

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2013

City of Coachella, California



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

City of Coachella, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013

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INTRODUCTORY SECTION



December 20, 2013

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 accounting 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, 2013. 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, 2013, 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, 2013, 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, persimmons and dates 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. Coachella is one of two cities located in the Coachella Valley with the most developable land.

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 24.1, 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 2013; one of the highest growth rates in the State. In addition, Coachella's stability is evidenced by its unusually high rate of nearly 67% home ownership, based on available FactFinder Census data for 2007-2011.

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 2012-2013 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 \$3.36 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 Employment Development Department (EDD), as of June 2013, the total workforce for the City of Coachella is 12,400 of which 10,400 were employed. The unemployment rate was 16.3%.

The General Fund ended the year with a fund balance of \$7.98 million. Of the total \$7.98 million, \$4.01 million is non-spendable, \$3.97 million is unassigned.

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 state prisoners without adequate funding to local jails which are now exceeding capacity due to AB 109 and AB 117. As a result, prisoners are being released early which is having impacts on Police Departments' operating indicators and the need for increased police presence to protect residents and businesses.

MAJOR INITIATIVES

Capital Improvement Projects:

During fiscal year 2012-2013, expenditures were incurred and planning strategies implemented or continued on several large capital improvement projects. Projects planned or completed during the 2012-13 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. Construction will begin during fiscal year 2013-2014; Avenue 54 Wastewater Treatment Plant – upgrades were concluded during the fiscal year.

Economic Development:

In Coachella, with over 75% of the land as developable territory, and agriculture promoted by recent health initiatives, both are vital threads to the community's economic prosperity. A booming 95% of the country's dates are produced in Coachella and its neighboring cities. Other important agricultural crops available include grapes, citrus, corn, artichokes, peppers, and internationally exported alfalfa.

Coachella saw its population double between 2000 and 2010 and is one of the fastest growing Cities in California, has also seen its profile grow exponentially over the last decade. Residential building permit activity increased from 52 units in FY 2011/2012 to 174 units in FY 2012/2013, an increase of 235%. While the future unit increases may fluctuate, it is much higher than 40 residential building permits that occurred in FY 2008/2009 when building permits hit an all time low.

On December 11, City Council approved a proposal to build La Entrada, a 2,200 acre community. According to the [Desert Sun news article](#), this community is expected to become an economic game-changer for the city. Over the next 20 years, the community will add 30,000 residents to Coachella and become the new gateway into the city. The community is planned to include 7,800 homes; retail center with stores, office space and business, and nearly 350 acres of open space for playgrounds, parks and hiking trails with the potential for a new soccer-centric sports venue.

Beginning in 2014, it is anticipated that a regional Property Assessed Clean Energy (PACE) Program will be initiated by the Coachella Valley Association of Governments (CVAG) called Clean Energy CV Upgrade. This program is anticipated to jump start construction demand and put many contractors back to work. The program provides 100% financing for residential and commercial property owners for energy efficiency, renewable energy, and water conservation

improvements which are repayable over the long-term through participants' property tax bill. Not only will this program put contractors back to work but it will also lower the electricity cost for homes and businesses that can be spent elsewhere in our local economy.

The City is conservatively optimistic about imminent economic growth due to a community project like La Entrada; a regional PACE program; and positive news occurring at the State regarding the implementation of the Affordable Care Act; California's recent \$3.5 billion budget surplus due to an improved economy and temporary tax hikes; and, analysts' projections that California's surplus can grow up to \$10 billion by 2018.

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 City's legally separate component units include the Coachella Water Authority, Coachella Sanitary District, Coachella Fire Protection District, 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 \$6.85 million and operating expenses totaled \$4.92 million for fiscal year 2012-2013. The fund ended the year with a net asset balance of \$25.58 million of which \$19.32 million were invested in capital assets net of related debt, \$4.97 million were restricted for construction and \$1.28 million was unrestricted.

