$710,431. The increase in the Business-type activities was largely due to reduced Sanitary District operating costs. Of the \$33,587,519 increase in the Governmental activities, \$37,092.220 was an extraordinary gain on the dissolution of the Redevelopment Agency. This extraordinary gain is explained more extensively in this document in Note 17.

The close of the fiscal year 2011-2012, the City of Coachella's governmental funds reported combined ending fund balances of \$25.27 million, a decrease of \$18.18 million in comparison with the prior year. The unassigned fund balance is \$3.9 million. The primary reason for the decrease is due to the dissolution of the Redevelopment Agency which resulted in the need to eliminate or postpone capital projects which were to be funded with tax increment funds.

Overview of the Financial Statements

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported on this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and chares (*business-type activities*). The governmental activities of the City include general government, highways and streets, economic development, public safety, culture and recreation. The business-type activities of the City include a Water Authority and a Sanitary District.

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 the finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and out-flows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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 may 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 of Coachella maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, state gas tax fund, Indian gaming fund, development impact fund, ECD entitlement fund, HOME program fund and capital projects fund, all of which are considered to be major funds. Data from the eighteen other funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major 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 this budget.

Proprietary funds: The City of Coachella maintains one type of proprietary funds. *Enterprise funds* are used to report on the same function as presented in *business-type activities* on the government-wide financial statements. The City uses enterprise funds to account for its Water Authority and Sanitation District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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 statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including individual and combining fund schedules.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Coachella, assets exceeded liabilities by $177.82 million at the close of the fiscal year. By far the largest *portion* of the City's net assets, $142.39 million, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets and is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Coachella's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Current and restricted assets	$ 40,866,621	$ 70,004,876	$ 13,604,814	$ 18,447,286	$ 54,471,435	$ 88,452,162
Capital assets	118,232,097	108,213,938	77,867,642	74,676,434	196,099,739	182,890,372
Total Assets	159,098,718	178,218,814	91,472,456	93,123,720	250,571,174	271,342,534
Long-term debt outstanding	9,920,815	58,527,160	45,472,158	44,564,782	55,392,973	103,091,942
Other liabilities	14,002,519	18,103,789	3,635,598	6,904,669	17,638,117	25,008,458
Total Liabilities	23,923,334	76,630,949	49,107,756	51,469,451	73,031,090	128,100,400
Net assets:						
Invested in capital assets, net of related debt	111,247,097	101,147,347	31,140,385	28,937,151	142,387,482	130,084,498
Restricted	23,302,650	26,096,284	10,544,314	12,386,534	33,846,964	38,482,818
Unrestricted	903,304	(25,655,766)	680,001	330,584	1,583,305	(25,325,182)
Total Net Assets	$ 135,453,051	$ 101,587,865	$ 42,364,700	$ 41,654,269	$ 177,817,751	$ 143,242,134

The City's net assets increased by $34.58 million or 24 percent, during the fiscal year.

City of Coachella's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
REVENUES:	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Program Revenues:						
Charges for services	$ 1,322,617	$ 1,724,510	$ 10,446,863	$ 9,845,780	$ 11,769,480	$ 11,570,290
Operating grants and contributions	3,206,084	3,860,007			3,206,084	3,860,007
Capital grants and contributions	2,542,580	4,440,478			2,542,580	4,440,478
General Revenues:						
Property taxes	7,230,805	14,936,877	88,747	52,479	7,319,552	14,989,356
Sales and Use Tax	3,806,148	2,331,260			3,806,148	2,331,260
Moter Vehicle In Lieu Tax	243,408	211,878			243,408	211,878
Franchise Taxes	683,870	669,991			683,870	669,991
Real Property Transfer Taxes	65,664	57,792			65,664	57,792
Other revenues	39,472	725,955			39,472	725,955
Interest and rental income	333,809	616,606	63,645	307,310	397,454	923,916
Net transfers					-	-
TOTAL REVENUES	19,474,457	29,575,354	10,599,255	10,205,569	30,073,712	39,780,923
EXPENSES						
General government	6,111,900	4,605,459			6,111,900	4,605,459
Public safety	10,307,033	9,935,026			10,307,033	9,935,026
Public works	4,959,934	12,608,825			4,959,934	12,608,825
Parks & recreation	447,341	424,659			447,341	424,659
Interest on long-term debt	1,152,950	2,878,831			1,152,950	2,878,831
Operating expenses			9,888,824	10,282,530	9,888,824	10,282,530
TOTAL EXPENSES	22,979,158	30,452,800	9,888,824	10,282,530	32,867,982	40,735,330
INCREASE (DECREASE) IN NET ASSETS	(3,504,701)	(877,446)	710,431	(76,961)	(2,794,270)	(954,407)
BEGINNING NET ASSETS	101,587,865	102,465,311	41,654,269	41,731,230	143,242,134	144,196,541
DISSOLUTION OF RDA	37,092,220				37,092,220	-
ENDING NET ASSETS	$ 135,175,384	$ 101,587,865	$ 42,364,700	$ 41,654,269	$ 177,540,084	$ 143,242,134

Governmental activities: Governmental activities increased the City's net assets by $33.59 million thereby accounting for 98 percent of the total increase. Key elements of this increase are as follows:

The reason for the increase was the $37,092,220 extraordinary gain on dissolution of the Redevelopment Agency. Had it not been for the extraordinary gain the Governmental activities would have experienced a net decrease of net assets. There was an increase in sales taxes of $1.47 million which helped to offset the decrease in property tax revenues of $7.71 million. Charges for services decreased $.40 million, operating grants and contributions decreased $.65 million and capital grants and contributions decreased $1.90 million.

Total expenses from governmental activities decreased $7.75 million during the year. The majority of this decrease is due to the decrease in Public Works ($7.65 million). The decrease in the Public Works category is primarily due to the elimination of the Redevelopment Agency and associated activities.

Business-type Activities: Business-type activities increased net assets by $.7 million or 1.7 percent. Business-type revenues increased $.39 million or 3.8 percent. $0.6 million of the increase in revenues came from a 5 percent rate increase for water. Expenses decreased $.39 million due to decreased operating expenses.

Financial Analysis of the Government's Funds

As noted earlier, the City of Coachella uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of $25.27 million, a decrease of $18.18 million in comparison with the prior year. Of the $25.27 million total, $.70 million constitutes nonspendable reserves, which means that these reserves are not available to fund operating expenditures of the organization; $17.84 million are restricted fund balances which are the result of external limitations on spending; $2.50 million are committed fund balances which is the result of self-imposed limitations placed upon the funds by the Governing Board responsible for adopting the fund budget; the remainder of $4.24 million represents unassigned fund balances or the residual net resources after taking into consideration the other classifications.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $4.25 million, while the total general fund balance reached $7.91 million. As a measure of the general fund's liquidity, it may be useful to compare the total general fund balance to budgeted expenditures (including transfers out). The total fund balance represents 54 percent of the total budgeted expenditures.

The 2011-12 fund balance of the City's general fund is a net total of $7.91 million which is an increase of $.38 million from 2010-2011. General fund revenues are $13.99 million with expenses at $13.95 million which is an excess of $.04 million. Other financing sources increased the fund balance by $.34 million which brings the net change in fund balance for the year to $.38 million.

The Redevelopment Agency Debt Service Funds were used to accumulate resources, primarily property tax increment, to pay debt service. With the dissolution of the Redevelopment Agency per Assembly Bill 1x 26 effective as of February 1, 2012, 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. Therefore, the net fund balances of these two funds is zero at June 30, 2012.

The Development Impact Fund, a special revenue fund, is primarily used to collect development impact fees and fund capital projects. The fund ended the year with a fund balance of $7.59 million, a decrease of $1.13 million.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds include the Coachella Water Authority and the Coachella Sanitary District.

Total net assets for proprietary at year–end are $42.36 million. The Water Authority accounted for $25.01 million of this total with the Sanitary District accounting for the remaining $17.35 million.

The *Coachella Water Authority's* net assets increased $.16 million over fiscal year 2010-11. During the year, the Authority had total revenues and other financing sources of $5.46 million and expenses and other financing uses of $5.30 million. Therefore, expenses/other financing uses were less than revenue/other financing sources by $.16 million for the fiscal year. In addition, the Authority's total revenues/other financing sources increased $.68 million or 14 percent over the previous fiscal year, while expenses/other financing uses increased $.12 million or 2 percent.

The *Coachella Sanitary District's* net assets increased $.56 million or 3 percent over fiscal year 2010-11. The District had revenues and other financing sources of $5.15 million and expenses and other financing uses of $4.59 million. Revenue/other financing sources exceeded expenses/other financing uses by $.55 million for the 2011-12 fiscal year. Revenues/other financing sources decreased $.28 million or 5 percent while expenses/other financing uses decreased $.51 million or 10 percent.

The District's investment in capital assets increased by $4.4 million primarily due to the renovation of the wastewater treatment plant at Avenue 54.

Capital Asset and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business-type activities at June 30, 2012, amounts to $196.10 million (net of accumulated depreciation). The City invests in a broad range of capital assets including land, streets, bridges, drainage systems, traffic lights, parks, buildings, art work, vehicles and equipment. This amount represents a net increase which includes additions and deletions of $13.21 million or 7 percent over the previous year.

City of Coachella's Capital Assets
(Net of depreciation)

	Governmental Acitivities		Business Type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Land	$ 7,768,960	$ 7,244,824	$ 887,772	$ 887,772	$ 8,656,732	$ 8,132,596
Construction in progress	7,391,553	20,257,016	6,297,981	3,316,327	13,689,534	23,573,343
Buildings & improvements	4,619,086	4,442,595	756,154	790,558	5,375,240	5,233,153
Equipment	680,732	807,305	3,582,417	3,345,924	4,263,149	4,153,229
Infrastructure	97,771,766	75,462,198	66,343,318	66,335,853	164,115,084	141,798,051
Totals	$ 118,232,097	$ 108,213,938	$ 77,867,642	$ 74,676,434	$ 196,099,739	$ 182,890,372

A highlight of the major capital assets events during the current fiscal year included the following:
Governmental activities –

Improvements to Las Flores Park totaling $4,740,000
Improvements to the Bagdouma Park totaling $985,000
Infrastructure improvements to the Avenue 52 Grade Separation totaling $994,912

Business-type activities –

Completion of major upgrade to Avenue 54 Wastewater Treatment Plant totaling $5,836,800

Additional information on the City of Coachella's capital assets can be found in Footnote 4 to the financial statements.

Long-term debt: At the end of the current fiscal year, the City's governmental activities had $9.92 million in bonds, notes payable, contracts, and compensated absences compared to $60.11 million the previous year, a decrease of $50.19 million or 83 percent. Business type activities had $47.15 million in bonds, notes payable, contracts and compensated absences compared to $46.15 million last year, a decrease of $1.00 million or 2.2 percent. The debt decrease in the Governmental activities was almost entirely due to transfers to the Successor Agency of the former Redevelopment Agency.

City of Coachella's Long-term Debt

	Governmental Activities		Business Type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Compensated absences	$ 373,265	$ 555,743	$ 246,070	$ 290,265	$ 619,335	$ 846,008
Certificates of participation	6,710,000	6,850,000			6,710,000	6,850,000
Claims payable	341,476	790,966			341,476	790,966
Penson related debt	1,933,181	2,071,947			1,933,181	2,071,947
OPEB obligation	562,893	435,135	178,403	120,865	741,296	556,000
Contracts & leases payable			21,489,327	19,960,470	21,489,327	19,960,470
Revenue bonds and notes	-	49,405,000	25,237,931	25,778,813	25,237,931	75,183,813
Totals	$ 9,920,815	$ 60,108,791	$ 47,151,731	$ 46,150,413	$ 57,072,546	$106,259,204

Economic Factors and Next Year's Budget: It was reported by the Sacramento Bee on November 15, 2012, that the State of California is on the verge of producing a surplus. The improved outlook comes after voters approved two tax initiatives in early November. It was the most optimistic fiscal forecast since the dot-com boom twelve years ago. It shows a relatively small $1.9 billion deficit through June 2012 against a $97.7 billion general fund, followed by annual surpluses that grow beyond $9 billion in 2017-18. The State's Analyst's office believes the State faces a short-term deficit largely because it will not receive about $1.8 billion that Governor Brown expected from eliminating redevelopment agencies.

Sales Tax: The City continues to experience growth in sales tax revenues. The 2012-13 budget projects a 6 percent increase over 2011-12. The largest increases were realized in service stations and food markets with a decrease in building materials-wholesale and auto sales – used. Transportation decreased 7 percent while construction decreased 13.0 percent. The City will continue to monitor closely as they have been impacted greatly by fluctuations in the overall economy. The City should see an increase with food products and general retail as new commercial centers continue to be developed.

Revenue Outlook: Fiscal year 2012-13 projections are $15.59 million providing a balanced budget. Taxes ($11 million) and charges for services ($.5 million) are expected to be the major contributors in the fiscal year. The City continues to experience a slowdown in residential construction.

Expenditure Outlook: Fiscal year 2012-13 will see general fund expenditures of $15.59 million. The Public Safety budget continues to dominate with a public safety budget of over $6.0 million and is 39 percent of the general fund. Assessments from the public safety community facilities district (CFD) offset some of the burden of providing police and fire services to a growing population as well as the Utility User Tax that is expected to provide $2.2 million in revenue to the general fund.

Requests for information

This financial report is designed to provide our citizens, taxpayers, customers, and 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 or need additional financial information, contact the City's Finance Department, at the City of Coachella, 1515 6th Street, Coachella California 92236.

BASIC FINANCIAL STATEMENTS

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City of Coachella
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	$ 27,874,649	$ 1,016,834	$ 28,891,483
Restricted Cash and Investments	469,843	10,328,933	10,798,776
Accounts Receivable	342,437	1,382,001	1,724,438
Loans Receivable, Net	4,257,629		4,257,629
Prepaid Expenses and Deposits	696,055		696,055
Due from Other Governments	5,332,542	220,756	5,553,298
Unamortized Bond Issuance Costs	1,893,466	656,290	2,549,756
Capital Assets Not Being Depreciated	15,160,513	7,185,753	22,346,266
Capital Assets, Net of Depreciation	103,071,584	70,681,889	173,753,473
Total Assets	159,098,718	91,472,456	250,571,174
LIABILITIES			
Accounts Payable and Accrued Liabilities	4,579,534	1,025,859	5,605,393
Deposits and Other Liabilities	198,527	443,968	642,495
Due to Other Governments	9,968		9,968
Unearned Revenue	8,911,581		8,911,581
Interest Payable	25,242	486,199	511,441
Long-term Liabilities:			
Due Within One Year	483,768	1,679,572	2,163,340
Due in More than One Year	9,437,047	45,472,158	54,909,205
Total Liabilities	23,645,667	49,107,756	72,753,423
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	111,247,097	31,140,385	142,387,482
Restricted for:			
Debt Service	509,010	215,381	724,391
Loans Receivable, Net	4,257,629		4,257,629
Prepaid Expenses and Deposits	696,055		696,055
Special Projects	16,797,457		16,797,457
Public Works	1,042,499		1,042,499
Capital Projects		10,328,933	10,328,933
Unrestricted	903,304	680,001	1,583,305
Total Net Assets	$ 135,453,051	$ 42,364,700	$ 177,817,751

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Activities
Year Ended June 30, 2012

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$ 6,111,900	$ 1,042,436	$ 249,637	$
Public Safety	10,307,033	39,690	1,093,007	16,385
Public Works	4,959,934	240,491	1,863,440	2,100,773
Parks and Recreation	447,341			425,422
Interest on Long-term Debt	875,283			
Total Governmental Activities	22,701,491	1,322,617	3,206,084	2,542,580
Business-type Activities:				
Water Utility	5,296,709	5,423,430		
Sewer Utility	4,592,115	5,023,433		
Total Business-type Activities	9,888,824	10,446,863	-	-
Total Primary Government	$ 32,590,315	$ 11,769,480	$ 3,206,084	$ 2,542,580

General Revenues:
- Property Taxes
- Sales and Use Tax
- Motor Vehicle In Lieu Tax
- Franchise Taxes
- Real Property Transfer Taxes
- Investment Income
- Other Revenue

Total General Revenues

Change in Net Assets Before Extraordinary Item

Dissolution of Revelopment Agency (See Note 17)

Change in Net Assets

Net Assets, Beginning of Year,

Net Assets, End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activites	Business-type Activities	Total
$ (4,819,827)	$	$ (4,819,827)
(9,157,951)		(9,157,951)
(755,230)		(755,230)
(21,919)		(21,919)
(875,283)		(875,283)
(15,630,210)	-	(15,630,210)
	126,721	126,721
	431,318	431,318
-	558,039	558,039
(15,630,210)	558,039	(15,072,171)
7,230,805	88,747	7,319,552
3,806,148		3,806,148
243,408		243,408
683,870		683,870
65,664		65,664
39,472	63,645	103,117
333,809		333,809
		-
12,403,176	152,392	12,555,568
(3,227,034)	710,431	(2,516,603)
37,092,220	-	37,092,220
33,865,186	710,431	34,575,617
101,587,865	41,654,269	143,242,134
$ 135,453,051	$ 42,364,700	$ 177,817,751

The accompanying notes are an integral part of this statement.

City of Coachella
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue: State Gas Tax Fund	Special Revenue: Indian Gaming Grants SB 621	Special Revenue: Development Impact Fund
ASSETS				
Cash and Investments	$ 5,331,471	$ 1,516,789	$ 4,525,636	$ 7,591,024
Restricted Cash and Investments	469,843			
Accounts Receivable	341,291		1,146	
Due from Other Governments	857,635			
Loans Receivable				
Due from Other Funds	2,488,859			
Prepaids and Deposits	696,055			
Total Assets	$ 10,185,154	$ 1,516,789	$ 4,526,782	$ 7,591,024
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 2,072,797			
Deposits and Other Liabilities	197,757			
Due to Other Governments	2,258			
Due to Other Funds				
Deferred Revenue			4,526,782	
Total Liabilities	2,272,812	-	4,526,782	-
Fund Balances:				
Nonspendable	696,055			
Committed	2,495,265			
Unassigned	4,251,179			
Restricted	469,843	1,516,789		7,591,024
Total Fund Balances	7,912,342	1,516,789	-	7,591,024
Total Liabilities and Fund Balances	$ 10,185,154	$ 1,516,789	$ 4,526,782	$ 7,591,024

The accompanying notes are an integral part of this statement.

City of Coachella
Balance Sheet
Governmental Funds
June 30, 2012

Special Revenue		Capital Project	Debt Service			
ECD Entitlement Program	HOME Program Income	Capital Improvement Projects	Redevelopment Agency	Administration Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
$ 192,103	$ 704,150				$ 8,013,476	$ 27,874,649
						469,843
						342,437
2,804,878		774,261			895,768	5,332,542
	3,500,012				757,617	4,257,629
		3,402,743				5,891,602
						696,055
$ 2,996,981	$ 4,204,162	$ 4,177,004	$ -	$ -	$ 9,666,861	$ 44,864,757
$ 65,121		$ 1,729,946			$ 711,670	$ 4,579,534
					770	198,527
					7,710	9,968
2,804,878		2,455,780			630,944	5,891,602
126,982	3,500,012				757,805	8,911,581
2,996,981	3,500,012	4,185,726	-	-	2,108,899	19,591,212
						696,055
						2,495,265
		(8,722)			(188)	4,242,269
	704,150				7,558,150	17,839,956
-	704,150	(8,722)	-	-	7,557,962	25,273,545
$ 2,996,981	$ 4,204,162	$ 4,177,004	$ -	$ -	$ 9,666,861	$ 44,864,757

The accompanying notes are an integral part of this statement.

City of Coachella
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2012

Fund Balances of Governmental Funds	$	25,273,545
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Assets that are not due and payable in the current period are not reported in the Funds.		
Unamortized Bond Issuance Costs		1,893,466
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.		118,232,097
Long-term liabilities are not due and payable in the current period and are not reported in the Funds.		
Interest Payable on Long-term Liabilities		(25,242)
Long-term Liabilities		(9,920,815)
Net Assets of Governmental Activities	$	135,453,051

The accompanying notes are an integral part of this statement.

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City of Coachella
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	General Fund	Special Revenue: State Gas Tax Fund	Special Revenue: Indian Gaming Grants SB 621	Special Revenue: Development Impact Fund
REVENUES				
Taxes	$ 10,998,020	$	$	$
Licenses, Permits and Fees	443,692			
Charges for Services	300,535			
Fines, Forfeitures and Penalties	200,141			
Intergovernmental Revenue	78,965	1,182,090		
Developer Fees				865,840
Special Assessments	647,291			
Contributions	906,641			
Investment Income (Loss)	61,420	11,719	43,773	46,235
Other Revenue	348,316			
Total Revenues	13,985,021	1,193,809	43,773	912,075
EXPENDITURES				
Current:				
General Government	2,718,435		827,382	10,223
Public Safety	8,086,772			
Public Works	2,399,769			
Parks and Recreation	270,443			
Capital Outlay	24,772			
Debt Service:				
Pass-through Agreements				
Principal Retirement	140,000			
Interest and Fiscal Charges	308,509			
Total Expenditures	13,948,700	-	827,382	10,223
Excess (Deficiency) of Revenues Over Expenditures	36,321	1,193,809	(783,609)	901,852
OTHER FINANCING SOURCES (USES)				
Transfers In	2,840,392	283,463		34,404
Transfers Out	(2,501,082)	(1,621,201)	(394,195)	(2,069,182)
Total Other Financing Sources (Uses)	339,310	(1,337,738)	(394,195)	(2,034,778)
EXTRAORDINARY ITEM				
Extraordinary Gain/(Loss) from Dissolution (see note 17)				
Total Extraordinary Gain/(Loss)				
Net Change in Fund Balances	375,631	(143,929)	(1,177,804)	(1,132,926)
Fund Balances, Beginning of Year	7,536,711	1,660,718	1,177,804	8,723,950
Fund Balances, End of Year	$ 7,912,342	$ 1,516,789	$ -	$ 7,591,024

The accompanying notes are an integral part of this statement.