The Sanitary Fund's operating revenues totaled \$5.99 million and operating expenses totaled \$4.09 million for fiscal year 2012-2013. The Sewer Fund's net asset balance at June 30, 2013 was \$17.84 million comprising of \$10.73 million invested in capital assets net of related debt, \$6.84 million restricted for construction and \$.27 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.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Coachella for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the 1st year that the government has achieved this prestigious award. In order to be awarded a certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



Government Finance Officers Association

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Reporting**

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California**

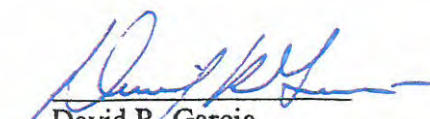
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Financial Report
for the Fiscal Year Ended

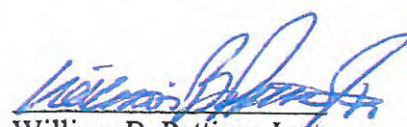
June 30, 2012


Executive Director/CEO

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, 2013

City Council - Manager Form of Government

CITY COUNCIL

EDUARDO GARCIA
Mayor

EMMANUEL MARTINEZ
Mayor Pro Tem

ARTURO AVILES
Council Member

STEVEN HERNANDEZ
Council Member

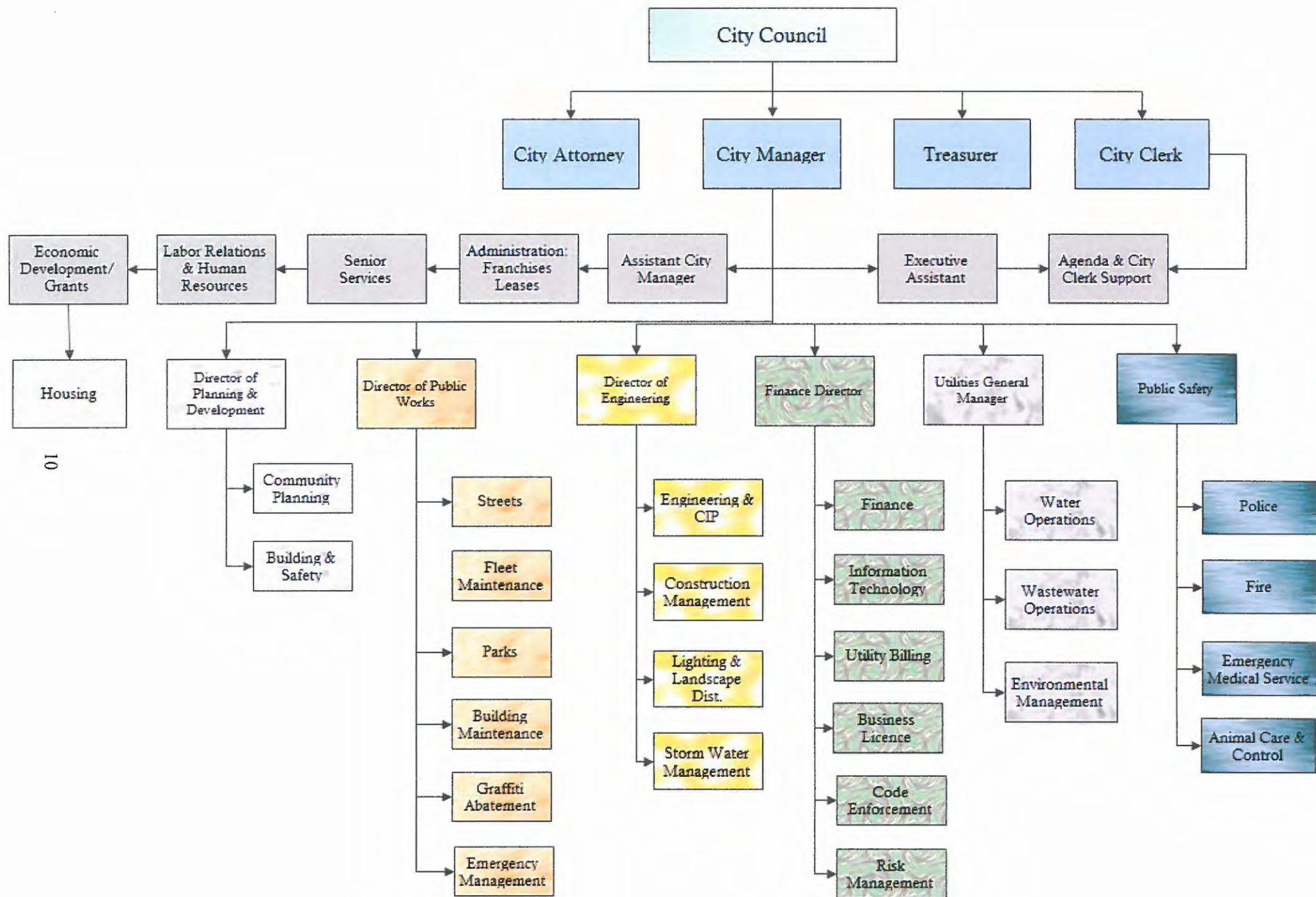
MAGDALENA ZEPEDA
Council Member

CITY ADMINISTRATION

DAVID GARCIA
City Manager

Assistant City Manager
City Attorney
City Treasurer
City Clerk
Acting Development Services Director
Finance Director
Chief of Police
City Engineer
Fire Chief
Public Works Director

Noelia Chapa
Carlos Campos
Beatriz Sanchez
Vianney Gonzalez
Luis Lopez
William B. Pattison, CPA
Frank Taylor
Jonathan Hoy
Bonifacio De La Cruz
Maritza Martinez



FINANCIAL SECTION



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Leonard C. Sonnenberg, CPA

INDEPENDENT AUDITOR'S REPORT

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

Reports on Financial Statements

We have audited the accompanying financial 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, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coachella, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Gas Tax, Indian Gaming Grants SB 621, Development Impact, ECD Entitlement Program, Home Program Income, and Capital Improvements Capital Project Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis on pages 13-20 and the City's Retiree Healthcare Plan's (CRHP) Schedule of Funding Progress on page 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statements No. 60, 62, 63, 64, and 66 and implemented GASB Statement No. 65 in advance during the fiscal year 2013. Among these new standards, GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, have significant impact over the City's financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

December 20, 2013


Sonnenberg & Company, CPA

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, 2013. 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 assets of the City of Coachella exceeded its total liabilities at the close of the fiscal year by \$183.75 million (*net positions*). Of this amount, \$150.59 million is the net investment in capital assets and is not available to meet ongoing obligations. Approximately \$16.32 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased by \$8.48 million between FY 2012 and FY 2013. During the period total revenues equaled \$39.69 million, an increase of \$9.62 million over fiscal year 2012 and expenses totaled \$36.69 million a \$4.10 million increase over the same time period. The governmental activities total net position increased by \$6,772,343 and the business-type total net position increased by \$1,710,728. The increase in the Business-type activities was largely due to the new rates increment for services. The increase in the governmental activities was due to grants received from State of California for construction of parks.

The close of the fiscal year 2012-2013, the City of Coachella's governmental funds reported combined ending fund balances of \$23.21 million, a decrease of \$2.06 million in comparison with the prior year. The unassigned fund balance is \$3.70 million. The primary reason for the decrease is because governmental funds report capital outlays as expenditures in the full amount as current financial resources are used.