Special Revenue		Capital Project	Debt Service			
ECD Entitlement Program	HOME Program Income	Capital Improvement Projects	Redevelopment Agency	Administration Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
$	$	$	$ 3,147,955	$	$ 1,139,555	$ 15,285,530
						443,692
					31,225	331,760
						200,141
5,319,690					3,753,092	10,333,837
						865,840
					1,501,634	2,148,925
		2,513,987				3,420,628
(1,064)	365	(4,534)	(36,602)	(13,263)	88,649	196,698
			4,064		145,925	498,305
5,318,626	365	2,509,453	3,115,417	(13,263)	6,660,080	33,725,356
			108,054	818,207	573,375	5,055,676
					2,162,117	10,248,889
320,215					1,216,590	3,936,574
					-	270,443
		11,032,352			92,926	11,150,050
			426,749			426,749
			905,000		195,000	1,240,000
			961,690		290,783	1,560,982
320,215	-	11,032,352	2,401,493	818,207	4,530,791	33,889,363
4,998,411	365	(8,522,899)	713,924	(831,470)	2,129,289	(164,007)
31,872	703,785	12,216,470	11,442,146	2,878,867	15,733,712	46,165,111
(4,765,264)		(3,761,363)	(11,350,801)	(241,635)	(19,460,388)	(46,165,111)
(4,733,392)	703,785	8,455,107	91,345	2,637,232	(3,726,676)	-
			(2,946,643)	131,627	(15,197,521)	(18,012,537)
			(2,946,643)	131,627	(15,197,521)	(18,012,537)
265,019	704,150	(67,792)	(2,141,374)	1,937,389	(16,794,908)	(18,176,544)
(265,019)	-	59,070	2,141,374	(1,937,389)	24,352,870	43,450,089
$ -	$ 704,150	$ (8,722)	$ -	$ -	$ 7,557,962	$ 25,273,545

The accompanying notes are an integral part of this statement.

City of Coachella
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	$	(18,176,544)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as an expenditure in the full amount as current financial resources are used. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful life as depreciation expense.		
Capital Outlay		13,965,105
Depreciation		(3,946,946)
Revenues in the Statement of Activities that do not provide current financial resources are not reported in the Funds.		3,312,608
Governmental funds report activity of long-term liabilities as revenues and expenditures, but they are included as increases and reductions on the long-term liabilities in the Statement of Net Assets.		
Extraordinary Item (See note 17)		37,092,220
Long-term Debt Principal Payments		1,240,000
Claims Payable		397,611
Pension Related Debt Payments		138,766
OPEB Obligation		(127,758)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This represents the change in compensated absences during the year.		182,478
Governmental funds report bond issuance costs as an expense in the full amount as current financial resources are used. However, in the Statement of Activities the cost is amortized over the life of the debt.		
Unamortized Bond Issuance Costs		(81,989)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.		
Interest and Fiscal Charges		(130,365)
Change in Net Assets of Governmental Activities	$	33,865,186

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities Enterprise Funds		
	Water Authority	Sanitary District	Totals
ASSETS			
Current Assets:			
Cash and Investments	$ 696,408	$ 320,426	$ 1,016,834
Restricted Cash and Investments	4,197,629	6,131,304	10,328,933
Accounts Receivable, Net	852,805	529,196	1,382,001
Due from Other Governments		220,756	220,756
Total Current Assets	5,746,842	7,201,682	12,948,524
Noncurrent Assets:			
Capital Assets Not Being Depreciated	896,034	6,289,719	7,185,753
Capital Assets Being Depreciated	58,687,762	55,909,112	114,596,874
Less: Accumulated Depreciation	(23,624,766)	(20,290,219)	(43,914,985)
Unamortized Bond Issuance Cost	465,447	190,843	656,290
Total Noncurrent Assets	36,424,477	42,099,455	78,523,932
Total Assets	42,171,319	49,301,137	91,472,456
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	244,797	663,742	908,539
Accrued Wages Payable	57,260	60,060	117,320
Deposits Payable	443,968		443,968
Interest Payable	270,818	215,381	486,199
Bonds Payable - Current Portion	369,733	194,612	564,345
Loans Payable - Current Portion		1,115,227	1,115,227
Total Current Liabilities	1,386,576	2,249,022	3,635,598
Noncurrent Liabilities:			
Compensated Absences - Less Current Portion	136,397	109,673	246,070
Net OPEB Obligation	93,861	84,542	178,403
Bonds Payable - Less Current Portion	15,541,804	9,131,781	24,673,585
Loans Payable - Less Current Portion		20,374,100	20,374,100
Total Noncurrent Liabilities	15,772,062	29,700,096	45,472,158
Total Liabilities	17,158,638	31,949,118	49,107,756
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	20,047,493	11,092,892	31,140,385
Restricted for:			
Capital Projects	4,197,629	6,131,304	10,328,933
Debt Service		215,381	215,381
Unrestricted	767,559	(87,558)	680,001
Total Net Assets	$ 25,012,681	$ 17,352,019	$ 42,364,700

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities Enterprise Funds		
	Water Authority	Sanitary District	Totals
OPERATING REVENUES			
Charges for Services	$ 5,087,711	$ 4,737,748	$ 9,825,459
Connection Charges	175,658	169,008	344,666
Other Revenue	160,061	116,677	276,738
Total Operating Revenue	5,423,430	5,023,433	10,446,863
OPERATING EXPENSES			
Salaries and Benefits	760,340	758,956	1,519,296
Administrative and General	678,292	742,714	1,421,006
Professional Services	400,274	286,047	686,321
Materials and Supplies	367,625	112,109	479,734
Repairs and Maintenance	48,812	95,054	143,866
Utilities	719,448	283,162	1,002,610
Depreciation and Amortization	1,030,013	1,234,341	2,264,354
Total Operating Expenses	4,004,804	3,512,383	7,517,187
Operating Income (Loss)	1,418,626	1,511,050	2,929,676
NONOPERATING REVENUES (EXPENSES)			
Property Taxes		88,747	88,747
Investment Income	28,279	35,366	63,645
Interest Expense and Fiscal Charges	(742,800)	(875,413)	(1,618,213)
Total Nonoperating Revenues (Expenses)	(714,521)	(751,300)	(1,465,821)
Income Before Contributions	704,105	759,750	1,463,855
Contributions to Other Goverments	(549,105)	(204,319)	(753,424)
Change in Net Assets	155,000	555,431	710,431
Total Net Assets, Beginning of Year	24,857,681	16,796,588	41,654,269
Total Net Assets, End of Year	$ 25,012,681	$ 17,352,019	$ 42,364,700

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities Enterprise Funds		
	Water Authority	Sanitary District	Totals
Cash Flows from Operating Activities			
Cash Received from Customers	$ 5,136,882	$ 4,896,191	$ 10,033,073
Cash Payments to Suppliers	(2,313,681)	(1,087,482)	(3,401,163)
Cash Payments to Employees for Services	(756,778)	(740,675)	(1,497,453)
Net Cash Provided (Used) by Operating Activities	2,066,423	3,068,034	5,134,457
Cash Flows from Noncapital Financing Activities			
Property Taxes Received		88,747	88,747
Net Cash Provided (Used) by Noncapital Financing Activities		88,747	88,747
Cash Flows From Capital and Related Financing Activities			
Principal Paid on Long-Term Debt	(352,439)	(1,031,157)	(1,383,596)
Interest Paid on Long-Term Debt	(746,239)	(883,205)	(1,629,444)
Proceeds from Long-Term Debt	-	2,378,959	2,378,959
Acquistion and Construction of Capital Assets,net	215,970	(5,659,790)	(5,443,820)
Contribution from Other Government	(1,619,755)	(204,319)	(1,824,074)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,502,463)	(5,399,512)	(7,901,975)
Cash Flows from Investing Activities			
Interest on Investments	48,870	66,883	115,753
Net Cash Provided (Used) by Investing Activities	48,870	66,883	115,753
Net Increase (Decrease) in Cash and Cash Equivalents	(387,170)	(2,175,848)	(2,563,018)
Cash and Cash Equivalents - Beginning of the Year	5,281,207	8,627,578	13,908,785
Cash and Cash Equivalents - End of the Year	$ 4,894,037	$ 6,451,730	$ 11,345,767

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Cash Flows
Proprietary Funds - Continued
For the Year Ended June 30, 2012

	Business-type Activities Enterprise Funds		
	Water Authority	Sanitary District	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income	$ 1,418,626	$ 1,511,050	$ 2,929,676
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	1,030,013	1,234,341	2,264,354
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(275,018)	(127,242)	(402,260)
Increase (Decrease) in Accounts Payable	(99,230)	431,604	332,374
Increase (Decrease) in Accrued Payroll	(45)	8,545	8,500
Increase (Decrease) in Deposits Payable	(11,530)		(11,530)
Increase (Decrease) in Compensated Absences Payable	(28,039)	(16,156)	(44,195)
Increase (Decrease) in Net OPEB Obligation	31,646	25,892	57,538
Net Cash Provided By Operting Activities	$ 2,066,423	$ 3,068,034	$ 5,134,457
Noncash Investing, Capital and Financing Activities			
Amortization of Premium/Discount on Bonds	$ 13,683	$ 3,431	$ 17,114
Amortization of Bond Issue Costs	$ -	$ 8,836	$ 8,836

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2012

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	$ 2,300,923	$ 3,044,707
Restricted Cash and Investments	12,668,001	7,017
Interest Receivable	-	
Accounts Receivable	5,068	65,091
Loans Receivable	2,479,176	
Land Held for Resale	1,518,209	
Total Assets	18,971,377	$ 3,116,815
LIABILITIES		
Employee Contribution		$ -
Pass-through Payable		2,130,558
Claims Payable		922
Due To Other Governments	1,656,206	
Deferred Revenue	8,879,792	
Due To Refuse Service Provider		63,289
Deposits Payable		922,046
Accrued Interest Payable	675,729	
Notes Payable	48,205,000	
Total Liabilities	59,416,727	$ 3,116,815
NET ASSETS	$ (40,445,350)	

The accompanying notes are an integral part of this statement.

City of Coachella
Statement Of Changes in Fiduciary Net Assets - Fiduciary Funds
June 30, 2012

	Private-Purpose Trust Fund
ADDITIONS	
Contributions:	
Redevelopment Agency Property Tax Trust Fund	$ 1,370,477
Total Contributions	1,370,477
Interest and Investment Revenue	
Use of money and property	42,020
Total Use of Money and Property	42,020
Total Additions	1,412,497
DEDUCTIONS	
Payments Made:	
Payments to Other Governments	2,858,814
Total Paymets to Other Governments	2,858,814
Obligation Retirements:	
Interest on Note Payable	1,904,779
Total Obligation Retirments	1,904,779
Administrative Expenses:	
Administrative Expenses	2,034
Total Adminstrative Expenses	2,034
Total Deductions	4,765,627
Change in Net Assets Before Extraordinary Items	(3,353,130)
EXTRAORDINARY ITEMS	
Assets of Coachella Redevelopment Agency	19,859,313
Liabilities of Coachella Redevelopment Agency	(56,951,533)
Total Extraordinary Items	(37,092,220)
Change in Net Assets	(40,445,350)
Net Assets Held in Trust - Beginning	-
Net Assets Held in Trust - Ending	$ (40,445,350)

The accompanying notes are an integral part of this statement.

City of Coachella
Notes to Financial Statements
Year Ended June 30, 2012

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of the Reporting Entity

The City of Coachella (the "City") was incorporated under the general laws of the State of California as a General Law City. The City operates under a Council-Manager form of government, and provides the following services: general administrative services, public safety services, public works, parks and recreation, planning, community development, fire protection, law enforcement services, water, sanitation, and sewer services.

The financial statements of the City of Coachella include the financial activities of the City, the Coachella Redevelopment Agency, the Coachella Water Authority, the Coachella Sanitary District, the Coachella Fire Protection District, the Coachella Financing Authority, the Coachella Industrial Development Authority and the Coachella Educational and Governmental Access Channel Corporation. In accordance with GASB Statement No. 14, the basic criteria for including an agency, institution, authority or other organization in a governmental unit's financial reporting entity is financial accountability. Financial accountability includes, but is not limited to 1) selection of the governing body, 2) imposition of will, 3) ability to provide a financial benefit to or impose financial burden on and 4) fiscal dependency.

There may, however, be factors other than financial accountability that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include scope of public service and special financing relationships.

Based upon the application of these criteria, an agency, institution or authority, may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no discretely presented component units in these financial statements. Each blended component unit presented has a June 30 year end. The following is a brief review of each component unity included in the primary government's reporting entity.

<u>Coachella Redevelopment Agency</u> – The Coachella Redevelopment Agency (the Agency) was established pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". The purpose of the Agency is to prepare and execute plans for the improvement, rehabilitation and redevelopment of blighted areas within the limits of the City of Coachella. The city provides management assistance to the Agency, and the members of the City Council also act as the governing body of the Agency. The Agency's activities are blended with those of the City in these financial statements and are reported as a special revenue fund, a debt service fund, and a capital project fund. The Agency was dissolved on February 1, 2012. See note 17.

<u>Coachella Sanitary District</u> – The Coachella Sanitary District (the District) was created to provide sanitation and sewage treatment services to the City of Coachella. The City provides management assistance to the District and the members of the City Council also act as the governing body of the District. The District's activities are blended with those of the City in these financial statements and are reported as a proprietary fund.

<u>Coachella Water Authority</u> – The Coachella Water Authority (the Authority) was formed on July 1, 2003, under a joint powers agreement. The City of Coachella owns the water enterprise and leases it to the water authority on a 55 year lease. The purpose of the water authority is to provide water service to the citizens of Coachella as well as commercial and agricultural consumers. The Authority's activities are blended with those of the City in these financial statements and are reported as a proprietary fund.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A) Description of the Reporting Entity – Continued

Coachella Fire Protection District – The Coachella Fire District (the Fire District) was created to provide fire protection services to the residents of the City of Coachella. The City provides management assistance to the District and the members of the City Council also act as the governing body of the District. The District's activities are blended with those of the City in these financial statements and are reported as a special revenue fund.

Coachella Financing Authority – The Coachella Financing Authority (the Authority) was formed to issue debt, loans and loan proceeds to the Agency and the City. The Authority's activities are blended with those of the City in these financial statements and are reported as a debt service fund.

Coachella Industrial Development Authority – The Coachella Industrial Development Authority (the Industrial Authority) was created for the purpose of financing and operating an industrial park located within the city limits. The Industrial Authority is considered a component unit of the City and has been blended into the City's financial statements for reporting purposes as the services provided almost entirely to the primary government.

The Coachella Educational and Governmental Access channel Corporation – The Coachella Educational and Governmental Access Channel Corporation (the Corporation) was created to provide educational opportunities and enhance the community's understanding of government through the use of public television. The Corporation is considered a component unit of the City and has been blended into the City's financial statements for reporting purposes as the services are provided entirely to the primary government.

A component unit financial statement for each component unit previously described, excluding the Coachella Financing Authority, the Coachella Industrial Development Authority and the Coachella Educational and Governmental Access Channel Corporation, may be obtained at 1515 Sixth Street, Coachella, California 92236.

B) Government-wide and Fund Financial Statements

The basic financial statements of the City of Coachella have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for governmental accounting and financial reporting purposes.

These statements require that the financial statements described below be presented:

Government-wide Statements: The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fee and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a give function or segments and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B) Government-wide and Fund Financial Statements – Continued

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is used to account for all the financial resources of the City, except for those required to be accounted for in another fund.

The *State Gas Tax Fund Special Revenue Fund* is used to account for street improvement and engineering costs. Financing is provided by the City's allocation of State gasoline taxes.

The *Indian Gaming Grants SB 621 Fund* is used to account for revenues received from tribal gaming that impact the City of Coachella and for proposed projects designed to mitigate these impacts.

The *Development Impact Fund* is used to account for funds received to mitigate the impact of new development on the City's infrastructure.

The *ECD Entitlement Program Fund* is used to account for grant funds that are reimbursed by federal or state grant agencies that provide funding programs that are based on selective eligibility criteria.

The *HOME Program Income Fund* is used to account for net proceeds from payments of principal and interest on first-time homebuyer loans made with HUD HOME grant funds, and net proceeds from the sale of loans or obligations secured by loans made with HUD HOME grant funds.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

The *Capital Improvement Projects Capital Project Fund* is used to account for the capital improvement projects which are financed through the general fund.

The *Redevelopment Agency Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs within the Redevelopment Agency's project areas.

The *Administration Redevelopment Agency Fund* is used to account for the administrative burden of the Redevelopment Agency Debt Service Fund.

The City reports the following major proprietary funds:

The *Water Authority Fund* is used to account for the operations of the City's water distribution systems.

The *Sanitary District Fund* is used to account for the cost of providing sewer services to the general public and the user charges by which these costs are recovered.

Additionally, the City reports the following fund types:

The *Agency Funds* are used to account for money received by the City as an agent for individuals, other government and other entities.

The *Private-Purpose Trust Fund* is a fiduciary fund type used by the City to report trust arrangements under which the principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Coachella Redevelopment Successor Agency (Successor Agency).

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

As a rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as programs revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds are charges to customers for services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as they are needed.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances in the Governmental Funds Balance Sheet and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

E) Restricted Assets

Certain proceeds of bonds, notes and loans as well as certain resources set aside for their repayments, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

F) Use of Estimates in the Preparation of Financial Statements

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts and disclosures based on estimates and assumptions by Management. Actual results could differ from those estimates.

G) Investments

As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value (see Note 2).

In applying GASB 31, the City utilized the following methods and assumptions:

1) Fair value is based on quoted market prices as of the valuation date;

2) The portfolio did not hold investments in any of the following:
   a) Items required to be reported at amortized cost,
   b) Items in external pools that are not SEC-registered,
   c) Items subject to involuntary participation in an external pool,
   d) Items associated with a fund other than the fund to which the income is assigned;

3) Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;

4) The gain/loss resulting from valuation will be reported within the revenue account "Investment Income" on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds. For Proprietary Fund Types the gain/loss from valuation will be reported within the "Investment Income" account on the Statement of Activities and the Statement of Revenues, Expenses and Changes in Net Assets for Proprietary Funds.

H) Inter-fund Activity

In the governmental fund financial statements, activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans).

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H) Inter-fund Activity - Continued

Noncurrent portions of long-term inter-fund loan receivables are reported as advances and such amounts are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

In the government-wide financial statements, these activities have been eliminated.

I) Capital Assets and Depreciation

Capital assets, which include land, structures, equipment, and infrastructure assets, are reported in the government-wide and proprietary funds financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Capital assets purchased in excess of $5,000 are capitalized if they have an expected useful life in excess of 1 year. Donated capital assets are valued at their estimated fair value at the date of donation.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charges as an expense against operations and accumulated depreciation is reported on the Statement of Net Assets.

The range of lives used for depreciation purposes for each capital asset class is as follows:

Assets	Years
Buildings	45 years
Machinery and Equipment	5 - 30 years
Office Equipment	5 - 10 years
Water System Improvements	45 - 65 years
Sewer Improvements	25 - 100 years
Infrastructure	45 - 100 years

J) Long-term Liabilities

In the government-wide and proprietary funds financial statements, long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K) Fund Equity

In the fund financial statements, governmental fund types report fund balances based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The City's considers restricted funds to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. This action is taken by a vote of the Council which must be approved by a majority vote. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established by the City policy which requires that either the approval occur at the Council level, or by an official designated for that purpose by the City Council. The City does not have any assigned balances at June 30, 2012.

Unassigned fund balance – the residual classification for the City's general fund that includes amounts not contained in the other classifications. The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Government Auditing Standards Board No. 54 (GASB 54) "Fund Balance Reporting and Governmental Fund Type Definitions." GASB 54 enhances the usefulness of fund balance information by providing clearer bund balance classifications that can be more consistently applied, and it clarifies the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds. GASB 54 also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements.

L) Pass-Through Agreements

In order to lessen the fiscal impact of the tax increment financings of redevelopment projects on other units of local governments, the Redevelopment Agency, as a component unit of the City, has entered into pass-through agreements with various governmental agencies to "pass-through" portions of tax increment funds received by the Redevelopment Agency, attributable to the area within the territorial limits of other agencies.

M) Tax Increment

The Redevelopment Agency, a component unit of the City, follows a policy of what constitutes contractual obligations for the purpose of spending tax increment revenue. This policy holds that all expenditures of the Redevelopment Agency Capital Project Funds (i.e. salaries, goods and supplies, professional services, etc.) are contractual obligations. Monies are therefore transferred from the Redevelopment Agency Debt Service Funds to cover the costs of the expenditures from the Capital Project Funds. The Redevelopment Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis might necessarily reduce the amount of tax revenues that would otherwise be available. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would necessarily increase the amount of tax revenues that would available.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N) Appropriation Limit

Under Article XIIIB 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 arrangement. For the fiscal year ended June 30, 2012, proceeds of taxes did not exceed appropriations.

O) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Water and Sanitary funds consider all cash and investments with original maturities of 90 days or less to be cash or cash equivalents. In addition, cash invested in the City's cash management pool is considered to be cash equivalents.

P) Capital Contributions

Capital contributions represent cash or utility plant additions contributed to the City by property owners or developers desiring services that require capital expenditures or capacity commitment. All such capital contributions are reflected as revenues. Depreciation of contributed utility plant is charged to operations.

Q) Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1 - June 30
Due Date	November 1 - 1st Installment
	Fabruary 1 - 2nd Installment
Collection Date	December 10 - 1st Installment
	April 10 - 2nd Installment

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

2) CASH AND INVESTMENTS

Cash and investments are classified as follows:

Statement of Net Assets:		
Cash and Investments	$	28,891,483
Restricted Cash and Investments		10,798,776
Statement of Fiduciary Assets:		
Cash and Investments		5,345,630
Cash and Investments with Fiscal Agent		12,675,018
Total Cash and Investments	$	57,710,907

2) CASH AND INVESTMENTS – Continued

Cash and investments consist of the following:

Petty Cash	$ 1,725
Deposits with Financial Institutions	6,074,229
Investments	51,634,953
Total Cash and Investments	$ 57,710,907

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 City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, where 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.

Authorized Investment Type	Maximum Maturity(1)	Maximum Percentage Of Portfolio (2)	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	30%	None
U.S. Corporate Bonds	N/A	25%	5%
Banker's Acceptances	270 days	40%	None
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Demand Deposits	N/A	None	None
Repurchase Agreements	2 weeks	10%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium - Term Notes	5 years	30%	None
Mutual Funds	N/A	15%	None
Money Market Mutual Funds	N/A	10%	10%
Mortgage Pass-through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (Other Investment Pools)	N/A	None	None

(1) No more than 50% of the portfolio shall have maturity dates in excess of 2 years at any given time.

(2) Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the 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.

2) CASH AND INVESTMENTS – Continued

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 to market interest rate fluctuations is provided by the following table that shows the distributions of the City's investment by maturity:

Investment Type	Total	Remaining Maturity (in Months) 12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal Agency Securities	$ 6,244,344	$ 827,211	$ 954,498	$ 4,462,635	$
Corporate Bonds	4,337,177	524,975	938,285	2,873,917	
State Investment Pool - LAIF	20,335,878	20,335,878			
County Investment Pool	153,659	153,659			
U.S. Treasury Notes	6,620,366	2,578,275	1,720,678	2,321,413	
Money market Funds	424,006	424,006			
Held By Bond Trustee					
Money Market Fund	8,954,998	8,954,998			
Federal Agency Securities	2,555,571	1,221,216	1,334,355		
Certificates of Deposit	1,507,000	435,000	1,072,000		
LAIF	501,954	501,954			
Total	$ 51,634,953	$ 35,957,172	$ 6,019,816	$ 9,657,965	$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy and the actual rating as of year and for each investment type:

2) CASH AND INVESTMENTS – Continued

Disclosure Relating to Credit Risk - Continued

Investment Type		Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End AAA	AA	A	BBB	Not Rated
Federal Agency Securities	$ 6,244,344	A	$	$ 6,244,344	$	$	$	$
Corporate Bonds	4,337,177	A			1,248,738	3,088,439		
State Investment Pool -								
LAIF	20,335,878	N/A						20,335,878
County Investment Pool	153,659	N/A		153,659				
U.S. Treasury Notes	6,620,366	N/A	6,620,366					
Money Market Funds	424,006	A		424,006				
Held By Bond Trustee:								
Money Market Fund	8,954,998	A		8,954,998				
Federal Agency Securities	2,555,571	A		2,555,571				
Certificates of Deposit	1,507,000	N/A						1,507,000
LAIF	501,954	N/A						501,954
Total	$ 51,634,953		$ 6,620,366	$ 18,332,578	$ 1,248,738	$ 3,088,439	$ -	$ 22,344,832

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total City's investments are as follows:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Agency Securities	$ 1,894,455
Federal Home Loan Bank	U.S. Agency Securities	$ 2,975,467
Federal Home Loan Mortgage Corp.	U.S. Agency Securities	$ 3,929,993

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 government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2012, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

2) CASH AND INVESTMENTS – Continued

Custodial Credit Risk – Continued

Investment Type		Reported Amount
Money Market Fund	$	8,954,998
Federal Agency Securities	$	2,555,571
Certificates of Deposit	$	1,507,000
LAIF	$	501,954

The collateral for certificates of deposit is generally held in safekeeping by the Federal Home Loan Bank in San Francisco as the third-party trustee. The securities are physically held in an undivided pool for all California public agency depositors. The State Public Administrative Office for public agencies and the Federal Home Loan Bank maintain detailed records of the security pool which are coordinated and updated weekly.

The City Treasurer, at his/her discretion, may waive the 110% collateral requirement for deposits which are insured up to $250,000 by the FDIC.

Local Agency Investment fund (LAIF)

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government code Section 16429 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 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 is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The LAIF is a special fund of the California State treasury through which local governments may pool investments. Each City may invest up to $50,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended June 30, 2012 was 0.48%. The amortized cost and estimated market value of the LAIF Pool at June 30, 2012 was $66,352,783,817 and $66,489,270,508, respectively. The City's share of the Pool at June 30, 2012 was approximately 0.0003805 percent.

Included in the LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities totaling $1,100,000,000 and $2,221,706,000. LAIF's and the City's exposure to risk (credit, market or legal) is not currently available.

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. LAIF is also regulated by California Government Code Section 16429.

Cash with Fiscal Agent

Cash and investments held and invested by fiscal agents on behalf of the City are pledged for payment or security of certain long-term debt issuances. Fiscal agents are mandated by bond indentures as to the types of investments in which debt proceeds can be invested.

3) LOANS RECEIVABLE

The City has made long-term rehabilitation and acquisition loans to owner-occupants of substandard homes who would otherwise be unable to obtain sufficient public or private financing to rehabilitate or acquire their homes. The loans are payable upon the sale or change in ownership of property. The long-tern loans receivable are deferred in the funds.

$ 4,257,629

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 2G that provides for the dissolution of redevelopment agencies in the State of California. As a result, the following loans below have been transferred to the Successor Agency as of February 1, 2012.

The Redevelopment Agency through January 31, 2012 loaned money to commercial and industrial businesses for improvement and economic development. After January 31, 2012, these loans were transferred to the Private-Purpose Trust Fund The long-term loans receivable are deferred in the funds. An allowance for uncollectible accounts has been established for a $906,000 loan in the statement of net assets. The loan receivable has accrued interest receivable of $224,235. This amount is included in the Private Purpose Trust Fund.. An allowance for uncollectible accounts has been established for the full amount of the interest receivable in the Private Purpose Trust Fund resulting in a net balance of $0.

2,479,176

The Agency has loaned money to Rancho Housing Alliance, Inc., a California public benefit corporation to acquire certain real property located at 84-824 Calle Verde, in the City of Coachella and within the Agency's Redevelopment Project Area 3 ("Project Area") consisting of nine acres of unimproved real property, in an area commonly known as "Calle Verde"; and acquired certain improved real property also known as Tract 31158 near Avenue 52 and Frederick Street in the City of Coachella and within the Project Area, in a subdivision commonly known as "Tierra Bonita". The maturity date of the Calle Verde Promissory Note shall be the fifth (5^{th}) anniversary of the date of execution (July 27, 2007) of the Calle Verde Promissory Note by Maker. The maturity date of this Tierra Bonita Promissory Note shall be the first (1^{st}) anniversary of the date of execution (July 27, 2001) of this Tierra Bonita Promissory Note. As of July 27, 2008, the Tierra Bonita Promissory Note was in default by the borrower.

The City of Coachella Redevelopment Agency issued a default letter determining that both notes are due and payable as a result of Rancho Housing Alliance's failure to perform its contractual obligations pursuant to the Coachellita agreement. The Agency has been actively negotiating with Rancho Housing Alliance in an attempt to settle the default dispute. The loans have be collateralized with land on which the Redevelopment Agency has a first trust deed and the Agency could foreclose on said loans. The outcome of this matter is unknown and the long-term receivable is deferred in the fund financial statements and an allowance for uncollectible accounts has been established in the statement of net assets which results in a balance of $0.

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Total Loans Receivable	$ 6,736,805
Total Loans Receivable – Governmental Funds	$ 4,257,629
Total Loans Receivable – Private Purpose Trust Funds	2,479,176
Total Loans Receivable	$ 6,736,805

4) CAPITAL ASSETS

The following is a summary of changes in capital assets for the year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	$ 7,244,824	$ 524,136	$	$ 7,768,960
Construction in Progress	20,257,016	7,289,300	(20,154,763)	7,391,553
Total Capital Assets, Not Depreciated	27,501,840	7,813,436	(20,154,763)	15,160,513
Capital Assets Being Depreciated:				
Buildings	7,247,615	430,962		7,678,577
Machinery and Equipment	6,789,805	59,327	(5,317)	6,843,815
Furniture and Fixtures	6,978			6,978
Infrastructure	113,558,674	5,661,380	19,612,085	138,832,139
Total Capital Assets Being Depreciated	127,603,072	6,151,669	19,606,768	153,361,509
Less Accumulated Depreciation:				
Buildings	(2,805,020)	(254,471)		(3,059,491)
Machinery and Equipment	(5,982,500)	(185,900)	5,317	(6,163,083)
Furniture and Fixtures	(6,978)			(6,978)
Infrastructure	(38,096,476)	(3,506,575)	542,678	(41,060,373)
Total Accumulated Depreciation	(46,890,974)	(3,946,946)	547,995	(50,289,925)
Total Capital Assets Being Depreciated, Net	80,712,098	2,204,723	20,154,763	103,071,584
Governmental Activities Capital Assets, Net of Depreciation	$ 108,213,938	$ 10,018,159	$ -	$ 118,232,097

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	$ 382,227
Public Safety	58,144
Public Works	3,329,677
Parks and Recreation	176,898
Total Depreciation Expense - Governmental Activities	$ 3,946,946

4) CAPITAL ASSETS – Continued

Business-type Activites:	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Capital Assets, Not Depreciated:					
Land	$ 887,772	$	$	$	$ 887,772
Construction in Progress	3,316,327	5,857,069	(247,966)	(2,627,449)	6,297,981
Total Capital Assets Not Depreciated	4,204,099	5,857,069	(247,966)	(2,627,449)	7,185,753
Capital Assets Being Depreciated:					
Buildings	1,401,712			(189,756)	1,211,956
Machinery and Equipment	11,501,639	7,346		538,388	12,047,373
Infrastructure	99,215,772			2,121,773	101,337,545
Total Capital Assets Being Depreciated	112,119,123	7,346	-	2,470,405	114,596,874
Less Accumulated Depreciation:					
Buildings	(435,697)	(32,153)		12,048	(455,802)
Machinery and Equipment	(8,141,420)	(323,536)			(8,464,956)
Infrastructure	(33,069,671)	(1,900,184)		(24,372)	(34,994,227)
Total Accumulated Depreciation	(41,646,788)	(2,255,873)	-	(12,324)	(43,914,985)
Total Capital Assets Being Depreciated, Net	70,472,335	(2,248,527)	-	2,458,081	70,681,889
Business-type Activities Capital Assets, Net of Depreciation	$ 74,676,434	$ 3,608,542	$ (247,966)	$ (169,368)	$ 77,867,642

Depreciation was charged to functions/programs as follows:

Business-type Activities:	
Water	$ 1,021,532
Sanitary	1,234,341
Total Depreciation Expense - Business-type Activities	$ 2,255,873

5) LONG-TERM LIABILITES – Continued

The following is a summary of the changes in long-term liabilities for the year:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences (Note 6)	$ 555,743	$ 26,252	$ 208,730	$ 373,265	$ 186,633
Revenue Bonds through January 31, 2012 prior to dissolution of Redevelopment Agency:					
1998 Tax Allocation Bonds	5,455,000		5,455,000	-	-
1999 Tax Allocation Bonds	990,000		990,000	-	-
2004 Tax Allocation Bonds, Ser. A	4,415,000		4,415,000	-	-
2004 Tax Allocation Bonds, Ser. B	8,585,000		8,585,000	-	-
2006 Tax Allocation Bonds, Ser. A	20,450,000		20,450,000	-	-
2006 Tax Allocation Bonds, Ser. B	9,510,000		9,510,000	-	-
Total Revenue Bonds	49,405,000	-	49,405,000	-	-
Certificated of Participation					
2008 Gas Tax COPS	6,850,000		140,000	6,710,000	145,000
Claims Payable	790,966		449,490	341,476	
Pension Related Debt	2,071,947		138,766	1,933,181	152,135
OPEB Obligation	435,135	127,758		562,893	-
Total	$ 60,108,791	$ 154,010	$ 50,341,986	$ 9,920,815	$ 483,768

*The Revenue Bonds noted above had payments made of $1,100,000 prior to transferring the balance in full to the Private Purpose Trust Fund. Revenue Bonds were transferred to the Private-Purpose Trust Fund on February 1, 2012.

Fiduciary Funds:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
1998 Tax Allocation Bonds	$	$ 5,275,000	$	$ 5,275,000	$ 190,000
1999 Tax Allocation Bonds		990,000	100,000	890,000	105,000
2004 Tax Allocation Bonds, Ser. A		4,330,000		4,330,000	85,000
2004 Tax Allocation Bonds, Ser. B		8,420,000		8,420,000	170,000
2006 Tax Allocation Bonds, Ser. A		19,975,000		19,975,000	495,000
2006 Tax Allocation Bonds, Ser. B		9,315,000		9,315,000	200,000
Total Revenue Bonds	$ -	$ 48,305,000	$ 100,000	$ 48,205,000	$ 1,245,000

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type Activities:					
Compensated Absences (Note 6)	$ 290,265	$ 69,544	$ 113,739	$ 246,070	$ 123,035
Loan Payable	19,960,470	2,575,022	1,046,165	21,489,327	1,115,227
Revenue Bonds					
2005A Wastewater	5,060,000		125,000	4,935,000	130,000
Bond Discounts	(81,466)	3,431		(78,035)	
Refunding Gain/Loss	(202,541)	8,836		(193,705)	
2005B Wastewater	4,725,161		62,027	4,663,134	64,612
2003 Water	11,075,000		300,000	10,775,000	315,000
Bond Premium	301,035		13,683	287,352	
2008 Water (USDA)	4,901,624		52,439	4,849,185	54,733
Total Revenue Bonds	25,778,813	12,267	553,149	25,237,931	564,345
OPEB Obligation	120,865	57,538		178,403	-
Total	$ 46,150,413	$ 2,714,371	$ 1,713,053	$ 47,151,731	$ 1,802,607

5) LONG-TERM LIABILITES – Continued

Leases Payable

Governmental Activities:

In March 2007 the City entered into a non-cancelable long-term lease with Kansas State Bank for a fire truck to be used by the City. The lease is for 1 payment of $21,600 due April 3, 2001 and 5 annual payments of $75,913 beginning June 22, 2007. The lease was paid in full during the prior year. The assets acquired under this lease were recorded at their acquisition cost of $348,741. As of June 30, 2012, accumulated depreciation on the asset totaled $101,652.

Loans Payable

Business-type Activities:

On September 26, 2005 the Coachella Sanitary District entered into a loan payable from the State of California Water Resources Control Board. The terms of this loan provide for drawing funds for the expansion of the sewer treatment plant up to $23,658,615. As of April 2008 the full amount of $23,658,615 was withdrawn. Repayment of this loan shall be paid in annual installments commencing on the date that is one year after the completion of construction and shall be full amortized not later than twenty years after completion of construction. The estimated completion date was March 31, 2007 but the project was not completed until April 2008. The interest rate on this note is 2.3%. At June 30, 2012, the balance on this loan was $18,914,305.

$18,914,305

On September 14, 2011 the Coachella Sanitary District entered into a loan payable from the United States Department of Agriculture. The terms of this loan provide for drawing funds for the expansion of the sewer treatment plant up to $3,000,000. As of June 30, 2012, $2,575,022 was withdrawn. Repayment of this loan shall be paid in annual installments commencing twenty years after completion of construction. The estimated completion date was September 4, 2012. The interest rate on this note is 2.375%.

$ 2,575,022

Total Loans $21,489,327

Year Ending June 30,	Principal	Interest	Total
2013	$ 1,115,227	$ 514,232	$ 1,629,459
2014	1,139,842	488,963	1,628,805
2015	1,170,023	463,137	1,633,160
2016	1,195,784	436,624	1,632,408
2017	1,222,137	409,528	1,631,665
2018-2022	6,547,688	1,619,142	8,166,830
2022-2027	7,338,604	867,629	8,206,233
2028-2032	340,000	193,210	533,210
2033-2037	385,000	150,697	535,697
2038-2042	430,000	103,077	533,077
2043-2047	485,000	49,166	534,166
2048-2049	120,022	3,208	123,230
Total	$ 21,489,327	$ 5,298,613	$ 26,787,940

5) LONG-TERM LIABILITES – Continued
Revenue Bonds

Private Purpose Trust Funds – Fiduciary Funds

On February 1, 2012, the debt below was transferred to the Private Purpose Trust Fund included in the fiduciary funds due to the dissolution of the Redevelopment Agency on January 31, 2012. On December 14, 1998, the Redevelopment Agency issued $7,020,000 Tax Allocation Refunding Bonds, Series 1998 for Project Area 3, to advance refund the outstanding amount of the Agency's Project Area 3 Tax Allocation Refunding Bonds of 1989 and to Advance refund the outstanding amount of the Agency's Project Area 3 Tax Allocation Bonds of 1991 and to finance on-going redevelopment activities. Interest on the bonds is payable June 1 and December 1 of each year. Interest accrues at rates varying from 3.85% to 5.875% per annum. Principal on term bonds is payable in annual installments ranging from $100,000 to $470,000 commencing December 1, 1999, through December 1, 2028. At June 30, 2012, the Agency has a cash reserve for debt service of $502,403 which is sufficient to cover the Bond Indenture Reserve Requirement. $ 5,275,000

On September 17, 1999, the Redevelopment Agency issued $1,895,000 Tax Allocation Refunding Bonds, Series 1999 for Project Area 2, to refund the outstanding amount of the Agency's Project area 2 Tax Allocation Refunding Bonds of 1989 and to finance on-going redevelopment activities. Interest on the bonds is payable June 1 and December 1 of each year. Interest accrues at rates varying from 4.40% to 6.15% per annum. Principal on serial bonds is payable in annual installments ranging from $55,000 to $150,000 from June 1, 2000, through June 1, 2019. At June 30, 2012, the Agency has a cash reserve for debt service of $159,226 which is sufficient to cover the Bond Indenture Reserve Requirement. $ 890,000

On December 8, 2004, the Coachella Financing authority issued $4,840,000 Tax Allocation Revenue Refunding Bonds, Series 2004A for Project Areas 1 and 2. Concurrently with the issue of these bonds, the Coachella Financing Authority loaned the proceeds to the Coachella Redevelopment Agency pursuant to two (2) loan agreements between the two entities, consisting of one loan each to each Project Area. The loan to Project Area 1 was used to refund the outstanding amount of the Agency's Project Area 1 Tax Allocation Refunding Bonds of 1994 and to finance on-going redevelopment activities. The loan to Project Area 2 was used to refund the outstanding amount of the Agency's Project Area 2 Tax Allocation Refunding Bonds of 1994 and to finance on-going redevelopment activities. Interest on the bonds is payable June I and December 1 of each year. Interest accrues at rates varying from 1.85% to 5.25% per annum. Principal is payable in annual installments ranging from $65,000 to $405,000 commencing December 1, 2005 through December 1, 2030. At June 30, 2012, the Authority has a cash reserve for debt service of $436,327 which is sufficient to cover the Bonds Indenture Reserve Requirement. $ 4,330,000

On December 8, 2004, the Coachella Financing Authority issued $9,625,000 Tax Allocation Revenue Refunding Bonds, Series 2004B for Project Area 4. Concurrently with the issue of these bonds, the Coachella Financing Authority loaned the proceeds to the Coachella Redevelopment Agency pursuant to a loan agreement between the two entities. The loan was made to Project Area 4. The proceeds from the loan to Project Area 4 were used to refund the outstanding amount of the Agency's Project Area 4 Tax Allocation Refunding Bonds of 1994 and to finance on-going redevelopment activities. Interest on the bonds is payable September 1 and March 1 of each year. Interest accrues at rates varying from 1.80% to 5.25% per annum. Principal is payable in annual installments ranging from $145,000 to $680,000 commencing September 1, 2005, through September 1, 2034. At June 30, 2012, the Authority has a cash reserve for debt service of $721,373 which is sufficient to cover the Bond Indenture Reserve Requirement. $ 8,420,000

On May 9, 2006, the Redevelopment Agency issued $23,120,000 Tax Allocation Bonds, 2006 Series A for project Areas 1, 2, 3 and 4 (merged for this purpose) to finance on-going redevelopment activities. Interest on the bonds is payable September 1 and March 1 of each year. Interest accrues at rates varying from 3.45% to 5.25% per annum. Principal is payable in annual installments ranging from $330,000 to $1,805,000 commencing on September 1, 2006, through September 1, 2036. At June 30, 2012, the Agency has a cash reserve for debt service of $1,715,600 which is sufficient to cover the Bond Indenture Reserve Requirement. $19,975,000

5) LONG-TERM LIABILITES – Continued
Revenue Bonds – Continued

Private Purpose Trust Funds – Fiduciary Funds:

On May 9, 2006, the Redevelopment Agency issued $10,725,000 Taxable Tax Allocation Housing Set-Aside Bonds, 2006 Series A for project Areas 1, 2, 3 and 4 (merged for this purpose) Low and Moderate Income Housing to finance on-going redevelopment low and moderate income housing activities. Interest is payable September 1 and March 1 of each year. Interest accrues at rates varying from 5.30% to 6.25% per annum. Principal is payable in annual installments ranging from $125,000 to $735,000 commencing on September 1, 2006, through September 1, 2036. At June 30, 2012, the Agency has a cash reserve for debt service of $920,025 which is sufficient to over the Bond Indenture Reserve Requirement. $ 9,315,000

Total Revenue Bonds – Fiduciary Funds $48,205,000

The future debt requirements of the Fiduciary Funds Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	$ 1,245,000	$ 2,448,270	$ 3,693,270
2014	1,305,000	2,391,620	3,696,620
2015	1,355,000	2,331,026	3,686,026
2016	1,425,000	2,267,303	3,692,303
2017	1,490,000	2,197,667	3,687,667
2018-2022	8,640,000	9,812,886	18,452,886
2023-2027	11,015,000	7,407,288	18,422,288
2028-2032	14,150,000	4,244,720	18,394,720
2033-2037	7,580,000	1,243,086	8,823,086
Total	$ 48,205,000	$ 34,343,866	$ 82,548,866

Business-types Activities:

On March 30, 2005, the Coachella Financing Authority issued $5,725,000 Wastewater Revenue Refunding Bonds, Series 2005A for the Coachella Sanitary District, to advance refund the outstanding amount of the Coachella Sanitary District Wastewater Revenue Refunding Certificates of Participation Series 1995 and to finance on-going capital improvements to the Wastewater Enterprise. Interest is payable October 1 and April 1 of each year. Interest accrues at rates varying from 3.00% to 4.70% per annum. Principal is payable in annual installments ranging form $105,000 to $335,000 commencing April 1, 2006, through April 1, 2035. At June 30, 2012, the cash reserve for debt service is $357,676 which is sufficient to cover the Bond Indenture Reserve Requirement. The District, with the issuance of the bonds, entered into a rate covenant agreement. For the year ended June 30, 2012, the District met the rate covenant as required by the bond indenture. $ 4,935,000

On September 26, 2005, the Coachella Financing Authority issued $5,000,000 Wastewater Revenue Refunding Bonds (USDA), Series 2005B for the Coachella Sanitary District, to finance on-going capital improvements to the Wastewater Enterprise. Interest is payable September 26 and March 26 of each year. Interest accrues at 4.125% per annum. Principal is payable in annual installments ranging from $50,573 to $248,591 commencing September 26, 2006, through September 26, 2045. $ 4,663,134

5) LONG-TERM LIABILITES – Continued

Revenue Bonds – Continued

Business-types Activities:

On July 15, 2003, the Coachella Water Authority issued $13,410,000 Water Revenue Bonds, Series 2003 to advance refund the outstanding amount of the Water Revenue Refunding Certificates of Participation Series 1992 and to finance on-going capital improvements to the water system. Interest is payable September 1 and March 1 of each year. Interest accrues at rates varying from 2.00% to 4.63% per annum. Principal is payable in annual installments ranging from $245,000 to $795,000 commencing March 1, 2004, through March 1, 2033. Concurrently with the issuance of the bonds, a surety policy was purchased in lieu of maintaining a reserve balance. The Authority, with the issuance of the bonds, entered into a rate covenant agreement. For the year ended June 30, 2012, the Authority met the rate covenant as required by the bond indenture.	$10,775,000
On July 16, 2008, the Coachella Water Authority issued $5,000,000 Water Revenue Bonds (USDA), Series 2008 to finance on-going capital improvements to the Water Enterprise. Interest is payable January 1 and July 1 each year, and accrues at 4.375% per annum. Principal is payable in annual installments ranging from $48,135 to $255,746 commencing July 1, 2009, through July 1, 2048.	$ 4,849,185
Total Revenue Bonds – Business Activities	$25,222,319

The future debt requirements of the Business-type Activities Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	$ 564,345	$ 1,151,019	$ 1,715,364
2014	584,433	1,128,873	1,713,306
2015	609,737	1,105,742	1,715,479
2016	635,268	1,081,371	1,716,639
2017	661,034	1,054,867	1,715,901
2018-2022	3,775,652	4,805,976	8,581,628
2023-2027	4,766,523	3,835,586	8,602,109
2028-2032	5,715,577	2,598,373	8,313,950
2033-2037	3,561,908	1,293,813	4,855,721
2038-2042	1,886,323	770,144	2,656,467
2043-2047	1,960,795	340,180	2,300,975
2048	500,724	22,141	522,865
Total	$ 25,222,319	$ 19,188,085	$ 44,410,404

5) LONG-TERM LIABILITES – Continued

Certificates of Participation

Governmental Activities:

On April 15, 2008, the City of Coachella issued $7,205,000 Gas Tax Certificate of Participation, Series 2008 A in a joint issue with the City of Indio who simultaneously issued $7,450,000 for total issue of $14,655,000 to finance the design, acquisition and construction of projects. Interest is payable June 1 and December 1 of each year. Interest accrues at rates carrying from 4.00% to 4.96% per annum. Principal is payable in annual installments ranging from $90,000 to $430,000 commencing June 1, 2009, through June 1, 2037. At June 30, 2012, the Agency has a cash reserve for debt service of $451,237 which is sufficient to cover the Bond indenture Reserve Requirement.