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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 charges (*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 outflows 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 thirteen 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 eight 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 position 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 \$183.75 million at the close of the fiscal year. By far the largest *portion* of the City's net assets, \$150.58 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 Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Current and restricted assets	\$ 36,508,933	\$ 40,866,621	\$ 14,843,796	\$ 13,604,814	\$ 51,352,729	\$ 54,471,435
Capital assets	127,090,667	118,232,097	76,023,916	77,867,642	203,114,583	196,099,739
Total Assets	<u>163,599,600</u>	<u>159,098,718</u>	<u>90,867,712</u>	<u>91,472,456</u>	<u>254,467,312</u>	<u>250,571,174</u>
Deferred Outflows of Resources	-	-	394,068	-	394,068	-
Long-term debt outstanding	9,950,456	9,920,815	46,486,807	47,151,730	56,437,263	57,072,545
Other liabilities	13,317,217	13,724,852	1,355,475	1,956,026	14,672,692	15,680,878
Total Liabilities	<u>23,267,673</u>	<u>23,645,667</u>	<u>47,842,282</u>	<u>49,107,756</u>	<u>71,109,955</u>	<u>72,753,423</u>
Deferred Inflows of Resources	-	-	-	-	-	-
Net assets:						
Net Investment in capital assets	120,525,667	111,247,097	30,060,637	31,140,385	150,586,304	142,387,482
Restricted	5,035,089	23,302,650	11,808,295	10,544,314	16,843,384	33,846,964
Unrestricted	14,771,171	903,304	1,550,566	680,001	16,321,737	1,583,305
Total Net Assets	<u>\$ 140,331,927</u>	<u>\$ 135,453,051</u>	<u>\$ 43,419,498</u>	<u>\$ 42,364,700</u>	<u>\$ 183,751,425</u>	<u>\$ 177,817,751</u>

The City's net position increased by \$8.48 million or 4.8 percent, during the fiscal year.

City of Coachella's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
REVENUES:						
Program Revenues:						
Charges for services	\$ 3,867,273	\$ 1,322,617	\$ 12,844,618	\$ 10,446,863	\$ 16,711,891	\$ 11,769,480
Operating grants and contributions	5,547,193	3,206,084			5,547,193	3,206,084
Capital grants & contributions	5,320,294	2,542,580			5,320,294	2,542,580
General Revenues:						
Property taxes	3,641,132	7,230,805	120,102	88,747	3,761,234	7,319,552
Sales and Use Tax	4,074,842	3,806,148			4,074,842	3,806,148
Moter Vehicle In Lieu Tax	238,848	243,408			238,848	243,408
Franchise Taxes	634,488	683,870			634,488	683,870
Real Property Transfer Taxes	254,598	65,664			254,598	65,664
Utility Users Tax	2,262,286					
Other revenues	820,102	333,809			820,102	333,809
Interest and rental income	56,285	39,472	17,012	63,645	73,297	103,117
Net transfers	5,478,961				5,478,961	-
TOTAL REVENUES	<u>32,196,302</u>	<u>19,474,457</u>	<u>12,981,732</u>	<u>10,599,255</u>	<u>42,915,748</u>	<u>30,073,712</u>
EXPENSES						
General government	4,997,597	6,111,900			4,997,597	6,111,900
Public safety	11,303,766	10,307,033			11,303,766	10,307,033
Public works	8,334,551	4,959,934			8,334,551	4,959,934
Parks & recreation	485,619	447,341			485,619	447,341
Interest on long-term debt	302,426	875,283			302,426	875,283
Operating expenses			11,271,004	9,888,824	11,271,004	9,888,824
TOTAL EXPENSES	<u>25,423,959</u>	<u>22,701,491</u>	<u>11,271,004</u>	<u>9,888,824</u>	<u>36,694,963</u>	<u>32,590,315</u>
INCREASE (DECREASE) IN						
NET ASSETS	6,772,343	(3,227,034)	1,710,728	710,431	8,483,071	(2,516,603)
BEGINNING NET ASSETS	135,453,051	101,587,865	42,364,700	41,654,269	177,817,751	143,242,134
PRIOR PERIOD ADJUSTMENTS	(1,893,467)	37,092,220	(655,930)		(2,549,397)	37,092,220
ENDING NET ASSETS	<u>\$ 140,331,927</u>	<u>\$ 135,453,051</u>	<u>\$ 43,419,498</u>	<u>\$ 42,364,700</u>	<u>\$ 183,751,425</u>	<u>\$ 177,817,751</u>

Governmental activities: Governmental activities increased the City's net assets by \$6.77 million. Key elements of this increase are as follows:

Charges for services increased \$2.54 million. Operating grants increased \$2.34 million. Capital grants and Contributions increased by \$2.77 million. Property taxes decreased by \$1.27 million. Other revenues increased by \$.85 million.

Total expenses from governmental activities increased \$2.72 million during the fiscal year. The majority of this increase is due to the increase in Public Works (\$3.37 million). The increase in the Public Works category is primarily due to the elimination of the Redevelopment Agency and associated activities. At the same time general government expenditures decreased by \$1.11 million.

Business-type Activities: Business-type activities increased net position by \$1.05 million or 2.5 percent. Business-type revenues increased \$2.38 million or 22.5 percent. \$.63 million of the increase in revenues came from a 5 percent rate increase for water. Expenses increased \$1.38 million due to an increase in 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 \$23.21 million, a decrease of \$2.05 million in comparison with the prior year. Of the \$23.21 million total, \$4.01 million constitutes non spendable reserves, which means that these reserves are not available to fund operating expenditures of the organization; \$5.03 million are restricted fund balances which are the result of external limitations on spending; \$7.05 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; \$3.42 million are assigned fund balances which are amounts constrained for use of specific purpose; the remainder of \$3.70 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 \$3.70 million, while the total general fund balance reached \$7.98 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 51 percent of the total budgeted expenditures.

The 2012-13 fund balance of the City's general fund is a net total of \$7.98 million which is an increase of \$.07 million from 2011-2012. General fund revenues are \$13.86 million with expenses at \$14.78 million which is a deficiency of \$.93 million. Other financing sources increased the fund balance by \$.99 million which brings the net change in fund balance for the year to \$.07 million.

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 \$7.05 million, a decrease of \$.54 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 position for proprietary funds finished the year at \$43.42 million. The Water Authority accounted for \$25.58 million of this total with the Sanitary District accounting for the remaining \$17.83 million.

The *Coachella Water Authority's* net position increased \$.57 million over fiscal year 2011-12. During the year, the Authority had total revenues and other financing sources of \$6.86 million and expenses and other financing uses of \$5.82 million. Therefore, expenses/other financing uses were less than revenue/other

financing sources by \$1.03 million for the fiscal year. In addition, the Authority's total revenues/other financing sources increased \$1.40 million or 26 percent over the previous fiscal year, while expenses/other financing uses increased \$.53 million or 10 percent.

The *Coachella Sanitary District's* net position increased \$.49 million or 2.8 percent over fiscal year 2011-12. The District had revenues and other financing sources of \$6.13 million and expenses and other financing uses of \$5.45 million. Revenue/other financing sources exceeded expenses/other financing uses by \$.68 million for the 2011-12 fiscal year. Revenues/other financing sources increased \$.98 million or 19 percent while expenses/other financing uses increased \$.86 million or 18.68 percent.

The District's investment in capital assets increased by \$5.8 million primarily due to the renovation water well #17 and addition to a pump station at Rancho Las Flores.

Capital Asset and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business-type activities at June 30, 2013, amounts to \$203.12 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 \$7.02 million or 5.94 percent over the previous year.