Total Certificates of Participation – Governmental Activities $ 6,710,000

The future debt requirements of the Government Activities Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	$ 145,000	$ 302,909	$ 447,909
2014	150,000	297,109	447,109
2015	160,000	291,109	451,109
2016	165,000	284,708	449,708
2017	170,000	278,108	448,108
2018-2022	960,000	1,282,940	2,242,940
2023-2027	1,180,000	1,060,892	2,240,892
2028-2032	1,480,000	763,462	2,243,462
2032-2036	1,870,000	376,912	2,246,912
2037	430,000	20,433	450,433
Total	$ 6,710,000	$ 4,958,582	$ 11,668,582

Pension Related Debt

As of June 30, 2003, CalPERS implemented risk pooling for the City's multiple-employer public employee defined benefit pension plan. At that point, in accordance with generally accepted accounting principles, the City's Miscellaneous and Safety Plans converted from and "agent" multiple-employer plan to a "cost-sharing" multiple-employer plan. Although a portion of the City's annual required contributions are actuarially determined and shared by all the employers of the risk pool, the City is also required to make annual payments on a "Side Fund" which was created when the City entered the risk pool. The responsibility for funding the Side Fund is specific to the City and is not shared by all employers in the plan. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The annual payments on the Side Fund represent principal and interest payments on the pension-related debt. Principal and interest are included in the retirement expenditures in the various functions of the governmental funds.

5) LONG-TERM LIABILITES – Continued

Pension Related Debt – Continued

The future debt service requirements on the Miscellaneous Plan Side Fund are as follows:

Year Ending June 30,	Pension-related Debt Principal	Pension-related Debt Interest	Total
2013	$ 12,307	$ 67,778	$ 80,085
2014	15,963	66,725	82,688
2015	19,989	65,386	85,375
2016	24,419	63,731	88,150
2017	29,285	61,730	91,015
2018	34,625	59,347	93,972
2019	40,479	56,548	97,027
2020	46,889	53,291	100,180
2021	53,903	49,533	103,436
2022	61,570	45,228	106,798
2023	69,944	40,324	110,268
2024	79,085	34,767	113,852
2025	89,055	28,497	117,552
2026	99,922	21,450	121,372
2027	111,761	13,556	125,317
2028	124,650	4,740	129,390
Total	$ 913,846	$ 732,631	$ 1,646,477

The future debt service requirements on the Safety Plan Side Fund are as follows:

Year Ending June 30,	Pension-related Debt Principal	Pension-related Debt Interest	Total
2013	$ 139,828	$ 70,983	$ 210,811
2014	150,667	60,145	210,812
2015	162,344	48,469	210,813
2016	174,925	35,887	210,812
2017	188,482	22,330	210,812
2018	203,089	7,723	210,812
Total	$ 1,019,335	$ 245,537	$ 1,264,872

6) COMPENSATED ABSENCES

For governmental fund and proprietary funds, accumulated vacation, sick and administrative leave benefits payable in future years amounted to $373,265 and $246,070, respectively at June 30, 2012. These amounts are payable from future resources and therefore have been recorded in long-term liabilities in the government-wide financial statements. Vacation benefits, sick leave, and compensatory time are recorded as expenditures in the related governmental fund financials statements when used. Upon retirement or termination, the expenditures are recorded in the fund which incurred the original obligation. Compensated absences payable for proprietary funds are reported within the respective funds.

7) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of normal operations, the City enters into numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying governmental fund financial statements generally reflect such transactions as operating transfers. Inter-fund transactions and inter-fund payables and receivables at year-end are not eliminated in the governmental fund financial statements.

Inter-fund receivables and payables are as follows:

		DUE FROM		
		General Fund	Capital Improvement Capital Project Fund	Total
DUE TO	Capital Improvement Projects Capital Project Fund	$ 2,455,780	$	$ 2,455,780
	ECD Entitlement Progam		2,804,878	2,804,878
	Non-major Government Funds	33,079	597,865	630,944
	Total	$ 2,488,859	$ 3,402,743	$ 5,891,602

The Capital Improvement Capital Project Fund has various Capital Projects in construction, funding is provided on a reimbursement inter-fund due to the General Fund from the Capital Improvement Capital Project Fund, in order to keep these projects in construction they are funded with resources from the General Fund, creating an inter-fund receivable and payable. Currently, there are two inter-fund receivables due to the General Fund from the Capital Improvements Project Capital Project Fund totaling $2,455,780.

Inter-fund transfers are as follows:

TRANSFERS OUT	TRANSFERS IN: General Fund	State Gas Tax Fund	Dev. Impact Fund	ECD Ent. Fund	HOME Program Income	Capital Improvement Projects	RDA Debt Service Fund	RDA Admin.	Non-Major Governmental Funds	Total
General Fund	$ -	$283,463	$ -	$ 7,090	$ -	$ 11,282	$ -	$ 416,495	$ 1,782,752	$ 2,501,082
State Gas Tax Fund	1,594,132					27,069				1,621,201
Indian Gaming	275,511					118,684				394,195
Dev. Impact Fund						1,980,363			88,819	2,069,182
ECD Ent. Fund						4,717,012			48,252	4,765,264
Capital Imprvmnt Projects	232,993		28,917	24,782					3,474,671	3,761,363
RDA Debt Service Fund						1,579,627			9,771,174	11,350,801
RDA Admin.	241,635									241,635
Non-major Governmental Funds	496,121		5,487		703,785	3,782,433	11,442,146	2,462,372	568,044	19,460,388
Total	$2,840,392	$283,463	$34,404	$31,872	$703,785	$12,216,470	$11,442,146	$2,878,867	$15,733,712	$46,165,111

7) INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Transfers made from the General Fund to the Non-major Governmental funds of $1,782,752 were to cover various expenditures of $1,761,095 and $21,657 in the Fire Protection District and Education and Government Access Fund, respectively. Transfers made to the General Fund of $2,501,082 from various governmental funds were to cover expenditures for police services and street maintenance.

8) COMMITTED and RESTRICTED FUND BALANCES

In the Fund Financial Statements, the City has committed portions of the fund balance. The committed fund balance of the General Fund at June 30, 2012 is made up of the following City Council designations:

Single Incident Liability Coverage	$	125,000
Workers Compensation		125,000
Personnel Separation		373,265
Avenue 49 Off-site Rd. Improvement		700,000
City Hall Plan & Design		100,000
OPEB Set-Aside		1,072,000
Total General Government- Committed Fund Balance	$	2,495,265

Restricted for Special Projects

This was established to reflect the restrictions of the special revenue funds of the City.

Restricted for Nonspendable Amounts

This was established to reflect the restrictions of the nonspendable assets of the City which includes loans receivables and prepaids and deposits.

Restricted for Debt Service

This was established for cash restrictions for future debt service in such a manner that they will not be considered as available spendable resources.

9) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Major Fund Deficit Fund Balance

The following major funds had a deficit fund balance as of June 30, 2012 as follows:

Capital Projects Fund:		
Capital Improvement Projects	$	8,722

Non-Major Fund Deficit Fund Balance

The following non-major funds had a deficit fund balance as of June 30, 2012 as follows:

Special Revenue Fund:		
CDBG	$	188

10) CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The City of Coachella's Defined Benefit Pension Plan (Plan) provides retirement, disability, annual cost of living adjustments and death benefits to plan member and their beneficiaries. The Plan is part of the public agency portion of the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. State statutes establish a menu of benefit provisions as well as other requirements with the Public Employees' Retirement Law.

The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City ordinance. CalPERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members are required to contribute a percentage of their annual covered salary. The City of Coachella pays the member contributions for the Miscellaneous Plan of 8%. The City is required to make an additional contribution at an actuarially determined rate. The required employer contribution rate for the fiscal year 2011-12 was 15.24%, as determined by the June 30, 2012 actuarial valuation using the entry age normal actuarial cost.

The following represents the required contributions for the past three fiscal years:

Miscellaneous Employees

Fiscal Year	Required Contribution	Percent Contributed
6/30/10	$ 846,422	100%
6/30/11	$ 653,979	100%
6/30/12	$ 224,662	100%

Safety Employees

At one time the City of Coachella had its own police force. It was disbanded and now the City contracts with the County Sheriff for police services. The required contribution for fiscal year 2011-12 was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method.

Fiscal Year	Required Contribution	Percent Contributed
6/30/10	$ 0	100%
6/30/11	$ 0	100%
6/30/12	$ 0	100%

11) POST EMPLOYMENT BENEFITS

Plan Description

The City of Coachella's Retiree Healthcare Plan, (CRHP), provides medical benefits to eligible retired City employees. CRHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. CRHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814. The City does not participate in CERBT.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the Council. The City provides a retiree healthcare stipend for medical coverage up to a dollar cap. For 2012, the monthly dollar cap is $323.50 for management and elected officials and $135 for confidential mid-management, sanitary and miscellaneous employees.

Annual OPEB Cost

For 2012, the City's annual OPEB cost (expense) is calculated based on the annual required contributions of the employer (ARC). The ARC amount was actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year ended 6/30/2012, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	$ 224,662
Interest on Net OPEB Obligation	20,076
Adjustment to Annual Required Contribution	(1,778)
Annual OPEB Cost (Expense)	242,960
Benefits Paid	(37,035)
Increase in Net OPEB Obligation	205,925
Net OPEB Obligation - Beginning of the Year	535,371
Net OPEB Obligation - End of the Year	$ 741,296

The City's net OPEB obligation as of the year ending June 30, 2012 was calculated to be $741,296 by the actuary. The actuarial report is on file in the City's finance department.

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2012 and the two preceding fiscal years are as follows:

Three-Year Trend Information for Credit

Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/12	$ 242,960	15.2%	$ 741,296
6/30/11	$ 218,100	12.9%	$ 556,000
6/30/10	$ 202,800	8.5%	$ 366,000

11) POST EMPLOYMENT BENEFITS – Continued

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2012, was as follows:

Actuarial Accrued Liability (AAL)	$ 1,890,571
Actuarial Value of Plan Assets	$ 0
Unfunded Actuarial Accrued Liability (UALL)	$ 1,890,571
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	$ 4,387,814
UAAL as a Percentage of Covered Payroll	43.1%

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 multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for 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 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 the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and method

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry Age Normal Cost Method
Normal Cost	Level Percent of Payroll
Remaining Amortization Period	27 Years for expected UAAL and 30 years for accumulated deficiency at valuation date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	3.75%
Projected Salary Increase	2.25%
General Inflation	3.00%
Amortization Method	Level Dollar Amount

12) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and emissions; and natural disasters. The City is a member of the Public Entity Risk Management Authority (PERMA) formerly Coachella Valley Joint Powers Insurance Authority (CVJPIA), a joint powers authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. The Authority is currently comprised of thirty-four participating member agencies.

12) RISK MANAGEMENT – Continued

The City participates in the liability, worker's compensation, employment practices and property insurance programs of PERMA.

The City is self insured for the first $125,000, $250,000 and $25,000 of each occurrence or accident in the liability, workers' compensation and employment practices programs respectively. For property insurance the City is self insured for the first $5,000 per occurrence except as follows: $25,000 for flood, $25,000 for earthquake sprinkler leakage; $2,500 electronic data processing; 24 hour service interruption. Excess costs above the self insured amounts are shared between participating members based on their respective deposit premium contributions and in accordance with PERMA policies.

During the past three fiscal (policy) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured coverage from the prior year.

Complete financial statement may be obtained from the Public Entity Risk Management Authority at 77-670 Springfield Lane, Suite 1A, Palm Desert, CA 92211.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2012, the amount of these liabilities was $341,476. This liability is the City's best estimate based on available information.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended June 30, 2012	Year Ended June 30, 2011
Claims payable, beginning of fiscal year	$ 790,966	$ 688,812
Current year claims and changes in estimates	(449,490)	102,154
Claims payments	-	-
Claims payable, end of fiscal year	$ 341,476	$ 790,966

13) COMMITMENTS AND CONTINGENCIES

The City is a defendant in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the City's financial position or results of operations.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

At June 30, 2012, in the opinion of the City's management, there are no outstanding matters which could have a significant effect on the financial position of the City.

14) JOINT VENTURES

In April of 1990 the City of Coachella, along with the City of Indio and the County of Riverside's Economic Development Agency, entered into a Joint Powers Agreement forming the Coachella Valley Enterprise Zone Authority (CVEZA). The agreement created a separate public agency formed and established pursuant to the Enterprise Zone Act of California Government Code Section 7070. CVEZA is established as a separate public agency from the parties forming the Authority. The purpose of the Authority is to manage, coordinate, market and administer economic development programs and projects within the CVEZA's boundaries.

14) JOINT VENTURES – Continued

Each member of CVEZA designates one representative from its governing body and an alternate member, each authorized to act as its Executive Committee member. The CVEZA is financed by mandatory contributions and voluntary contributions from each member annually. The mandatory contribution for each member is $100,000 annually. Voluntary contributions are determined by projects approved by members of the Executive Committee and the governing body of each party.

The mandatory contributions are to be used for administrative and other matter of general benefit to all members. Separate financial statements may be obtained from the Coachella Valley Enterprise Zone Authority at 53-990 Enterprise Way, Suite 13, Coachella Valley, CA 92236.

Members of CVEZA may withdraw upon serving written notification at least 180 days prior to the close of any fiscal year. Upon withdrawal, members are required to contribute the "mandatory contribution" in the fiscal period of withdrawal and any ongoing "voluntary contributions" for which the member is involved. Unless CVEZA is dissolved, the withdrawing member does not receive any assets.

15) PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2010-11 budget package passed by the California State Legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in-lieu sales tax, and the supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was $500,356.

Authorized with the 2010-11 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its right under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

16) OTHER INFORMATION

Future Government Accounting Standards Board (GASB) Statements

GASB Statements listed below will be implemented in future financial statements:

GASB Statement No. 60: - *Accounting and Financial Reporting for Service Concession Arrangements.* These provisions are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 61: - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34.* These provisions are effective for financial statements for periods beginning after June 15, 2012.

GASB Statement No. 62: - *Codification of Accounting and Financial Reporting Guidance.* These provisions are effective for financial statements for periods beginning after December 15, 2011.

16) OTHER INFORMATION – Continued

GASB Statement No. 63: - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* These provisions are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 65: - *Items previously reported as liabilities.* These provisions are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 66: - *Technical corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.* These provisions are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 67: - *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* These provisions are effective for financial statements for periods beginning after June 15, 2013.

GASB Statement No. 68: - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* These provisions are effective for financial statements for periods beginning after June 15, 2014.

17) EXTRAORDINARY ITEM:

Dissolution of Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 that provided for the dissolution of all redevelopment agencies in the State of California. As a result of this occurrence, the Coachella Redevelopment Agency ceased to operate as of February 1, 2012. The City has not elected to become the Successor Agency of the Redevelopment Agency and has transferred the assets into a Private-Purpose Trust Fund which is included as a fiduciary fund. The amounts transferred from the governmental funds which total a loss of $19,460,388 are not the same amount of the extraordinary gain recorded by the Private-Purpose Trust Fund and government-wide financial statements of $37,092,220. Because of the different measurement focus of governmental funds (current financial resources measurement focus) and the measurement focus of the trust fund and the government-wide financial statements (economic resources measurement focus), this creates the following reconciling difference between the two funds.

Total extraordinary loss reported in the governmental funds - an increase to net assets of the Successor Agency Trust Fund	$ 37,092,220
Receivables reported in the government-wide financial statements - a decrease to net assets of the Successor Agency Trust Fund	(8,247,608)
Long-term debt reported in the government-wide financial statements - a decrease to net assets of the Successor Agency Trust Fund	(48,305,000)
Net decrease to net assets of the Successor Agency Trust Fund as a result of the initial transfers.	($19,460,388)

REQUIRED SUPPLEMENTARY INFORMATION

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 10,086,334	$ 10,086,334	$ 10,998,020	$ 911,686
Licenses, Permits and Fees	641,200	641,200	443,692	(197,508)
Charges for Services	1,312,267	1,312,267	300,535	(1,011,732)
Fines, Forfeitures and Penalties	30,000	30,000	200,141	170,141
Intergovernmental Revenue	60,684	60,684	78,965	18,281
Special Assessments	602,004	602,004	647,291	45,287
Contributions	-	-	906,641	906,641
Investment Income	100,000	100,000	61,420	(38,580)
Other Revenue	177,639	177,639	348,316	170,677
Total Revenues	13,010,128	13,010,128	13,985,021	974,893
EXPENDITURES				
Current:				
General Government	4,205,594	4,205,594	2,718,435	1,487,159
Public Safety	8,351,678	8,351,678	8,086,772	264,906
Public Works	683,574	683,574	2,399,769	(1,716,195)
Parks and Recreation	695,299	695,299	270,443	424,856
Capital Outlay	-	-	24,772	(24,772)
Debt Service:				
Principal Retirement	-	-	140,000	(140,000)
Interest and Fiscal Charges	-	-	308,509	(308,509)
Total Expenditures	13,936,145	13,936,145	13,948,700	(12,555)
Excess (Deficiency) of Revenues over Expenditures	(926,017)	(926,017)	36,321	987,448
OTHER FINANCING SOURCES (USES)				
Transfers In	1,523,021	1,523,021	2,840,392	1,317,371
Transfers Out	(597,004)	(597,004)	(2,501,082)	(1,904,078)
Total Other Financing Sources (Uses)	926,017	926,017	339,310	(586,707)
Net Change in Fund Balances	$ -	$ -	375,631	$ 400,741
Fund Balance, Beginning of Year			7,536,711	
Fund Balance, End of Year			$ 7,912,342	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Gas Tax Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ 1,142,279	$ 1,142,279	$ 1,182,090	$ 39,811
Investment Income	-	-	11,719	11,719
Total Revenues	1,142,279	1,142,279	1,193,809	51,530
EXPENDITURES				
Current:				
General Government	-	-	-	-
Debt Service:				
Principal Retirement	140,000	140,000	-	140,000
Interest and Fiscal Charges	308,509	308,509	-	308,509
Total Expenditures	448,509	448,509	-	448,509
Excess (Deficiency) of Revenues over Expenditures	693,770	693,770	1,193,809	500,039
OTHER FINANCING SOURCES (USES)				
Transfers In			283,463	283,463
Transfers Out	(693,770)	(693,770)	(1,621,201)	(927,431)
Total Other Financing Sources (Uses)	(693,770)	(693,770)	(1,337,738)	(643,968)
Net Change in Fund Balances	$ -	$ -	(143,929)	$ (143,929)
Fund Balances, Beginning of Year			1,660,718	
Fund Balance, End of Year			$ 1,516,789	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Indian Gaming Grants SB 621 Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Income	$ -	$ -	$ 43,773	$ 43,773
Total Revenues	-	-	43,773	43,773
EXPENDITURES				
Current:				
General Government	-	-	827,382	(827,382)
Total Expenditures	-	-	827,382	(827,382)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(783,609)	(783,609)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,908,534)	(2,908,534)	(394,195)	
Total Other Financing Sources (Uses)	(2,908,534)	(2,908,534)	(394,195)	
Net Change in Fund Balances	$ (2,908,534)	$ (2,908,534)	(1,177,804)	
Fund Balance, Beginning of Year			1,177,804	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Development Impact Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Developer Fees	$ 2,156,700	$ 2,156,700	$ 865,840	$(1,290,860)
Investment Income	47,700	47,700	46,235	(1,465)
Total Revenues	2,204,400	2,204,400	912,075	(1,292,325)
EXPENDITURES				
Current:				
General Government	-	-	10,223	(10,223)
Parks and Recreation	1,000,000	1,000,000	-	1,000,000
Total Expenditures	1,000,000	1,000,000	10,223	989,777
Excess (Deficiency) of Revenues over Expenditures	2,204,400	1,204,400	901,852	(302,548)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	34,404	(34,404)
Transfers Out	(3,155,000)	(3,155,000)	(2,069,182)	1,085,818
Total Other Financing Sources (Uses)	(3,155,000)	(3,155,000)	(2,034,778)	1,085,818
Net Change in Fund Balances	$ (950,600)	$ (1,950,600)	(1,132,926)	$ 783,270
Fund Balance, Beginning of Year			8,723,950	
Fund Balance, End of Year			$ 7,591,024	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - ECD Entitlement Program Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ -	$ -	$ 5,319,690	$ 5,319,690
Investment Income			(1,064)	(1,064)
Other Revenue			-	-
Total Revenues	-	-	5,318,626	5,318,626
EXPENDITURES				
Current:				
Public Safety	1,200,789	1,200,789	320,215	880,574
Total Expenditures	1,200,789	1,200,789	320,215	880,574
Excess (Deficiency) of Revenues over Expenditures	(1,200,789)	(1,200,789)	4,998,411	6,199,200
OTHER FINANCING SOURCES (USES)				
Transfers In	907,473	907,473	31,872	(875,601)
Transfers Out			(4,765,264)	(4,765,264)
Total Other Financing Sources (Uses)	907,473	907,473	(4,733,392)	(5,640,865)
Net Change in Fund Balances	$ (293,316)	$ (293,316)	265,019	$ 558,335
Fund Balance, Beginning of Year			(265,019)	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - HOME Program Income Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental Revenue	$ -	$ -	$ -	$ -
Investment Income			365	365
Total Revenues	-	-	365	365
EXPENDITURES				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	365	365
OTHER FINANCING SOURCES (USES)				
Transfers In			703,785	703,785
Total Other Financing Sources (Uses)	-	-	703,785	703,785
Net Change in Fund Balances	$ -	$ -	704,150	$ 704,150
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ 704,150	

City of Coachella
Notes to Required Supplementary Information
Year Ended June 30, 2012

BUDGETARY DATA

Revenues and expenditures accounted for in the governmental funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the City's operations.