City of Coachella's Capital Assets (Net of depreciation)						
	Governmental Activities		Business Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2013
Land	\$ 8,169,610	\$ 7,768,960	\$ 887,772	\$ 887,772	\$ 9,057,382	\$ 8,656,732
Construction in progress	5,277,130	7,391,553		6,297,981	5,277,130	13,689,534
Buildings & improvements	4,357,707	4,619,086	733,350	756,154	5,091,057	5,375,240
Equipment	697,536	680,732	3,375,582	3,582,417	4,073,118	4,263,149
Infrastructure	108,588,684	97,771,766	71,030,210	66,343,318	179,618,894	164,115,084
Totals	<u>\$ 127,090,667</u>	<u>\$ 118,232,097</u>	<u>\$ 76,026,914</u>	<u>\$ 77,867,642</u>	<u>\$ 203,117,581</u>	<u>\$ 196,099,739</u>

Governmental activities –

- Improvements to Streets pavement \$ 552,059
- Improvements to and addition of sidewalks \$ 936,445
- New street name signs \$ 349,687
- Infrastructure improvements to Parks:
 - De Oro Park \$ 901,571
 - Rancho Las Flores Park \$ 7,561,576
 - Mecca park \$ 3,706,759
 - Bagdouma Park football field \$ 1,192,247

Business-type activities –

- Addition of sewer pipe lines \$ 104,715
- Addition of water pipe lines \$ 213,960

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

Deferred Outflows of Resources: At the end of the current fiscal year, the City's business-type activities had .394 million in deferred amounts from refunding of debt compared to \$.193 million the previous year, an increase of \$.021 million or 1.04 percent. See independent auditor's report note 5 Deferred Outflows of Resources.

City of Coachella's Deferred Outflows of Resources

	Governmental Activities		Business Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Deferred Amounts from Refunding of Debt	\$ -	\$ -	\$ 394,068	\$ 193,705	\$ 394,068	\$ 193,705
Totals	\$ -	\$ -	\$ 394,068	\$ 193,705	\$ 394,068	\$ 193,705

Long-term debt: At the end of the current fiscal year, the City's governmental activities had \$9.95 million in bonds, notes payable, contracts, and compensated absences compared to \$9.92 million the previous year, an increase of \$.029 million or .29 percent. Business type activities had \$46.49 million in bonds, notes payable, contracts and compensated absences compared to \$47.35 million last year, a decrease of \$.89 million or 1.81 percent. See independent auditor's report note 6 Long-Term Liabilities.

City of Coachella's Long-term Debt

	Governmental Activities		Business Type Activities		Fiduciary Fund Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Compensated absences	\$ 473,760	\$ 373,265	\$ 280,380	\$ 246,070	\$ -	\$ -	\$ 754,140	\$ 619,335
Certificates of participation	6,565,000	6,710,000					6,565,000	6,710,000
Claims payable	363,466	341,476					363,466	341,476
Pension related debt	1,781,046	1,933,181					1,781,046	1,933,181
OPEB obligation	767,184	562,893	243,151	178,403			1,010,335	741,296
Contracts & leases payable			20,719,685	21,489,327			20,719,685	21,489,327
Revenue bonds and notes	-		25,243,592	25,431,636	46,960,000	48,205,000	72,203,592	73,636,636
Totals	\$ 9,950,456	\$ 9,920,815	\$ 46,486,808	\$ 47,345,436	\$ 46,960,000	\$ 48,205,000	\$103,397,264	\$ 105,471,251

Economic Factors and Next Year's Budget: On June 13, 2013 The Legislature passed California's massive state spending plan, the budget funnels more money to K-12 schools, more money will flow to districts with high levels of students who come from low-income families. Revenues are estimated to increase sales tax revenues by \$1.3 billion, Personal Income Tax revenues by \$4.9 billion, Corporation Tax Revenue by \$440 million. The State Analyst Office predicted on November 2013 that the State will collect more taxes that it had anticipated, generating a huge budget surplus. The increase of revenues was powered by Proposition 30's increases in sales and income taxes, which are only temporary.

Sales Tax: The City continues to experience growth in sales tax revenues. The 2013-14 budget projects a 5 percent increase over 2012-13. The largest increases were realized in Furniture/Appliances, Miscellaneous Retail, General Retail, Auto Parts/Repair, Restaurants, and Drug Stores. The City should see an increase with food products and general retail as new commercial centers continue to be developed.

Revenue Outlook: Fiscal year 2013-14 projections are \$16.55 million providing a balanced budget. Taxes (\$11.4 million) and charges for services (\$.8 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 2013-14 will see general fund expenditures of \$16.55 million. The Public Safety budget continues to dominate with a public safety budget of over \$6.4 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 \$2.5 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 Position
Entitywide
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 22,374,827	\$ 1,409,310	\$ 23,784,137
Restricted Cash and Investments	465,766	11,808,295	12,274,061
Accounts Receivable	117,604	1,444,108	1,561,712
Interest Receivable, Net	2,635,560		2,635,560
Loans Receivable, Net	4,595,979		4,595,979
Prepaid Expenses and Deposits	747,187	129,708	876,895
Due from Other Governments	4,673,725	52,375	4,726,100
Advances from Other Funds	898,285		898,285
Capital Assets Not Being Depreciated	13,446,740	887,772	14,334,512
Capital Assets, Net of Depreciation	<u>113,643,927</u>	<u>75,136,144</u>	<u>188,780,071</u>
Total Assets	<u>163,599,600</u>	<u>90,867,712</u>	<u>254,467,312</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>394,068</u>	<u>394,068</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	3,942,360	470,062	4,412,422
Deposits and Other Liabilities	213,705	430,653	644,358
Due to Other Governments	13,631		13,631
Unearned Revenue	9,122,762		9,122,762
Interest Payable	24,759	454,760	479,519
Long-term Liabilities:			
Due Within One Year	553,510	1,934,465	2,487,975
Due in More than One Year	<u>9,396,946</u>	<u>44,552,342</u>	<u>53,949,288</u>
Total Liabilities	<u>23,267,673</u>	<u>47,842,282</u>	<u>71,109,955</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	120,525,667	30,060,637	150,586,304
Restricted for:			
Low Income Housing			-
Street Related Purposes	932,402		932,402
Special Programs	3,013,407		3,013,407
Public Safety	110,209		110,209
Capital Projects	979,071	11,808,295	12,787,366
Unrestricted	<u>14,771,171</u>	<u>1,550,566</u>	<u>16,321,737</u>
Total Net Position	<u>\$ 140,331,927</u>	<u>\$ 43,419,498</u>	<u>\$ 183,751,425</u>

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Activities
Entitywide
For The Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 4,997,597	\$ 1,095,362	\$ 483,073	\$
Public Safety	11,303,766	83,181	2,517,580	518,916
Public Works	8,334,551	2,669,927	2,546,540	4,801,378
Parks and Recreation	485,619	18,803		
Interest on Long-term Debt	302,426			
Total Governmental Activities	25,423,959	3,867,273	5,547,193	5,320,294
Business-type Activities:				
Water Utility	5,213,376	6,854,219		
Sewer Utility	4,984,311	5,990,399		
Total Business-type Activities	10,197,687	12,844,618	-	-
Total Primary Government	\$ 35,621,646	\$ 16,711,891	\$ 5,547,193	\$ 5,320,294

General Revenues:

Property Taxes
Sales and Use Tax
Motor Vehicle In Lieu Tax
Franchise Taxes
Real Property Transfer Taxes
Utility Users Tax
Investment Income
Other Revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year,

Cumulative Effect of Change in Accounting Principle (Note 17)