Budgets have been adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for nearly all governmental funds.

Budgetary control is exercised at the departmental level. Accordingly, department heads are authorized to make transfers between budgeted line items within their respective departments. Interdepartmental transfers within funds require City Manager authorization; all other changes to the budget must be authorized by the City Council.

Excess of expenditures over appropriations in individual major funds are as follows:

Fund:		
General Fund	$	12,555
Indian Gaming Grants SB 621	$	827,382

City of Coachella
Schedule of Funding Progress for CRHP
Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll ©	UUAL as a Percentage of Covered Payroll [(B-A)/C]
* 01/01/09	$ -	$ 1,131,000	$ 1,131,000	0%	$ 5,206,000	21.7%
06/30/12	$ -	$ 1,890,571	$ 1,890,571	0%	$ 4,387,814	43.1%

*GASB 45 was implemented prospectively in fiscal year 2009. There are no previous actuarial valuations.

SUPPLEMENTARY INFORMATION

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Projects Capital Project Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$	$	$ -	$ -
Investment Income	$ -	$ -	$ (4,534)	$ (4,534)
Total Revenues	-	-	(4,534)	(4,534)
EXPENDITURES				
Capital Outlay	29,013,534	29,013,534	11,032,352	17,981,182
Total Expenditures	29,013,534	29,013,534	11,032,352	17,981,182
Excess (Deficiency) of Revenues over Expenditures	(29,013,534)	(29,013,534)	(11,036,886)	17,976,648
OTHER FINANCING SOURCES (USES)				
Transfers In	29,013,534	29,013,534	12,216,470	(16,797,064)
Transfers Out			(3,761,363)	(3,761,363)
Contributions From Other Governments			2,513,987	2,513,987
Total Other Financing Sources (Uses)	29,013,534	29,013,534	10,969,094	(18,044,440)
Net Change in Fund Balances	$ -	$ -	(67,792)	$ (67,792)
Fund Balance, Beginning of Year			59,070	
Fund Balance, End of Year			$ (8,722)	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Agency Debt Service Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 6,870,700	$ 6,870,700	$ 3,147,955	$ (3,722,745)
Investment Income	23,000	23,000	(36,602)	(59,602)
Other Revenue			4,064	4,064
Total Revenues	6,893,700	6,893,700	3,115,417	(3,778,283)
EXPENDITURES				
Current:				
General Government	240,199	240,199	108,054	132,145
Debt Service:				
Pass-through Agreements	2,355,680	2,355,680	426,749	1,928,931
Principal Retirement	1,005,000	1,005,000	905,000	100,000
Interest and Fiscal Charges	1,919,631	1,919,631	961,690	957,941
Total Expenditures	5,520,510	5,520,510	2,401,493	3,119,017
Excess (Deficiency) of Revenues over Expenditures	1,373,190	1,373,190	713,924	(659,266)
OTHER FINANCING SOURCES (USES)				
Transfers In			11,442,146	11,442,146
Transfers Out	(2,551,699)	(2,551,699)	(11,350,801)	(8,799,102)
Total Other Financing Sources (Uses)	(2,551,699)	(2,551,699)	91,345	2,643,044
EXTRAORDINARY ITEM			(2,946,643)	(2,946,643)
Net Change in Fund Balances	$ (1,178,509)	$(1,178,509)	(2,141,374)	$ (962,865)
Fund Balance Beginning of Year			2,141,374	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Administration Redevelopment Agency
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Income	$ -	$ -	(13,263)	(13,263)
Total Revenues	-	-	(13,263)	(13,263)
EXPENDITURES				
Current:				
General Government			818,207	(818,207)
Total Expenditures	-	-	818,207	(818,207)
Excess (Deficiency) of Revenues over Expenditures	-	-	(831,470)	(831,470)
OTHER FINANCING SOURCES (USES)				
Transfers In			2,878,867	2,878,867
Transfers Out	(1,650,254)	(1,650,254)	(241,635)	1,408,619
Total Other Financing Sources (Uses)	(1,650,254)	(1,650,254)	2,637,232	4,287,486
EXTRAORDINARY ITEM			131,627	131,627
Net Change in Fund Balances	$(1,650,254)	$(1,650,254)	1,937,389	$ 3,587,643
Fund Balance Beginning of Year			(1,937,389)	
Fund Balance, End of Year			$ -	

City of Coachella
Non-major Governmental Funds

Special Revenue Funds:

Supplemental Law Enforcement Services AB3229 – used to account for revenues related to the COPS, or AB3229 funds that are directed to the City in the allocation from the federal violent crime control and law enforcement act of 1994.

Air Quality Improvement – used to account for revenues received under AB 2766 restricted for reduction of air pollution.

Local Transportation - used to account for revenue that is received from the Riverside County Transportation Commission (RCTC) and used for projects related to their Measure "A" and "TUMF" funding programs.

Housing Grants – used to account for receipts and expenditures of grant funds from the U.S. Department of Housing and Urban Development.

CDBG Economic Development – used to account for per capita and similar grant funds designated for use in assisting local community service and capital projects designated by the state granting agency. Financing is provided by County's Dept. of Housing & Community Development which is the U.S. Department of Housing & Urban Development grant recipient.

Redevelopment Agency – used to account for low and moderate income housing activities within the Redevelopment Agency's Project Areas.

Police Grants – used to account for revenues received in relation to federal and state Department of Justice grants such as LLEBG and OTS. These funds are mostly used by the City's police department.

Landscape and Lighting District – used to account for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance for certain districts formed within the City.

Fire Protection District – used to account for receipts collected that are restricted for fire protection district expenditures.

NSP Program Income – used to account for the net proceeds from the sale of homes which were acquired with Neighborhood Stabilization Program (NSP) funding.

CDBG – used to prevent or eliminate blight, which can involve local community development activities that address an urgent threat to health or safety like housing rehabilitation, code enforcement, and infrastructure development.

Avenue 52 Bridge – used to account for revenues received from federal, state and other sources that are earmarked for the planning, design and construction of the Avenue 52 grade separation.

AVA Program – used to account for revenues received from the State for use in operational activities related to the abandoned vehicle program.

Education and Government Access – used to account for revenues received from the general fund to cover the expenses of broadcasting City Council meetings.

Proposition 1B Transportation – used to account for revenues and expenditures relating to safety improvements and repairs to state highways, upgrade freeway to reduce congestion and expand public transit.

SB 821 Sidewalks – used to account for funds from the Indian gaming for maintaining sidewalk and bicycle paths.

Police Asset Forfeiture – used to account for expenditures incurred in narcotics interdiction efforts. Financing is provided by awards for the court of seized assets.

Fiesta of Chilies – used to account for various donations from fundraisers to assist schools.

City of Coachella
Non-major Governmental Funds

Special Revenue Funds – Continued:

USDA SBA Revolving Loans – used to finance construction of the City's Wastewater Plant Expansion Project.

CAL HOME Program Income – used to account for the net proceeds from payments of principal and interest on first-time homebuyer loans, and net proceeds from the sale of loans or obligations secured by loans made with CAL HOME grant funds.

CDBG Program Income – used to account for the net proceeds from the sales of homes from State of California Department of Housing and Community Development (HCD). CDBG grant funds loaned to City property owners to rehabilitate their homes, and then later repaid upon transfer or sale of their properties.

CDBG Program Income Admin – used to account for the net proceeds from the sales of homes from grant funds used to administer CDBG Program Income funds for housing rehabilitation that were once loaned to City property owners to rehabilitate their homes, and then later repaid upon transfer or sale of their properties.

HOME Program Income Admin used to account for the net proceeds from payments of principal and interest on loans made with HUD HOME dollars passed through by HCD used to administer HOME Program Income, and proceeds from the sale of loans or obligations secured by loans made with HUD HOME dollars used to administer the HOME Program Income Fund.

Capital Project Fund:

Redevelopment Agency – used to account for financial resources to be used for the acquisition or construction of redevelopment projects and administrative expenses within the Redevelopment Agency's project areas.

City of Coachella
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2012

	Special Revenue				
	Supplmental Law Enforcemt Svcs AB3229	Air Quality Improvemt	Local Transportion	Housing Grants	CDBG Economic Developmnt
ASSETS					
Cash and Investments	$ -	$ 159,679	$ 955,721	$ 1,643	$ -
Loans Receivable					
Due from Other Governments	25,000	12,850	86,778		605,520
Total Assets	$ 25,000	$ 172,529	$ 1,042,499	$ 1,643	$ 605,520
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable & Accrued Liabilities	$ -	$ -	$ -	$ 1,643	$ -
Deposits and Other Liabilities					
Due to Other Funds	25,000				605,520
Due to Other Governments		7,710			
Deferred Revenue					
Total Liabilities	25,000	7,710	-	1,643	605,520
Fund Balances:					
Unassigned					
Restricted for special projects		164,819	1,042,499		
Total Fund Balances	-	164,819	1,042,499	-	-
Total Liabilities and Fund Balances	$ 25,000	$ 172,529	$ 1,042,499	$ 1,643	$ 605,520

Special Revenue						
Redevelopment Agency	Police Grants	Landscape & Lighting District	Fire Protection District	NSP Program Income	CDBG	Avenue 52 Bridge
$ -	$ -	$ 3,965,101	$ 1,278,412	$ 491,405	$ -	$ -
		12,370	112,536		40,714	
$ -	$ -	$ 3,977,471	$ 1,390,948	$ 491,405	$ 40,714	$ -
$ -	$ -	$ 95,138	$ 556,539	$ 14,652	$ 40,290	$ -
					424	
					188	
-	-	95,138	556,539	14,652	40,902	-
					(188)	
		3,882,333	834,409	476,753		
-	-	3,882,333	834,409	476,753	(188)	-
$ -	$ -	$ 3,977,471	$ 1,390,948	$ 491,405	$ 40,714	$ -

Continued

City of Coachella
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2012

	Special Revenue				
	AVA Program	Education & Government Access	Prop 1B Transportion	SB 821 Sidewalks	Police Asset Forfeiture
ASSETS					
Cash and Investments	$ -	$ 3,408	$ 483,035	$ -	$ 48,229
Loans Receivable					
Due from Other Governments					
Total Assets	$ -	$ 3,408	$ 483,035	$ -	$ 48,229
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable & Accured Liabilities	$ -	$ 3,408	$ -	$ -	$ -
Deposits and Other Liabilities					770
Due to Other Funds					
Due to Other Governments					
Deferred Revenue					
Total Liabilities	-	3,408	-	-	770
Fund Balances:					
Unassigned					
Restricted for special projects			483,035		47,459
Total Fund Balances	-	-	483,035	-	47,459
Total Liabilities and Fund Balances	$ -	$ 3,408	$ 483,035	$ -	$ 48,229

	Special Revenue						Capital Project	Total
	Fiesta of Chilies	USDA SBA Revolving Loans	CAL HOME Program Income	CDBG Program Income	CDBG Admin Program Income	Home Admin Program Income	Redevelopment Agency	Non-Major Governmental Funds
	$ 10,228	$ 48,277	$ 219,170	$ 229,831	$ 27,310	$ 92,027	$ -	$ 8,013,476
			518,805	238,812				757,617
								895,768
	$ 10,228	$ 48,277	$ 737,975	$ 468,643	$ 27,310	$ 92,027	$ -	$ 9,666,861
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 711,670
								770
								630,944
								7,710
			518,805	238,812				757,805
	-	-	518,805	238,812	-	-	-	2,108,899
								(188)
	10,228	48,277	219,170	229,831	27,310	92,027	-	7,558,150
	10,228	48,277	219,170	229,831	27,310	92,027	-	7,557,962
	$ 10,228	$ 48,277	$ 737,975	$ 468,643	$ 27,310	$ 92,027	$ -	$ 9,666,861

City of Coachella
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2012

	Special Revenue Supplmental Law Enforcemt Svcs AB3229	Air Quality Improvemt	Local Transportion	Housing Grants	CDBG Economic Developmnt
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Charges for Services					
Intergovernmental Revenue	110,273	61,267	504,301	251,167	2,102,554
Special Assessments					
Investment Income (Loss)	72	879	4,620	6,539	(14,290)
Other Revenue					
Total Revenues	110,345	62,146	508,921	257,706	2,088,264
EXPENDITURES					
Current:					
General Government			977	43,531	231,855
Public Safety					
Public Works		31,438			
Capital Outlays			49,500		
Debt Service:					
Principal Retirement					
Interest and Fiscal Charges					
Total Expenditures	-	31,438	50,477	43,531	231,855
Excess (Deficiency) of Revenues Over Expenditures	110,345	30,708	458,444	214,175	1,856,409
OTHER FINANCING SOURCES (USES)					
Transfers In			31,000		57,819
Transfers Out	(116,880)	(333)	(7,099)	(1,280,886)	(1,944,484)
Total Other Financing Sources (Uses)	(116,880)	(333)	23,901	(1,280,886)	(1,886,665)
EXTRAORDINARY ITEM					
Extraordinary Gain/(Loss) from Dissolution					
Total Extraordinary Gain/(Loss)	-	-	-	-	-
Net Change in Fund Balances	(6,535)	30,375	482,345	(1,066,711)	(30,256)
Fund Balances, Beginning of Year	6,535	134,444	560,154	1,066,711	30,256
Fund Balances, End of Year	$ -	$ 164,819	$ 1,042,499	$ -	$ -

Special Revenue						
Redevelopment Agency	Police Grants	Landscape & Lighting District	Fire Protection District	NSP Program Income	CDBG	Avenue 52 Bridge
$ 629,591	$ -	$ -	$ 509,964	$ -	$ -	$ -
			31,225			
	60,569			490,330	40,526	
		1,104,908	396,726			
37,577	666	19,896	579	1,027		11
6,118						
673,286	61,235	1,124,804	938,494	491,357	40,526	11
215,754				14,604	40,714	
			2,162,117			
		1,185,152				
			43,426			
195,000						
290,783						
701,537	-	1,185,152	2,205,543	14,604	40,714	-
(28,251)	61,235	(60,348)	(1,267,049)	476,753	(188)	11
1,170,966			1,761,095			
	(192,591)	(109,126)				(7,731)
1,170,966	(192,591)	(109,126)	1,761,095	-	-	(7,731)
(5,593,989)						
(5,593,989)	-	-	-	-	-	-
(4,451,274)	(131,356)	(169,474)	494,046	476,753	(188)	(7,720)
4,451,274	131,356	4,051,807	340,363	-	-	7,720
$ -	$ -	$ 3,882,333	$ 834,409	$ 476,753	$ (188)	$ -

Continued

City of Coachella
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - Continued
Year Ended June 30, 2012

	Special Revenue				
	AVA Program	Education & Government Access	Prop 1B Transportion	SB 821 Sidewalks	Police Asset Forfeiture
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Charges for Services					
Intergovernmental Revenue				132,105	
Special Assessments					
Investment Income (Loss)			2,105		240
Other Revenue					
Total Revenues	-	-	2,105	132,105	240
EXPENDITURES					
Current:					
General Government		21,657			
Public Safety					
Public Works					
Capital Outlay					
Debt Service:					
Principal Retirement					
Interest and Fiscal Charges					
Total Expenditures	-	21,657	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	(21,657)	2,105	132,105	240
OTHER FINANCING SOURCES (USES)					
Transfers In		21,657	1,246	132,071	
Transfers Out	(18,032)		(272)	(132,105)	
Total Other Financing Sources (Uses)	(18,032)	21,657	974	(34)	-
EXTRAORDINARY ITEM					
Extraordinary Gain/(Loss) from Dissolution					
Total Extraordinary Gain/(Loss)	-	-	-	-	-
Net Change in Fund Balances	(18,032)	-	3,079	132,071	240
Fund Balances, Beginning of Year	18,032		479,956	(132,071)	47,219
Fund Balances, End of Year	$ -	$ -	$ 483,035	$ -	$ 47,459

Special Revenue						Capital Project	
Fiesta of Chilies	USDA SBA Revolving Loans	CAL HOME Program Income	CDBG Program Income	CDBG Admin Program Income	Home Admin Program Income	Redevelopment Agency	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,139,555
							31,225
							3,753,092
							1,501,634
100	25	114	120	13	47	28,309	88,649
						139,807	145,925
100	25	114	120	13	47	168,116	6,660,080
						4,283	573,375
							2,162,117
							1,216,590
							92,926
							195,000
							290,783
-	-	-	-	-	-	4,283	4,530,791
100	25	114	120	13	47	163,833	2,129,289
	48,252	219,056	229,711	27,297	91,980	11,941,562	15,733,712
						(15,650,849)	(19,460,388)
-	48,252	219,056	229,711	27,297	91,980	(3,709,287)	(3,726,676)
						(9,603,532)	(15,197,521)
-	-	-	-	-	-	(9,603,532)	(15,197,521)
100	48,277	219,170	229,831	27,310	92,027	(13,148,986)	(16,794,908)
10,128	-	-	-	-	-	13,148,986	24,352,870
$ 10,228	$ 48,277	$ 219,170	$ 229,831	$ 27,310	$ 92,027	$ -	$ 7,557,962

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Supplemental Law Enforcement Services AB3229 Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental Revenue	$ -	$ -	$ 110,273	$ 110,273
Investment Income			72	72
Total Revenues	-	-	110,345	110,345
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	110,345	110,345
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(116,880)	(116,880)
Total Other Financing Sources (Uses)	-	-	(116,880)	(116,880)
Net Change in Fund Balances	$ -	$ -	(6,535)	$ (6,535)
Fund Balance, Beginning of Year			6,535	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Air Quality Improvement Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ 46,000	$ 46,000	$ 61,267	$ 15,267
Investment Income	1,900	1,900	879	(1,021)
Total Revenues	47,900	47,900	62,146	14,246
EXPENDITURES				
Current:				
Public Works	70,000	70,000	31,438	38,562
Total Expenditures	70,000	70,000	31,438	38,562
Excess (Deficiency) of Revenues over Expenditures	(22,100)	(22,100)	30,708	52,808
OTHER FINANCING SOURCES (USES)				
Transfers In			(333)	333
Total Other Financing Sources (Uses)	-	-	(333)	333
Net Change in Fund Balances	$ (22,100)	$ (22,100)	30,375	$ 53,141
Fund Balance, Beginning of Year			134,444	
Fund Balance, End of Year			$ 164,819	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Transportation Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenues	$ 430,000	$ 430,000	$ 504,301	74,301
Investment Income			4,620	4,620
Total Revenues	430,000	430,000	508,921	78,921
EXPENDITURES				
Current:				
General Government			977	(977)
Capital Outlays			49,500	(49,500)
Total Expenditures	-	-	50,477	(50,477)
Excess (Deficiency) of Revenues over Expenditures	430,000	430,000	458,444	28,444
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	31,000	31,000
Transfers Out	(437,000)	(437,000)	(7,099)	429,901
Total Other Financing Sources (Uses)	(437,000)	(437,000)	23,901	460,901
Net Change in Fund Balances	$ (7,000)	$ (7,000)	482,345	$ 489,345
Fund Balance, Beginning of Year			560,154	
Fund Balance, End of Year			$ 1,042,499	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Grants Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ -	$ -	$ 251,167	$ 251,167
Investment Income			6,539	6,539
Total Revenues	-	-	257,706	257,706
EXPENDITURES				
Current:				
General Government			43,531	43,531
Total Expenditures	-	-	43,531	43,531
Excess (Deficiency) of Revenues over Expenditures	-	-	214,175	214,175
OTHER FINANCING SOURCES (USES)				
Transfers Out			(1,280,886)	(1,280,886)
Total Other Financing Sources (Uses)	-	-	(1,280,886)	(1,280,886)
Net Change in Fund Balance	$ -	$ -	(1,066,711)	$(1,066,711)
Fund Balance, Beginning of Year			1,066,711	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Economic Development Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental Revenue	$ 1,534,000	$ 1,534,000	$ 2,102,554	$ 568,554
Investment Income			(14,290)	(14,290)
Total Revenues	1,534,000	1,534,000	2,088,264	554,264
EXPENDITURES				
Current:				
General Government			231,855	(231,855)
Total Expenditures	-	-	231,855	(231,855)
Excess (Deficiency) of Revenues over Expenditures	1,534,000	1,534,000	1,856,409	322,409
OTHER FINANCING SOURCES (USES)				
Transfers Out			57,819	57,819
Transfers In	(1,534,000)	(1,534,000)	(1,944,484)	(410,484)
Total Other Financing Sources (Uses)	(1,534,000)	(1,534,000)	(1,886,665)	(352,665)
Net Change in Fund Balances	$ -	$ -	(30,256)	$ (30,256)
Fund Balance, Beginning of Year			30,256	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Agency Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 907,473	$ 907,473	$ 629,591	$ (277,882)
Investment Income			37,577	37,577
Other Revenue	4,500	4,500	6,118	1,618
Total Revenues	911,973	911,973	673,286	(238,687)
EXPENDITURES				
Current:				
General Government	424,224	424,224	215,754	208,470
Debt Service:				
Principal Retirement	195,000	195,000	195,000	-
Interest and Fiscal Charges	581,565	581,565	290,783	290,782
Total Expenditures	1,200,789	1,200,789	701,537	499,252
Excess (Deficiency) of Revenues over Expenditures	(288,816)	(288,816)	(28,251)	260,565
OTHER FINANCING SOURCES (USES)				
Transfers In			1,170,966	1,170,966
Total Other Financing Sources (Uses)	-	-	1,170,966	1,170,966
EXTRAORDINARY ITEM			(5,593,989)	(5,593,989)
Net Change in Fund Balances	$ (288,816)	$ (288,816)	(4,451,274)	$ (4,162,458)
Fund Balance, Beginning of Year			4,451,274	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Grants Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$	$	$ 60,569	$ 60,569
Investment Income			666	666
Total Revenues	-	-	61,235	61,235
EXPENDITURES				
Current:				
Public Safety			-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	61,235	61,235
OTHER FINANCING SOURCES (USES)				
Transfers Out			(192,591)	(192,591)
Total Other Financing Sources (Uses)	-	-	(192,591)	(192,591)
Net Change in Fund Balances	$ -	$ -	(131,356)	$ (131,356)
Fund Balance, Beginning of Year			131,356	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Landscape and Lighting District Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Special Assessments	$ 870,567	$ 870,567	$ 1,104,908	$ 234,341
Investment Income	64,835	64,835	19,896	(44,939)
Total Revenues	935,402	935,402	1,124,804	189,402
EXPENDITURES				
Current:				
Public Works	1,186,129	1,186,129	1,185,152	977
Total Expenditures	1,186,129	1,186,129	1,185,152	977
Excess (Deficiency) of Revenues over Expenditures	(250,727)	(250,727)	(60,348)	190,379
OTHER FINANCING SOURCES (USES)				
Transfers Out			(109,126)	(109,126)
Total Other Financing Sources (Uses)	-	-	(109,126)	(109,126)
Net Change in Fund Balances	$ (250,727)	$ (250,727)	(169,474)	$ 81,253
Fund Balance, Beginning of Year			4,051,807	
Fund Balance, End of Year			$ 3,882,333	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Protection District Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 274,000	$ 274,000	$ 509,964	$ 235,964
Charges for Services	25,000	25,000	31,225	6,225
Special Assessments	367,740	367,740	396,726	28,986
Investment Income	9,000	9,000	579	(8,421)
Total Revenues	675,740	675,740	938,494	262,754
EXPENDITURES				
Current:				
Public Safety	2,436,835	2,436,835	2,162,117	274,718
Capital Outlay	4,000	4,000	43,426	(39,426)
Total Expenditures	2,440,835	2,440,835	2,205,543	235,292
Excess (Deficiency) of Revenues over Expenditures	(1,765,095)	(1,765,095)	(1,267,049)	498,046
OTHER FINANCING SOURCES (USES)				
Transfers In	2,128,835	2,128,835	1,761,095	(367,740)
Transfers Out	(363,740)	(363,740)	0	363,740
Total Other Financing Sources (Uses)	1,765,095	1,765,095	1,761,095	(4,000)
Net Change in Fund Balances	$ -	$ -	494,046	$ 494,046
Fund Balance, Beginning of Year			340,363	
Fund Balance, End of Year			$ 834,409	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - NSP Program Income Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ -	$ -	$ 490,330	$ 490,330
Investment Income			1,027	1,027
Total Revenues	-	-	491,357	491,357
EXPENDITURES				
Current:				
General Government	-	-	14,604	(14,604)
Total Expenditures	-	-	14,604	(14,604)
Excess (Deficiency) of Revenues over Expenditures	-	-	476,753	476,753
Net Change in Fund Balances	$ -	$ -	476,753	$ 476,753
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ 476,753	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ 1,534,000	$ 1,534,000	$ 40,526	$(1,493,474)
Total Revenues	1,534,000	1,534,000	40,526	(1,493,474)
EXPENDITURES				
Current:				
General Government	-	-	40,714	(40,714)
Total Expenditures	-	-	40,714	(40,714)
Excess (Deficiency) of Revenues over Expenditures	1,534,000	1,534,000	(188)	(1,534,188)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,534,000)	(1,534,000)	-	(1,534,000)
Total Other Financing Sources (Uses)	(1,534,000)	(1,534,000)	-	(1,534,000)
Net Change in Fund Balances	$ -	$ -	(188)	$ (188)
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ (188)	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Avenue 52 Bridge Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Income	$ -	$ -	$ 11	$ 11
Total Revenues	-	-	11	11
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(7,731)	(7,731)
Total Other Financing Sources (Uses)	-	-	(7,731)	(7,731)
Net Change in Fund Balances	$ -	$ -	(7,720)	$ (7,720)
Fund Balance, Beginning of Year			7,720	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - AVA Program Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ 64,233	$ 64,233	$ -	$ (64,233)
Total Revenues	64,233	64,233	-	(64,233)
EXPENDITURES				
Current:				
Public Safety				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	64,233	64,233	-	(64,233)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(64,233)	(64,233)	(18,032)	46,201
Total Other Financing Sources (Uses)	(64,233)	(64,233)	(18,032)	46,201
Net Change in Fund Balances	$ -	$ -	(18,032)	$ (18,032)
Fund Balance, Beginning of Year			18,032	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Education and Government Access Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES				
Current:				
General Government	22,000	22,000	21,657	343
Total Expenditures	22,000	22,000	21,657	343
Excess (Deficiency) of Revenues over Expenditures	(22,000)	(22,000)	(21,657)	343
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	21,657	21,657
Total Other Financing Sources (Uses)	-	-	21,657	21,657
Net Change in Fund Balances	$ (22,000)	$ (22,000)	-	$ 22,000
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Proposition 1B Transportation Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Income	$ -	$ -	$ 2,105	$ (2,105)
Total Revenues	-	-	2,105	2,105
OTHER FINANCING SOURCES (USES)				
Transfers In			1,246	1,246
Transfers Out			(272)	(272)
Total Other Financing Sources (Uses)	-	-	974	974
Net Change in Fund Balance	$ -	$ -	3,079	$ 3,079
Fund Balance, Beginning of Year			479,956	
Fund Balance, End of Year			$ 483,035	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - SB 821 Sidewalks Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	$ 75,000	$ 75,000	$ 132,105	$ 57,105
Total Revenues	75,000	75,000	132,105	57,105
OTHER FINANCING SOURCES (USES)				
Transfers In			132,071	132,071
Transfers Out	(75,000)	(75,000)	(132,105)	(57,105)
Total Other Financing Sources (Uses)	(75,000)	(75,000)	(34)	74,966
Net Change in Fund Balance	$ -	$ -	132,071	$ 132,071
Fund Balance, Beginning of Year			(132,071)	
Fund Balance, End of Year			$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Police Asset Forfeiture Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	$ -	$ -	$ 240	$ 240
Total Revenues	-	-	240	240
EXPENDITURES				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	$ -	$ -	240	$ 240
Fund Balance, Beginning of Year			47,219	
Fund Balance, End of Year			$ 47,459	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fiesta of Chilies Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Income	$	$	$ 100	$ 100
Total Revenues	-	-	100	100
EXPENDITURES				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Net Change in Fund Balances	$ -	$ -	100	$ 100
Fund Balance, Beginning of Year			10,128	
Fund Balance, End of Year			$ 10,228	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - USDA SBA Revolving Loans Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	$ -	$ -	$ 25	$ 25
Total Revenues	-	-	25	25
EXPENDITURES				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	25	25
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	48,252	48,252
Total Other Financing Sources (Uses)	-	-	48,252	48,252
Net Change in Fund Balances	$ -	$ -	48,277	$ 48,277
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ 48,277	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CAL HOME Program Income Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Income	$ -	$ -	$ 114	$ 114
Total Revenues	-	-	114	114
EXPENDITURES				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	114	114
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	219,056	219,056
Total Other Financing Sources (Uses)	-	-	219,056	219,056
Net Change in Fund Balances	$ -	$ -	219,170	$ 219,170
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ 219,170	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Program Income Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	$ -	$ -	$ 120	$ 120
Total Revenues	-	-	120	120
EXPENDITURES				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	120	120
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	229,711	229,711
Total Other Financing Sources (Uses)	-	-	229,711	229,711
Net Change in Fund Balances	$ -	$ -	229,831	$ 229,831
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ 229,831	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Admin Program Income Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	$ -	$ -	$ 13	$ 13
Total Revenues	-	-	13	13
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	13	13
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	27,297	(27,297)
Total Other Financing Sources (Uses)	-	-	27,297	(27,297)
Net Change in Fund Balances	$ -	$ -	27,310	$ 27,310
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			$ 27,310	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Home Admin Program Income Special Revenue Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	$ -	$ -	$ 47	$ 47
Total Revenues	-	-	47	47
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	47	47
OTHER FINANCING SOURCES (USES)				
Transfers In			91,980	91,980
Total Other Financing Sources (Uses)	-	-	91,980	91,980
Net Change in Fund Balances	$ -	$ -	92,027	$ 92,027
Fund Balance, Beginning of Year			-	
Fund Balances, End of Year			$ 92,027	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Redevelopment Agency Capital Projects Fund
Year Ended June 30, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Interest Income	$ -	$ -	$ 28,309	$ 28,309
Other Revenue			139,807	139,807
Total Revenues	-	-	168,116	168,116
EXPENDITURES				
Current:				
General Government			4,283	(4,283)
Total Expenditures	-	-	4,283	(4,283)
Excess (Deficiency) of Revenues over Expenditures	-	-	163,833	163,833
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	11,941,562	11,941,562
Transfers Out			(15,650,849)	(15,650,849)
Total Other Financing Sources (Uses)	-	-	(3,709,287)	(3,709,287)
EXTRAORDINARY ITEM			(9,603,532)	(9,603,532)
Net Change in Fund Balances	$ -	$ -	(13,148,986)	$(3,545,454)
Fund Balance, Beginning of Year			13,148,986	
Fund Balance, End of Year			$ -	

City of Coachella
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	Self Insured Dental Plan	General Deposits Fund	Public Schools Capital Facilities Fund
ASSETS			
Cash and Investments	$ -	$ 914,412	$ -
Cash and Investments with Fiscal Agent	7,017		
Accounts Receivable			
Total Assets	$ 7,017	$ 914,412	$ -
LIABILITIES			
Pass-through Payable	$ 7,017	$ -	$ -
Claims Payable			
Due to Refuse Service Provider			
Deposits Payable		914,412	
Total Liabilities	$ 7,017	$ 914,412	$ -

Flood Control Capital Facilities Fund	Employee Flex Plan Deposits	Refuse Fund	Total Agency Funds
$ 2,123,541	$ 922	$ 5,832	$ 3,044,707
			7,017
		65,091	65,091
$ 2,123,541	$ 922	$ 70,923	$ 3,116,815
$ 2,123,541	$ -	$ -	$ 2,130,558
	922		922
		63,289	63,289
		7,634	922,046
$ 2,123,541	$ 922	$ 70,923	$ 3,116,815

City of Coachella
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds
Self Insured Dental Plan
Year Ended June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	$ 16,578	$ 4	$ 16,582	$ -
Cash and Investments with Fiscal Agent	6,326	691		7,017
Interest Receivable	4		4	-
Total Assets	$ 22,908	$ 695	$ 16,586	$ 7,017
LIABILITIES				
Pass-through Payable	$ 22,908	$ 691	$ 16,582	$ 7,017
Total Liabilities	$ 22,908	$ 691	$ 16,582	$ 7,017

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
General Deposits Fund
Year Ended June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	$ 700,601	$ 238,926	$ 25,115	$ 914,412
Total Assets	$ 700,601	$ 238,926	$ 25,115	$ 914,412
LIABILITIES				
Deposits Payable	$ 700,601	$ 258,387	$ 44,576	$ 914,412
Total Liabilities	$ 700,601	$ 258,387	$ 44,576	$ 914,412

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
Public Schools Capital Facilities Fund
Year Ended June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	$ 635,213	$ 215,059	$ 850,272	$ -
Interest Receivable	1,029		1,029	-
Total Assets	$ 636,242	$ 215,059	$ 851,301	$ -
LIABILITIES				
Pass-through Payable	$ 636,242	$ 218,337	$ 854,579	$ -
Total Liabilities	$ 636,242	$ 218,337	$ 854,579	$ -

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
Flood Control Capital Facilities Fund
Year Ended June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	$ 2,044,126	$ 121,219	$ 41,804	$ 2,123,541
Accounts Receivable	8,486		8,486	-
Total Assets	$ 2,052,612	$ 121,219	$ 50,290	$ 2,123,541
LIABILITIES				
Pass-through Payable	$ 2,052,612	$ 121,219	$ 50,290	$ 2,123,541
Total Liabilities	$ 2,052,612	$ 121,219	$ -	$ 2,123,541

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
Employee Flex Plan Deposits Fund
Year Ended June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	$ 649	$ 10,135	$ 9,862	$ 922
Total Assets	$ 649	$ 10,135	$ 9,862	$ 922
LIABILITIES				
Claims Payable	$ 649	$ 19,558	$ 19,285	$ 922
Total Liabilities	$ 649	$ 19,558	$ 19,285	$ 922

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
Refuse Fund
Year Ended June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	$ 762,691	$ 3,084,890	$ 3,841,749	$ 5,832
Accounts Receivable	63,826	137,609	136,344	65,091
Total Assets	$ 826,517	$ 3,222,499	$ 3,978,093	$ 70,923
LIABILITIES				
Deposit Payable	$ 685,433	$ 1,587,336	$ 2,265,135	$ 7,634
Due to Refuse Service Provider	141,084	1,507,392	1,585,187	63,289
Total Liabilities	$ 826,517	$ 3,094,728	$ 3,850,322	$ 70,923

STATISTICAL SECTION

NARRATIVE SUMMARY

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statements users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the City's economic condition.

Contents

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Coachella

Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	$10,033,810	$10,566,657	$16,345,742	$21,094,484	$ 69,625,226	$ 85,714,202	$ 95,466,787	$102,162,696	$101,147,347	$111,247,097
Restricted	-	-	-	47,977,285	4,782,696	5,662,608	17,108,772	19,069,214	26,096,284	6,782,860
Unrestricted	(8,749,032)	4,897,449	4,744,259	(32,362,804)	8,905,534	3,652,252	(15,594,569)	(18,766,599)	(25,655,766)	17,186,877
Total governmental net assets	$ 1,284,778	$15,464,106	$21,090,001	$36,708,965	$ 83,313,456	$ 95,029,062	$ 96,980,990	$102,465,311	$101,587,865	$135,216,834
Business-type activities:										
Invested in capital assets, net of related debt	$ (156,851)	$(2,772,962)	$ 9,400,692	$15,907,813	$ 36,259,222	$ 35,198,133	$ 36,511,480	$ 30,565,733	$ 28,937,151	$ 31,140,385
Restricted	5,293,425	5,303,197	6,187,555	14,656,111	9,855,031	6,928,511	9,571,551	9,383,173	12,386,534	12,386,534
Unrestricted	3,747,880	2,731,916	(5,612,269)	(16,521,062)	3,027,035	3,336,606	(3,415,652)	1,782,324	330,584	330,584
Total business-type net assets	$ 8,884,454	$ 5,262,151	$ 9,975,978	$14,042,862	$ 49,141,288	$ 45,463,250	$ 42,667,379	$ 41,731,230	$ 41,654,269	$ 43,857,503
Primary government:										
Invested in capital assets, net of related debt	$ 9,876,959	$ 7,793,695	$25,746,434	$37,002,297	$105,884,448	$120,912,335	$131,978,267	$132,728,429	$130,084,498	$142,387,482
Restricted	5,293,425	5,303,197	6,187,555	62,633,396	14,637,727	12,591,119	26,680,323	28,452,387	38,482,818	19,169,394
Unrestricted	(5,001,152)	7,629,365	(868,010)	(48,883,866)	11,932,569	6,988,858	(19,010,221)	(16,984,275)	(25,325,182)	17,517,461
Total primary gov't net assets	$10,169,232	$20,726,257	$31,065,979	$50,751,827	$132,454,744	$140,492,312	$139,648,369	$144,196,541	$143,242,134	$179,074,337

Source: City of Coachella

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

City of Coachella
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	$ 5,019,776	$ 5,546,488	$ 8,426,030	$ 9,640,173	$ 12,956,139	$ 11,789,089	$ 7,741,542	$ 5,705,993	$ 4,605,459	$ 6,070,450
Public safety	2,438,945	3,329,250	4,656,197	4,898,669	8,185,639	10,032,314	10,305,504	8,875,765	9,935,026	10,307,033
Public works	1,840,019	2,456,293	1,880,710	2,195,931	6,382,829	9,407,366	10,713,120	12,488,348	12,608,825	4,959,934
Parks and recreation	282,077	177,507	218,301	162,680	297,478	320,667	387,926	379,346	424,659	447,341
Payments to other agencies	656,998	1,382,333	1,174,295	1,130,745	-	-	-	-	-	-
Interest on long-term debt	1,288,291	1,276,708	1,300,793	1,355,416	2,591,955	2,711,031	3,048,677	2,925,495	2,878,831	1,152,950
Transfers	-	-	1,927,847							
Total governmental activities	$ 11,526,106	$ 14,168,579	$ 19,584,173	$ 19,383,614	$ 30,414,040	$ 34,260,467	$ 32,196,769	$ 30,374,947	$ 30,452,800	$ 22,937,708
Business-type activities										
Operating transfers in and out (net)	$ 1,000	$ 5,001,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	4,255,450	5,039,036	5,503,551	6,388,056	8,769,771	13,372,113	12,008,375	9,620,029	10,282,530	9,888,824
Non-operating expenses	753,251	892,446	851,880	912,131	64,574	-	-	-	-	-
Total business-type activities	$ 5,009,701	$ 10,932,482	$ 6,355,431	$ 7,300,187	$ 8,834,345	$ 13,372,113	$ 12,008,375	$ 9,620,029	$ 10,282,530	$ 9,888,824
Total primary government expenses	$ 16,535,807	$ 25,101,061	$ 25,939,604	$ 26,683,801	$ 39,248,385	$ 47,632,580	$ 44,205,144	$ 39,994,976	$ 40,735,330	$ 32,826,532
Program Revenues										
Governmental activities:										
Charges for services	$ 1,738,017	$ 3,536,238	$ 7,438,412	$ 11,260,751	$ 3,527,329	$ 3,572,884	$ 2,902,308	$ 2,059,486	$ 1,724,510	$ 1,322,617
Operating grants and contributions	2,618,170	2,072,536	2,199,962	4,760,299	7,455,122	5,261,599	3,480,245	5,200,469	3,860,007	3,206,084
Capital grants and contributions	1,353,920	6,025,655	1,770,267	68,274	3,259,887	12,781,151	13,414,321	6,020,309	4,440,478	2,542,580
Total governmental activities program revenue	$ 5,710,107	$ 11,634,429	$ 11,408,641	$ 16,089,324	$ 14,242,338	$ 21,615,634	$ 19,796,874	$ 13,280,264	$ 10,024,995	$ 7,071,281
Business Type Activities										
Charges for services	$ 4,855,667	$ 6,968,177	$ 8,809,903	$ 11,998,585	$ 10,176,924	$ 9,044,958	$ 9,389,615	$ 8,550,740	$ 9,845,780	$ 10,446,863
Total primary government program revenues	$ 10,565,774	$ 18,602,606	$ 20,218,544	$ 28,087,909	$ 24,419,262	$ 30,660,592	$ 29,186,489	$ 21,831,004	$ 19,870,775	$ 17,518,144
Net revenues (expenses):										
Governmental activities	$ (5,815,999)	$ (2,534,150)	$ (8,175,532)	$ (3,294,290)	$ (16,171,702)	$(12,644,833)	$(12,399,895)	$(17,094,683)	$(20,427,805)	$(15,866,427)
Business-type activities	(154,034)	(3,964,305)	2,454,472	4,698,398	1,342,579	(4,327,155)	(2,618,760)	(1,069,289)	(436,750)	558,039
Total net revenues (expenses)	$ (5,970,033)	$ (6,498,455)	$ (5,721,060)	$ 1,404,108	$ (14,829,123)	$(16,971,988)	$(15,018,655)	$(18,163,972)	$(20,864,555)	$(15,308,388)

Source: City of Coachella

City of Coachella

Changes in Net Assets (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues										
Governmental activities:										
Intergovernmental revenue	$ -	$ 2,295,554	$ 869,043	$ 989,493	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	1,012,506	-	-							
Taxes:										
Property taxes	4,034,206	4,330,608	6,284,450	8,859,051	14,572,407	16,133,441	15,334,880	13,914,451	14,936,877	7,230,805
Other taxes	3,876,387	4,146,617	3,853,406	4,923,454	4,410,933	5,280,253	4,703,772	3,878,561	3,270,921	4,799,090
Other revenues	488,209	662,141	2,124,611	359,950	318,283	148,322	451,263	351,448	725,955	39,472
Interest and rental income	219,553	185,040	579,116	986,665	-	2,624,639	459,763	181,921	616,606	333,809
Gain on insurance reimbursemen	-	-	206,142	-	2,850,294	-	-	-	-	-
Gain on sale of land	83,877	-	-	-	-	-	-	-	-	-
Transfers	1,000	5,001,000	-	(770,990)	(2,656,661)	173,784	644,358	83,990	-	-
Total governmental activities	$ 9,715,738	$ 16,620,960	$ 13,916,768	$ 15,347,623	$ 19,495,256	$ 24,360,439	$ 21,594,036	$ 18,410,371	$ 19,550,359	$ 12,403,176
Business-type activities										
Other taxes	$ 41,650	$ 44,245	$ 37,635	$ 38,055	$ 81,007	$ 80,660	$ 76,638	$ 71,761	$ 52,479	$ 88,747
Interest and rental income	155,484	156,460	124,846	400,831	-	678,875	390,609	325,106	307,310	63,645
Other revenues	108,771	141,297	-	-	908,020	63,366	-	-	-	-
Transfers	-	-	1,927,847	770,990	2,656,661	(173,784)	(644,358)	(83,990)	-	-
Total business-type activities	$ 305,905	$ 342,002	$ 2,090,328	$ 1,209,876	$ 3,645,688	$ 649,117	$ (177,111)	$ 312,877	$ 359,789	$ 152,392
Total primary government	$ 10,021,643	$ 16,962,962	$ 16,007,096	$ 16,557,499	$ 23,140,944	$ 25,009,556	$ 21,416,925	$ 18,723,248	$ 19,910,148	$ 12,555,568
Changes in Net Assets										
Governmental activities	$ 3,899,739	$ 14,086,810	$ 5,741,236	$ 12,053,333	$ 3,323,554	$ 11,715,606	$ 9,194,141	$ 1,315,688	$ (877,446)	$ (3,463,251)
Business-type activities	151,871	(3,622,303)	4,544,800	5,908,274	4,988,267	(3,678,038)	(2,795,871)	(756,412)	(76,961)	710,431
Total primary government	$ 4,051,610	$ 10,464,507	$ 10,286,036	$ 17,961,607	$ 8,311,821	$ 8,037,568	$ 6,398,270	$ 559,276	$ (954,407)	$ (2,752,820)

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

City of Coachella
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	$ 1,231,982	$ 1,535,312	$ 1,755,469	$ 1,617,653	$ 1,251,604	$ 766,397	$ 152,911	$ 182,516	$ 97,889	$ 696,055
Unreserved	1,351,388	2,270,521	4,775,374	9,654,528	9,111,113	6,815,659	6,645,206	6,973,935	7,438,822	7,216,287
Total general fund	$ 2,583,370	$ 3,805,833	$ 6,530,843	$ 11,272,181	$ 10,362,717	$ 7,582,056	$ 6,798,117	$ 7,156,451	$ 7,536,711	$ 7,912,342
All other government funds:										
Reserved	$ 5,376,291	$ 4,029,551	$ 4,807,687	$ 17,047,731	$ 19,072,608	$ 29,108,658	$ 9,791,031	$ 6,119,021	$ 6,119,021	$ 7,557,962
Unreserved, reported in:										
Special revenue funds	3,112,274	9,241,332	11,541,834	14,194,605	17,626,900	(10,019,658)	18,214,433	20,477,006	22,277,334	9,811,963
Capital project funds	(2,182,986)	10,370,501	10,224,567	27,123,981	20,571,791	42,407,884	11,870,645	10,997,083	9,507,944	(8,722)
Total all other govt funds	$ 6,305,579	$ 23,641,384	$ 26,574,088	$ 58,366,317	$ 57,271,299	$ 61,496,884	$ 39,876,109	$ 37,593,110	$ 37,904,299	$ 17,361,203
Total governmental funds	$ 8,888,949	$ 27,447,217	$ 33,104,931	$ 69,638,498	$ 67,634,016	$ 69,078,940	$ 46,674,226	$ 44,749,561	$ 45,441,010	$ 25,273,545

Source: City of Coachella

City of Coachella

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	$ 2,958,051	$ 3,756,211	$ 5,402,265	$ 6,618,247	$ 18,983,340	$ 21,339,431	$ 20,144,921	$ 17,586,613	$ 18,207,798	$ 15,285,530
Property tax increment	3,544,457	3,991,338	4,237,821	5,431,925	-	-	-	-	-	-
Licenses and permits	615,456	1,207,374	3,009,837	3,290,175	2,045,347	2,165,334	1,860,509	506,267	328,074	443,692
Charges for services	1,482,197	1,283,425	3,224,975	6,572,347	1,174,361	674,891	415,752	941,030	513,713	331,760
Fines and forfeits	205,357	182,688	278,193	387,834	307,621	266,466	312,085	193,308	186,327	200,141
Intergovernmental revenue	6,633,852	11,788,055	5,834,304	7,866,289	6,277,896	12,418,721	7,994,437	6,410,258	4,790,834	10,333,837
Interest and rental income	213,549	185,040	485,453	872,244	2,850,294	2,624,639	922,654	658,301	616,600	196,698
Other income	681,756	860,258	2,646,419	1,168,876	4,755,396	6,312,807	5,612,347	6,225,902	4,518,528	6,933,698
Total revenues	$ 16,334,675	$ 23,254,389	$ 25,119,267	$ 32,207,937	$ 36,394,255	$ 45,802,289	$ 37,262,705	$ 32,521,679	$ 29,161,874	$ 33,725,356
Expenditures:										
Current:										
General government:										
Departmental	$ 1,881,558	$ 1,789,569	$ 2,071,157	$ 2,529,267	$ 10,413,993	$ 11,326,595	$ 7,297,718	$ 5,692,863	$ 4,296,416	$ 5,055,676
Non-departmental	3,531,067	3,571,096	5,968,831	5,952,642	-	-	-	-		
Public safety	2,847,491	3,289,212	4,252,008	4,898,669	8,138,684	9,969,322	9,705,504	8,816,894	9,873,162	10,248,889
Public works	1,617,591	2,044,322	1,875,568	2,195,931	4,884,148	4,187,343	4,314,158	4,479,299	7,675,871	3,936,574
Parks and recreation	339,159	173,714	218,301	162,680	297,478	308,616	215,210	203,310	223,202	270,443
Payment to other agencies	656,998	1,382,333	1,174,295	1,130,745	-	-	-	-		
Capital outlays	6,259,930	3,714,839	-	-	6,880,698	20,332,270	22,239,928	4,441,241	1,582,158	11,150,050
Debt service:										
Pass-through Agreements	-	114,213	179,417	164,436	910,690	1,412,917	3,630,538	5,826,335	2,705,158	426,749
Issuance Costs	-	-	-	-	-	482,231	-	-		
Principal retirements	378,619	392,335	1,484,577	3,250,296	1,960,906	1,005,824	1,186,049	1,643,602	1,356,591	1,240,000
Interest and fiscal changes	1,123,031	1,115,336	1,207,049	1,329,765	2,357,427	2,711,031	3,039,111	2,942,234	2,895,570	1,560,982
Capital outlays	-	-	5,265,524	4,303,778	-	-	-	-		
Total expenditures	$ 18,635,444	$ 17,586,969	$ 23,696,727	$ 25,918,209	$ 35,844,024	$ 51,736,149	$ 51,628,216	$ 34,045,778	$ 30,608,128	$ 33,889,363
Excess (deficiency) of revenues over (under) expenditures	$ (2,300,769)	$ 5,667,420	$ 1,422,540	$ 6,289,728	$ 550,231	$ (5,933,860)	$ (14,365,511)	$ (1,524,099)	$ (1,446,254)	$ (164,007)
Other financing sources (uses):										
Proceeds from loan	$ -	$ 2,419,871	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Proceeds from bond debt	-	5,000,000	14,465,000	33,845,000	-	-	-	-	-	-
Discount on bond debt	-	(26,850)	(655,617)	(1,376,945)	-	-	-	-	-	-
Premium on bond debt	-	-	54,763	-	-	-	-	-	-	-
Payment to bond agent	-	-	(7,838,700)	-	-	-	-	-	-	-
Gain on sale of land	83,877	-	-	-	-	-	-	-	-	-
Transfers in	6,443,683	8,310,205	17,971,517	55,430,862	14,283,215	21,894,708	20,130,396	12,134,189	9,707,470	46,165,111
Transfers out	(6,609,204)	(3,309,205)	(19,899,361)	(56,201,852)	(16,939,876)	(21,720,924)	(19,486,038)	(12,050,199)	(9,707,470)	(46,165,111)
Issuance of Long-term Debt	-	-	-	-	-	7,205,000	-	-	-	-
Total other financing sources (uses)	$ (81,644)	$ 12,394,021	$ 4,097,602	$ 31,697,065	$ (2,656,661)	$ 7,378,784	$ 644,358	$ 83,990	$ -	$ -
Extraordinary item:	$ -	$ -	$ 290,146	$ -	$ -	$ -	$ -	$ -	$ 146,882	$(18,012,537)
Net change in fund balances	$ (2,382,413)	$ 18,061,441	$ 5,810,288	$ 37,986,793	$ (2,106,430)	$ 1,444,924	$ (13,721,153)	$ (1,440,109)	$ (1,299,372)	$(18,176,544)
Debt service as a percentage of non-capital expenditures	13.8%	12.3%	17.3%	27.1%	18.2%	14.4%	19.6%	23.9%	19.3%	14.4%

Source: City of Coachella

City of Coachella

Schedule of Net Assessed Value
Last Ten Fiscal Years

Fiscal Year End	Gross Assessed Value	Less Property Exemptions	Net Taxable Value	Less Homeowners Exemption	Net Assessed Value	Total Direct Tax Rate	Percent of Assessed Value Growth
2003	563,976,091	37,114,840	526,861,251	12,600,169	514,261,082	6.77	9.42%
2004	633,683,194	44,960,946	588,722,248	13,236,128	575,486,120	6.90	11.91%
2005	740,838,899	90,131,233	650,707,666	13,456,266	637,251,400	6.51	10.73%
2006	1,025,752,377	93,172,403	932,579,974	14,462,424	918,117,550	5.61	44.07%
2007	1,632,382,708	104,390,591	1,527,992,117	16,443,215	1,511,548,902	4.73	64.64%
2008	2,117,495,881	116,363,279	2,001,132,602	18,019,873	1,983,112,729	4.64	31.20%
2009	2,113,810,148	124,455,289	1,989,354,859	18,982,925	1,970,371,934	4.86	-0.64%
2010	1,821,712,132	115,435,770	1,706,276,362	10,199,509	1,696,076,853	6.63	-13.92%
2011	1,642,263,955	155,857,195	1,486,406,760	11,506,708	1,474,900,052	6.63	-13.04%
2012	1,547,181,026	153,904,367	1,393,276,659	71,670,761	1,321,605,898	6.63	-10.39%

Source: Riverside County Assessor's Office
MuniServices, LLC

Citywide Assessed Value and Estimated Actual Value of Taxable Property
Last Three Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2009-10	885,069,483	282,638,822	587,988,234	66,015,593	115,435,770	1,706,276,362	.03098381	1,771,183,115	1.038042
2010-11	782,722,615	295,988,410	501,142,417	62,410,514	155,857,195	1,486,406,761	.03098472	1,474,620,299	0.992071
2011-12	755,901,377	300,469,945	430,469,507	60,340,197	153,904,367	1,393,276,659	.03100944	1,321,605,898	0.948560

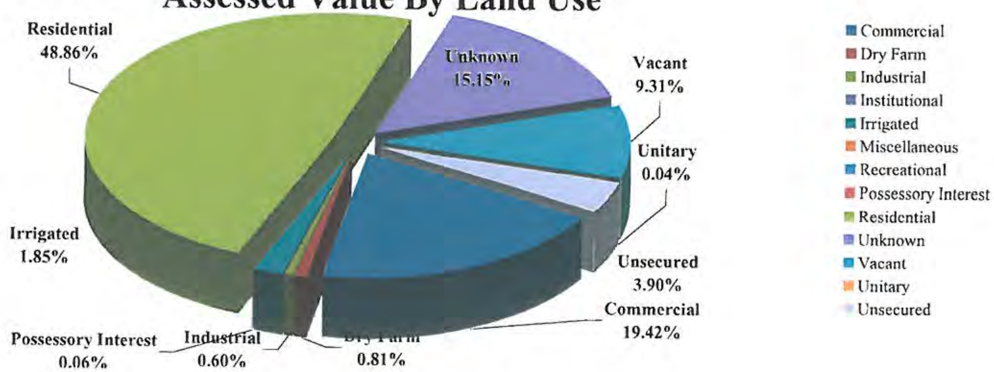
Source: Riverside County Assessor data, MuniServices, LLC

1.) Total direct tax rate is the city share of the 1% Proposition 13 tax for TRA 12-000, and has been adjusted for ERAF.
2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations, a multiplier value was extrapolated and applied to current asessed values.

Citywide Assessed Value of Property by Use Code
Last Ten Fiscal Years
(in thousands of dollars)

Category	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Commercial	54,728	57,058	58,259	65,183	78,400	138,925	152,499	282,639	295,988	300,470
Dry Farm	11,413	11,393	12,873	13,533	18,234	18,234	18,488	18,885	18,509	12,456
Industrial	68,526	71,983	74,463	78,161	83,660	97,256	105,518	9,380	8,955	9,349
Institutional	744	1,875	2,479	2,011	2,080	2,121	2,164	0	0	0
Irrigated	15,010	13,989	15,525	20,615	44,224	50,934	45,427	46,055	41,558	28,657
Miscellaneous	580	577	573	565	884	889	829	0	0	0
Recreational	165	434	443	176	2,988	2,865	5,327	0	0	0
Possessory Interest	5,184	8,746	4,807	4,888	4,914	5,061	5,676	1,276	983	988
Residential	235,893	284,174	299,928	500,153	799,191	1,148,922	1,075,436	885,069	782,723	755,901
Unknown	67,664	69,676	122,490	101,197	139,854	125,536	162,207	251,346	238,150	234,449
Vacant	67,222	75,486	103,712	192,513	391,025	453,817	467,419	260,491	192,433	144,016
Unitary	1,223	967	1,062	1,028	944	555	555	555	555	555
Gross Secured Value	528,352	596,358	696,614	980,023	1,566,398	2,045,115	2,041,545	1,755,697	1,579,853	1,486,841
Unsecured	35,624	37,325	44,225	45,729	65,985	72,381	72,265	66,016	62,411	60,340
Exemptions	37,115	44,961	90,131	93,172	104,391	116,363	124,455	115,436	155,857	153,904
Net Secured Value	526,861	588,722	650,708	932,580	1,527,992	2,001,133	1,989,355	1,706,276	1,486,407	1,393,277

Assessed Value By Land Use



Source: Riverside County Assessor data, MuniServices, LLC

Source: 2008-09 prior, previous published CAFR

Use code categories are based on Riverside County Assessor's data

Any missing use code categories were not utilized in this years land use data.

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Basic City and County Levy										
COUNTY GENERAL	0.077909	0.077909	0.077909	0.077909	0.118000	0.118000	0.131000	0.103042	0.103042	0.103064
COUNTY FREE LIBRARY	0.025000	0.025000	0.025000	0.025000	0.029000	0.029000	0.029000	0.013312	0.013312	0.013312
CITY OF COACHELLA ANX	-	-	-	-	0.063000	0.063000	0.063000	0.030984	0.030985	0.031009
COACHELLA VALLEY UNIFIED	0.432209	0.432209	0.432209	0.432209	0.391000	0.391000	0.391000	0.432209	0.432209	0.432209
DESERT COMMUNITY COLLEGE	0.069757	0.069757	0.069757	0.069757	0.081000	0.081000	0.081000	0.069757	0.069757	0.069757
RIV. CO. OFFICE OF EDUCATION	0.037951	0.037951	0.037951	0.037951	0.044000	0.044000	0.044000	0.037951	0.037951	0.037951
RIV CO REG PARK & OPEN SPACE	0.002544	0.002544	0.002544	0.002544	0.005000	0.005000	0.005000	0.002544	0.002544	0.002544
COACHELLA VALLEY PUB CEMETERY	0.003000	0.003000	0.003000	0.003000	0.004000	0.004000	0.004000	0.002131	0.002131	0.002131
COACHELLA FIRE PROTECTION	0.054000	0.054000	0.054000	0.054000	0.054000	0.054000	0.054000	0.036499	0.036487	0.036487
CV MOSQ & VECTOR CONTROL	0.013000	0.013000	0.013000	0.013000	0.015000	0.015000	0.015000	0.009059	0.009059	0.009059
COACHELLA VALLEY REC & PARK	0.019000	0.019000	0.019000	0.019000	0.022000	0.022000	0.022000	0.010968	0.010968	0.010968
COACHELLA VALLEY CO WATER	0.025363	0.025363	0.025363	0.025363	0.030000	0.030000	0.030000	0.025363	0.025363	0.025363
COACHELLA VALLEY RES CONSER	0.000325	0.000325	0.000325	0.000325	0.000325	0.000325	0.000325	0.000325	0.000325	0.000325
CVC WTR IMP DST 1 DEBT SV	0.011835	0.011835	0.011835	0.011835	-	-	-	0.011835	0.011835	0.011835
COACH VAL CO WTR STORM WTR UNIT	0.032107	0.032107	0.032107	0.032107	0.032107	0.032107	0.032107	0.032107	0.032107	0.032107
ERAF	0.196000	0.196000	0.196000	0.196000	0.198000	0.198000	0.198000	0.181914	0.181925	0.181878
TOTAL	1.000000	1.000000	1.000000	1.000000	1.086432	1.086432	1.099432	1.000000	1.000000	1.000000
Override Assessments										
COACHELLA VALLEY UNIFIED	0.037000	0.033000	0.031000	0.060000	0.060000	0.060000	0.060000	0.072470	0.093320	0.074870
DESERT COMMUNITY COLLEGE	-	-	0.019950	0.019950	0.019950	0.019950	0.019950	0.019950	0.019950	0.019950
COACHELLA VALLEY WATER	0.021000	0.021000	0.021000	0.021000	0.021000	0.040000	0.040000	0.060000	0.080000	0.080000
TOTAL	0.058000	0.054000	0.071950	0.100950	0.100950	0.119950	0.119950	0.152420	0.193270	0.174820
TOTAL TAX RATE	1.058000	1.054000	1.071950	1.100950	1.187382	1.206382	1.219382	1.152420	1.193270	1.174820

Source: Riverside County Auditor data, MuniServices, LLC

Source: 2008-09 prior, previous published CAFR

For purposes of this table TRA 12-000 is represented

City of Coachella

History of Assessed Net Taxable Property Values
Last Ten Fiscal Years
(in thousands of dollars)

Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Residential	$ 235,893	$ 284,174	$ 299,928	$ 500,153	$ 799,191	$1,148,922	$1,075,436	$ 885,069	$ 782,723	$ 755,901
Commercial	54,728	57,058	58,259	65,183	78,400	138,925	152,499	282,639	295,988	300,470
Industrial	68,526	71,983	74,463	78,161	83,660	97,256	105,518	9,380	8,955	9,349
Dry Farm	11,413	11,393	12,873	13,533	18,234	18,234	18,488	18,885	18,509	12,456
Institutional	744	1,875	2,479	2,011	2,080	2,121	2,164	-	-	-
Irrigated	15,010	13,989	15,525	20,615	44,224	50,934	45,427	46,055	41,558	28,657
Miscellaneous	580	577	573	565	884	889	829			
Recreational	165	434	443	176	2,988	2,865	5,327			
Vacant Land	67,222	75,486	103,712	192,513	391,025	453,817	467,419	260,491	192,433	144,016
SBE Nonunitary	1,223	967	1,062	1,028	944	555	555	555	555	555
Possessory Int.	5,184	8,746	4,807	4,888	4,914	5,061	5,676	1,276	983	988
Unsecured	35,624	37,325	44,225	45,729	65,985	72,381	72,265	66,015	62,411	60,340
Unknown	31,801	9,542	33,437	9,053	35,463	9,281	37,751	135,911	82,293	80,545
Totals	$ 528,113	$ 573,549	$ 651,786	$ 933,608	$1,527,992	$2,001,241	$1,989,354	$1,706,276	$1,486,408	$1,393,277
Total Direct Rate	0.67652%	0.68972%	0.65061%	0.56105%	0.47329%	0.46366%	0.48578%	0.66274%	0.66274%	0.66274%

Note:
In 1978 the voters of the State of California passed Proposition13 which limited 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 of 2%. With few exceptions, property is only reassessed as a result of new construction activity or at the time the property is sold to a new owner. At that point the new assessed value is reassessed based on the added value of the construction or at the purchase price (market value) of the property sold. The assess 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.

Exemptions not included in total.

Source: Riverside County Assessor's Office
MuniServices, LLC

City of Coachella

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Collection in Subsequent Years	
		Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy
2003	4,034,206	4,034,206	100%	-	-	0%
2004	4,330,608	4,330,608	100%	-	-	0%
2005	6,322,085	6,322,085	100%	-	-	0%
2006	8,897,106	8,897,106	100%	-	-	0%
2007	14,653,414	14,653,414	100%	-	-	0%
2008	16,214,101	16,214,101	100%	-	-	0%
2009	19,703,719	19,703,719	100%	-	-	0%
2010	16,960,768	16,960,768	100%	-	-	0%
2011	14,749,000	14,749,000	100%	-	-	0%
2012	13,216,059	13,216,059	100%	-	-	0%

Source: Riverside County Assessors Office
HDL Coren & Cone

Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

	2011-12		2002-03	
Taxpayer	**Taxable Value ($)**	**Percent of Total City Taxable Value (%)**	**Taxable Value ($)**	**Percent of Total City Taxable Value (%)**
Armtec Defense Products Co	39,517,508	2.84%	18,403,617	3.49%
Soco	29,265,616	2.10%	0	0.00%
Desert Highlands Assoc	13,456,284	0.97%	0	0.00%
Anthony Vineyards Inc.	13,245,842	0.95%	5,081,409	0.96%
Halum Abesud	12,200,000	0.88%	0	0.00%
Sun World Packing Corp	12,119,490	0.87%	13,496,533	2.56%
Coachella Retail Realty Association	11,816,916	0.85%		0.00%
Echo Trail Holdings	11,300,000	0.81%	0	0.00%
California Artichoke Veg Growers	11,067,287	0.79%	0	0.00%
Brandenburg Oak Grove	10,490,259	0.75%	0	0.00%
HPT TA Prop Trust	10,451,522	0.75%	0	0.00%
MFJK Partnership	10,249,136	0.74%	9,950,341	1.89%
HRG Coachella Ths	8,666,661	0.62%	0	0.00%
Bci Coca Cola Bottling Company	8,011,024	0.57%		0.00%
JJ Brothers Construction Co.	7,837,321	0.56%	3,061,339	0.58%
Albertson Inc	7,659,941	0.55%		0.00%
Camp Court	7,655,144	0.55%	0	0.00%
CRV Rilington Diego Coachella	7,321,069	0.53%	0	0.00%
Nika Royal	6,853,000	0.49%	0	0.00%
Megan World	6,447,436	0.46%	0	0.00%
JJB Prop	6,106,170	0.44%		0.00%
CVP Palm Springs	5,968,616	0.43%	0	0.00%
LBUBS 2007 C2 Coachella Retail	5,927,472	0.43%		0.00%
Dillon Vineyard Estates	5,605,575	0.40%		0.00%
Sun Sands Enterprise	5,585,143	0.40%	2,573,130	0.49%
Ta Operating Corp	0	0.00%	8,330,662	1.58%
Desert Mist Cooling	0	0.00%	8,151,736	1.55%
Vons Companies Inc	0	0.00%	6,426,747	1.22%
Coachella Housing Inv	0	0.00%	6,192,496	1.18%
Rancho Coachella Prop	0	0.00%	5,453,074	1.04%
Harrison Street Assoc	0	0.00%	5,163,646	0.98%
McNaughton Prop	0	0.00%	4,430,135	0.84%
Amazing Coachella Inc	0	0.00%	4,310,054	0.82%
Coachella Investors	0	0.00%	3,812,000	0.72%
North First Street Prop	0	0.00%	3,699,658	0.70%
Peter Rabbit Farms Inc	0	0.00%	3,586,930	0.68%
Sun Date LLC	0	0.00%	3,125,394	0.59%
Kmart Corp	0	0.00%	3,000,000	0.57%
Dimare Thomas F	0	0.00%	2,976,865	0.57%
Chuchian Shirley M	0	0.00%	2,409,159	0.46%
Wien Elliott Dorothy L	0	0.00%	2,347,000	0.45%
Loves Country Stores of Calif	0	0.00%	2,345,213	0.45%
Coachella Industrial Partnership	0	0.00%	2,274,233	0.43%
Medjool 179 Farms Assoc	0	0.00%	2,274,137	0.43%
Total Top 25 Taxpayers	274,824,432	19.73%	132,875,508	25.22%
Total Taxable Value	1,393,276,659	100.00%	526,861,251	100.00%

Source: Riverside County Assessor data, MuniServices, LLC

City of Coachella

Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2011-12		2002-03	
Taxpayer	**Business Type**	**Taxpayer**	**Business Type**
Arco Am/Pm Mini Marts	Service Stations	29 Palms Cafe	Restaurants
Auto Zone	Auto Parts/Repair	Arco Am/Pm Mini Marts	Service Stations
Bargain Wholesale	Miscellaneous Retail	Auto Zone	Auto Parts/Repair
Beck Oil Inc.	Energy Sales	Black Gold Gasoline Station	Service Stations
Cardenas Markets, Inc.	Food Markets	Carl's Jr Restaurants	Restaurants
Carl's Jr Restaurants	Restaurants	Chevron Service Stations	Service Stations
Chevron Service Stations	Service Stations	Coachella Ranch Market	Food Markets
Coronet Concrete Products Inc.	Bldg Matls Whsle	Coronet Concrete Products Inc.	Bldg Matls Whsle
Fastrip Service Stations	Service Stations	Exxon Service Stations	Service Stations
Food 4 Less	Food Markets	Fastrip Service Stations	Service Stations
Foster-Gardner Inc.	Florist/Nursery	Foster-Gardner Inc.	Florist/Nursery
Fulton Distributing Company	Food Processing Eqp	Hydro Systems	Bldg Matls Whsle
Hydro Systems	Bldg Matls Whsle	Jack In The Box	Restaurants
Imperial Sprinkler Supply	Bldg Matls Whsle	Jiquilpan Auto Sales	Auto Sales - Used
Imperial Western Products Inc	Light Industry	Jordan Implement	Bldg Matls Whsle
J & M Sales Inc.	Auto Sales - Used	Lee Escher Oil Company	Energy Sales
Jack In The Box	Restaurants	Love's Travel Stop	Service Stations
Love's Travel Stop	Service Stations	Marden Susco	Heavy Industry
McDonald's Restaurants	Restaurants	O'Reilly Auto Parts	Auto Parts/Repair
Pete's Road Service	Auto Parts/Repair	Rite Aid	Drug Stores
Rite Aid	Drug Stores	South West Pump & Drilling	Bldg Matls Whsle
South West Pump & Drilling	Bldg Matls Whsle	Superior Ready Mix Concrete	Bldg Matls Whsle
Ta Travel Center	Service Stations	Truckstop Of America	Service Stations
Union 76 Service Stations	Service Stations	Union 76 Service Stations	Service Stations
Wells Supply Company	Bldg Matls Retail	Vons Grocery Company	Food Markets

Source: SBOE data, MuniServices, LLC
Top Sales Tax Producers lis

City of Coachella

Ratios of Outstanding Debt Type

Last Ten Years

	Governmental Activities							Business-Type Activites					
Fiscal Year End	Redevelopment Loan	Redevelopment Bonds	Financing Authority Notes	Capital Leases	Certificates of Participation	Refunding Bonds	Pension Related Debt	Revenue Bonds	Revolving Fund Loan	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Total Revenue
2012		-		-	6,710,000		1,933,181	25,237,931	18,914,305			52,795,417	129.61%
2011		47,505,000		-	6,850,000		2,071,947	25,778,813	19,960,470			102,166,230	250.80%
2010		50,545,000		81,591	6,985,000		2,313,442	26,297,166	20,983,114			107,205,313	240.13%
2009		51,940,000		200,193	7,115,000		2,313,442	26,798,882	21,982,766			110,350,283	247.17%
2008		52,875,000		361,242	7,205,000			22,216,746	22,959,943			105,617,931	236.57%
2007	-	53,775,000	-	467,066		-		22,664,274	20,934,609	-	-	97,840,949	219.15%
2006	-	53,077,896	-	255,299		10,620,000		12,463,042	10,741,797	-	-	87,158,034	195.22%
2005	1,378,824	22,657,302	5,000,000	306,770		5,725,000		12,713,036	-	-	-	47,780,932	131.90%
2004	2,419,870	17,175,002	5,000,000	370,301		13,152,004		-	-	3,340,000	-	41,457,177	116.57%
2003	-	17,545,002	-	81,797		-		-	-	11,050,541	216,184	28,893,524	173.90%

Source: City of Coachella

City of Coachella
Legal Debt Margin Information
Last Ten Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed valuation	563,976,091	633,683,194	740,838,899	1,025,752,377	1,629,220,124	2,117,495,881	2,113,810,148	1,821,712,132	1,642,263,955	1,547,181,026
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	140,994,023	158,420,799	185,209,725	256,438,094	407,305,031	529,373,970	528,452,537	455,428,033	410,565,989	386,795,257
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	21,149,103	23,763,120	27,781,459	38,465,714	61,095,755	79,406,096	79,267,881	68,314,205	61,584,898	58,019,288
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 21,149,103	$ 23,763,120	$ 27,781,459	$ 38,465,714	$ 61,095,755	$ 79,406,096	$ 79,267,881	$ 68,314,205	$ 61,584,898	$ 58,019,288
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%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market values (as of the most change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Riverside County Assessors Office
HDL Coren & Cone

City of Coachella

Revenue Bond Coverage - Coachella Sanitary District
Last Nine Years

Fiscal Year	Gross Revenues	Gross Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
2012	5,023,433	2,278,042	2,745,391	125,000	224,600	349,600	7.85
2011	5,133,701	2,908,022	2,225,679	120,000	229,744	349,744	6.36
2010	5,008,316	2,323,891	2,684,425	115,000	236,269	351,269	7.64
2009	4,888,960	3,171,968	1,716,992	110,000	239,569	349,569	4.91
2008	4,752,600	2,555,682	2,196,918	110,000	242,869	352,869	6.23
2007	6,139,807	2,391,117	3,748,690	105,000	245,494	350,494	10.70
2006	6,218,344	2,307,908	3,910,436	105,000	240,863	345,863	11.31
2005	4,603,157	2,241,179	2,361,978	-	-	337,062	7.01
2004	3,799,752	1,872,625	1,927,127			337,906	5.70

(1) Operating expenses less depreciation and debt service, per bond official statement
(2) 1.25 debt service coverage requirement, per bond resolutions

Source: City of Coachella

City of Coachella

Revenue Bond Coverage - Coachella Water Authority
Last Nine Years

Fiscal Year	Gross Revenues	Gross Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage (2)
2012	5,423,430	2,974,791	2,448,639	300,000	530,713	830,713	2.95
2011	4,712,079	3,210,507	1,501,572	290,000	541,729	831,729	1.81
2010	3,939,291	2,837,925	1,101,366	280,000	555,188	835,188	1.32
2009	3,602,250	3,264,599	337,651	270,000	563,963	833,963	0.40
2008	3,823,755	3,176,618	647,137	265,000	571,913	836,913	0.77
2007	3,965,677	3,320,370	645,307	260,000	578,413	838,413	0.77
2006	5,269,125	2,433,014	2,836,111	250,000	584,663	834,663	3.40
2005	3,642,708	1,861,843	1,780,865	245,000	590,788	835,788	2.13
2004	2,906,703	1,418,263	1,488,440	475,000	361,840	836,840	1.78

(1) Operating expenses less depreciation, per bond official statement
(2) 1.25 debt service coverage requirement, per bond resolutions

Source: City of Coachella

City of Coachella

Direct and Overlapping Bonded Debt (unaudited)

As of June 30, 2012

2011-12 Assessed Valuation:	$	1,387,251,805
Redevelopment Incremental Valuation:		711,252,677
Adjusted Assessed Valuation:	$	675,999,128

	Total Debt 6/30/2012	% Applicable	City's Share of Debt 6/30/12	
OVERLAPPING TAX AND ASSESSMENT DEBT:				
Desert Community College District	$ 320,591,264	2.249%	$ 6,918,359	
Coachella Valley Unified School District	109,948,827	16.364%	17,566,524	
Desert Sands Unified School District	243,740,852	21.200%	497,231	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 24,982,114	

Ratios to 2011-12 Assessed Valuation:

Total Overlapping Tax and Assessment Debt............................1.80%

	Total Debt 6/30/2012	% Applicable	City's Share of Debt 6/30/12	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:				
Riverside County General Fund Obligations	$ 655,042,180	0.498%	$ 3,052,497	
Riverside County Pension Obligations	357,540,000	0.498%	1,366,136	
Riverside County Board of Education Certificates of Participation	5,055,000	0.498%	23,556	
Coachella Valley Unified School District Certificates of Participation	48,850,000	16.364%	7,804,765	
Desert Sands Unified School District Certificates of Participation	57,905,000	0.212%	118,126	
City of Coachella	-	**100.000%**	-	(1)
Coachella Valley Recreation and Park District Certificates of Participation	2,280,000	3.715%	81,875	
Coachella Valley Water District Storm Water Unit Certificates of Participation	1,410,000	3.207%	43,851	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 12,490,806	
Less: Riverside County self-supporting obligations			57,765	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 12,433,041	
TOTAL DIRECT DEBT			$ -	
TOTAL GROSS OVERLAPPING DEBT			$ 37,772,920	
TOTAL NET OVERLAPPING DEBT			$ 37,715,155	
GROSS COMBINED TOTAL DEBT			$ 37,772,920	(2)
NET COMBINED TOTAL DEBT			$ 37,715,155	

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.

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

Ratios to Adjusted Assessed Valuation:

Total Direct Debt	**0.00%**
Gross Combined Total Debt	5.59%
Net Combined Total Debt	5.58%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: $0

Source: MuniServices LLC

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Total Work Force (2)	Employed (2)	Unemployed (2)	*Public School Enrollment	County Unemployment Rate (%) (2)	City Unemployment Rate (%) (2)	County Population (1)	City Population (% of County)
2002-03	24,427	9,500	8,600	900	13,173	6.5%	9.9%	-	-
2003-04	27,117	10,000	9,000	1,000	13,687	6.5%	9.9%	-	-
2004-05	28,144	10,400	9,500	900	14,621	6.0%	8.6%	-	-
2005-06	30,964	10,800	9,900	900	15,452	5.4%	8.4%	-	-
2006-07	35,449	11,300	10,400	900	16,418	5.0%	8.3%	-	-
2007-08	38,486	11,900	10,700	1,200	17,499	6.0%	10.4%	-	-
2008-09	40,517	12,200	10,400	1,900	18,203	8.5%	15.3%	-	-
2009-10	41,043	12,400	9,800	2,600	17,499	13.6%	21.1%	2,109,882	1.9%
2010-11	41,502	12,300	9,600	2,700	18,464	14.0%	21.7%	2,217,778	1.9%
2011-12	41,904	12,700	10,200	2,500	18,406	12.7%	19.9%	2,227,577	1.9%

Source: MuniServices LLC
Source: 2008-09 prior, previous published CAFR

Principal Employers
Last Fiscal Year and Nine Years Ago

	2011-12		2002-03	
Business Name	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Coachella Valley Unified School District	1,589	12.51%	0	0.00%
Spotlight 29 Casino	622	4.90%	0	0.00%
Coachella Valley Water District	492	3.87%	0	0.00%
Augustine Casino	450	3.54%	0	0.00%
Esterling Defense (formerly Armtec Industry)	316	2.49%	0	0.00%
Earnie Ball/Paladar	311	2.45%	0	0.00%
Valley Pride	300	2.36%	0	0.00%
Imperial Western Products	144	1.13%	0	0.00%
Cardenas*	122	0.96%	0	0.00%
Teserra (formerly California Pools)	121	0.95%	0	0.00%
Total Top 10 Employers	4,467	35.17%	0	0.00%
Total City Labor Force (1)	12,700			

Source: MuniServices, LLC
Results based on direct correspondence with city's local businesses.
(1.) Total City Labor Force provided by EDD Labor Force Data.

Several counts vary greatly from previously published CAFR due to a chagne in source and more extensive research for accurate counts in 2011-12.

Number of emplolyees is last year's count. Business was unresponsive for update

City of Coachella

Six Year Staffing History (Full Time Equivalents)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General Government						
Administration	7.00	8.50	2.95	2.05	2.05	2.05
Community Development	5.75	6.00	4.00	2.25	3.50	3.50
Finance	3.95	10.30	3.85	2.60	3.60	3.60
General Government	2.00	4.00	4.00	3.00	5.00	4.00
Neighborhood Services	7.45	8.00	5.50	2.00	1.00	1.00
Public Works	22.25	22.00	20.75	17.50	19.25	19.25
Senior Center	3.00	3.50	3.00	3.00	2.00	2.00
Landscape & Lighting District	-	-	1.00	2.00	2.00	2.00
Redevelopment Agency	6.25	3.00	10.15	8.05	8.05	8.05
Sanitary District	9.80	9.35	14.10	13.20	13.20	13.20
Water Agency	12.75	8.35	12.70	13.35	12.35	13.35
Grand Total	80.20	83.00	82.00	69.00	72.00	72.00

(1) This report does not include elected officials.

(2) Some positions are distributed among two or more departments for accounting purposes.

(3) Some City staff and management also serve in similar functions for component units such as Sanitary District and Redevelopment Agency.

Source: City of Coachella

City of Coachella

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police										
Substations	0	0	0	1	1	1	1	1	1	1
Service hours	n/a	n/a	84	110	110	110	110	110	110	110
Fire stations	1	1	1	1	1	1	1	1	1	1
Personnel (full time)	9	9	9	18	18	18	18	18	18	18
Support personnel	n/a	n/a	19	20	20	20	20	20	20	20
Highways and streets										
Streets (miles)	65	65	65	65	65	104	104	109	115	115
Streetlights	804	804	804	804	804	1892	1892	1893	1894	1894
Culture and recreation										
Parks acreage	269.39	269.39	269.39	269.39	269.39	269.39	269.39	269.39	269.39	269.39
Parks	7	7	7	7	7	7	7	7	7	7
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	2	2	2	2	2	0	0	0	0	0
Basketball courts	0	0	0	0	0	4	4	4	4	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water meters active	1971	2211	2974	4216	4216	7123	7208	7255	7278	7743
Fire hydrants	3	4	15	35	35	537	537	537	537	537
Sanitary										
Plants	1	1	1	1	1	1	1	1	1	1
(capacity/gallons)	1,200,000	1,200,000	1,200,000	2,400,000	2,400,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000

Source: City of Coachella

City of Coachella

Operating Indicators by Function
Last Seven Fiscal Years

	Fiscal Year						
Function	2006	2007	2008	2009	2010	2011	2012
Police (based on calendar year) **							
Murder	5	2	3	4	2	1	4
Rape	11	2	4	9	3	5	8
Robbery	88	73	41	64	74	76	61
Assualts (aggravated)	151	225	140	178	114	194	168
Burglary	392	380	360	479	551	467	373
Auto Theft	474	430	308	297	405	258	293
Larceny Theft	783	750	673	578	667	972	650
Arson	13	8	8	10	11	6	8
Fire							
Average Response Time (minutes)	4.6	4.2	4	3.5	3.3	3.2	3.7
Structural Fires	168	125	66	41	25	14	17
Commercial Fires	61	38	28	15	3	3	3
Other Fires	438	400	203	118	85	76	114
Medical aids	1381	1568	1086	1212	1239	1104	1568
Traffic Collisions	73	93	51	121	139	136	213
Water							
New connections	1,703	240	322	85	47	23	53
Average daily consumption (gallons)	6,653,153	7,784,986	3,434,453	3,297,075	3,165,192	3,165,192	7,353,443
Wastewater							
Average daily sewage treatment (gallons)	2,400,000	2,470,000	2,500,000	2,516,125	2,532,354	2,532,354	2,810,891

** 2012 Data based on January - October

Source: City of Coachella

ACCOUNTS PAYABLE - A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE - An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS - The recording of the financial effects of a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION - A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS - A liability account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

ADVANCE TO OTHER FUNDS - An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE FROM OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

AGENCY FUND - A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

AGENT MULTIPLE-EMPLOYER PLAN - Group of single-employer plans with pooled administrative and investment functions but separate actuarial valuations and contribution rates.

AMORTIZATION - (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNUAL OPEB COST - An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

ANNUAL REQUIRED CONTRIBUTIONS (ARC) - Term used in connection with defined benefit pension and other postemployment benefit plans to describe the amount an employer must contribute in a given year.

APPROPRIATION - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION - A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE - Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT - In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET - The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS) - The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING - A term used to refer to *when* revenues, expenditures, expenses, and transfers, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BUDGET - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL - The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

BUSINESS-TYPE ACTIVITIES - One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds.

CAPITAL ASSETS - Long-lived assets obtained or controlled as a result of past transactions, events, or circumstances. Capital assets include equipment, buildings, and improvements other than buildings; land, infrastructure, and intangible assets. In the private sector, these assets are referred to most often as property, plant and equipment, and intangible assets.

CAPITAL EXPENDITURES - Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY - The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE - An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See LEASE-PURCHASE AGREEMENTS.

CAPITAL PROJECTS FUND - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT - An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM - A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs/CUFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS - The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

CLOSED AMORTIZATION PERIOD - Term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension and other postemployment benefit plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth.

COMMITTED FUND BALANCE - Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

COMPENSATED ABSENCES - Absences, such as vacation, illness, and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) - A CAFR is a financial report that encompasses all funds and component units of the government. It contains (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. It is the governmental unit's official annual report and it also contains introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY - Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CONTRIBUTION DEFICIENCIES - The difference between the annual required contributions (ARC) of the employer(s), and the employer's actual contributions in relation to the ARC.

COST-SHARING MULTIPLE-EMPLOYER PLAN - A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

COVERED PAYROLL - Term used in connection with defined benefit pension and other postemployment benefit plans to describe all elements of annual compensation paid to active employees on which contributions to a plan are based.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS - Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND - A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest

DEFERRED CHARGES - Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED REVENUE - Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFICIT - (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT OPEB PLAN - Plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

DEFINED BENEFIT PENSION PLAN - A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION - (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DUE FROM OTHER FUNDS - An asset account reflecting amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS - A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS - Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

EMPLOYER'S CONTRIBUTIONS - Term used in the context of pension and other postemployment benefits to describe contributions actually made by the employer in relation to the annual required contribution (ARC) of the employer. (Only amounts paid to trustees and outside parties qualify.)

ENCUMBRANCES - Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND - Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXCHANGE-LIKE TRANSACTION - Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES - Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service, and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

EXPENDITURE-DRIVEN GRANTS - Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXPENSES - Outflows or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS - Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL - An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS - The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

FINANCIAL RESOURCES - Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables or investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

FISCAL AGENT - A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND - A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE - The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS - Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE - Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL FUND - The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL REVENUES - All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax (e.g., property tax, sales tax, and transient occupancy tax). All other nontax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) - The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by Statement of Accounting Standards (SAS) No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report.*

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) - An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

GOVERNMENTAL ACCOUNTING - The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) - The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL ACTIVITIES - Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

GOVERNMENTAL FUNDS - Funds generally used to account for tax-supported activities. The five different types of governmental funds are as follows: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

IMPROVEMENT - An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

INDIRECT EXPENSES - Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.

INFRASTRUCTURE - Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT - One of three components of net assets that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

INTERFUND RECEIVABLE/PAYABLE - Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS - Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND - A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE - A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE - As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS - Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL - The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL - The level at which a government's management may not reallocate resources without special approval from the legislative body.

LEVEL PERCENTAGE OF PROJECTED PAYROLL AMORTIZATION METHOD - Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

LIABILITIES - Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE - An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND - A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS - A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources. -

MODIFIED ACCRUAL BASIS - The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

NET OPEB OBLIGATION - In the context of defined benefit pension and other postemployment benefit plans, the cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension/OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related/OPEB-related debt.

NONSPENDABLE FUND BALANCE - Amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

OTHER FINANCING SOURCES - An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USES - A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.

OVERLAPPING DEBT - The proportionate share that property within a government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PAY-AS-YOU-GO - a method of financing a pension plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

PAYROLL GROWTH RATE - an actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

PENSION BENEFITS - "Retirement income and all other benefits, including disability benefits, death benefits, life insurance, and other ancillary benefits, except healthcare benefits, that are provided through a defined benefit pension plan to plan members and beneficiaries after termination of employment or after retirement. Postemployment healthcare benefits are considered other postemployment benefits, whether they are provided through a defined benefit pension plan or another type of plan."

POSTEMPLOYMENT - Period following termination of employment, including the time between termination and retirement postemployment healthcare benefits.

PROGRAM REVENUES - Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS - Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REBATABLE ARBITRAGE - A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY - The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION - Consists of statements, schedules, statistical data, or other information that according to the GASB is necessary to supplement, although not required to be a part of, the basic financial statements.

RESTRICTED ASSETS - Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET ASSETS - A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETAINED EARNINGS - An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

REVENUE BONDS - Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT - All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE - A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SINGLE AUDIT - An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations.* The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT - An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, cemetery districts, transit authorities, port authorities, and electric power authorities.

SPECIAL REVENUE FUND - A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

SUBSTANTIVE PLAN - Terms of an OPEB plan as understood by the employer(s) and plan members.

TAX AND REVENUE ANTICIPATION NOTES (TRAN) - Notes issued in anticipation of the collection of taxes and revenues, usually retirable only from tax collections, and frequently only from the proceeds of the tax and revenue levy whose collection they anticipate.

TRUST FUNDS - Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

UNASSIGNED FUND BALANCE – The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNQUALIFIED OPINION - An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESTRICTED NET ASSETS - That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

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