Net Position, Beginning of Year, Restated

Net Position, End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (3,419,162)	\$	\$ (3,419,162)
(8,184,089)		(8,184,089)
1,683,294		1,683,294
(466,816)		(466,816)
<u>(302,426)</u>		<u>(302,426)</u>
<u>(10,689,199)</u>	<u>-</u>	<u>(10,689,199)</u>
	1,640,843	1,640,843
	<u>1,006,088</u>	<u>1,006,088</u>
<u>-</u>	<u>2,646,931</u>	<u>2,646,931</u>
<u>(10,689,199)</u>	<u>2,646,931</u>	<u>(8,042,268)</u>
3,641,132	120,102	3,761,234
4,074,842		4,074,842
238,848		238,848
634,488		634,488
254,598		254,598
2,262,286		2,262,286
56,285	17,012	73,297
820,102		820,102
<u>5,478,961</u>	<u>(1,073,317)</u>	<u>4,405,644</u>
<u>17,461,542</u>	<u>(936,203)</u>	<u>16,525,339</u>
6,772,343	1,710,728	8,483,071
135,453,051	42,364,700	177,817,751
<u>(1,893,467)</u>	<u>(655,930)</u>	<u>(2,549,397)</u>
<u>133,559,584</u>	<u>41,708,770</u>	<u>175,268,354</u>
<u>\$ 140,331,927</u>	<u>\$ 43,419,498</u>	<u>\$ 183,751,425</u>

The accompanying notes are an integral part of this statement.

City of Coachella
Balance Sheet
Governmental Funds
June 30, 2013

		Special Revenue		
	General Fund	State Gas Tax Fund	Indian Gaming Grants SB 621	Development Impact Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and Investments	\$ 6,443,400	\$ 1,389,954	\$ 4,317,538	\$ 2,989,873
Restricted Cash and Investments				
Accounts Receivable	117,604			
Deposits Receivable				
Due from Other Governments	1,007,997			100
Loans Receivable				
Due from Other Funds	1,237,538			4,056,879
Advances from Other Funds	898,285			
Prepays and Deposits	747,187			
Total Assets	10,452,011	1,389,954	4,317,538	7,046,852
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 10,452,011	\$ 1,389,954	\$ 4,317,538	\$ 7,046,852
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 2,252,928	\$	\$ 43,638	\$
Deposits and Other Liabilities	213,705			
Due to Other Governments	5,142			
Due to Other Funds				6
Unearned Revenue			4,526,783	
Total Liabilities	2,471,775	-	4,570,421	6
Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	4,008,611			
Restricted		1,389,954		
Committed				7,046,846
Assigned				
Unassigned	3,971,625		(252,883)	
Total Fund Balances	7,980,236	1,389,954	(252,883)	7,046,846
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,452,011	\$ 1,389,954	\$ 4,317,538	\$ 7,046,852

The accompanying notes are an integral part of this statement.

City of Coachella
Balance Sheet
Governmental Funds
June 30, 2013

Special Revenue		Capital Project	Other Governmental Funds	Total Governmental Funds
ECD Entitlement Program	HOME Program Income	Capital Improvement Projects		
\$ 10,972	\$ 587,839	\$	\$ 6,635,251	\$ 22,374,827
			465,766	465,766
				117,604
		2,635,560		2,635,560
2,603,793			1,061,835	4,673,725
	3,548,362		1,047,617	4,595,979
		2,905,794		8,200,211
				898,285
				747,187
<u>2,614,765</u>	<u>4,136,201</u>	<u>5,541,354</u>	<u>9,210,469</u>	<u>44,709,144</u>
-	-	-	-	-
<u>\$ 2,614,765</u>	<u>\$ 4,136,201</u>	<u>\$ 5,541,354</u>	<u>\$ 9,210,469</u>	<u>\$ 44,709,144</u>
\$ 19,978	\$	\$ 635,723	\$ 990,093	\$ 3,942,360
				213,705
			8,489	13,631
2,603,794		4,905,631	690,780	8,200,211
	3,548,362		1,047,617	9,122,762
<u>2,623,772</u>	<u>3,548,362</u>	<u>5,541,354</u>	<u>2,736,979</u>	<u>21,492,669</u>
-	-	-	-	-
	587,839		3,057,296	4,008,611
				5,035,089
				7,046,846
			3,416,194	3,416,194
(9,007)				3,709,735
<u>(9,007)</u>	<u>587,839</u>	<u>-</u>	<u>6,473,490</u>	<u>23,216,475</u>
<u>\$ 2,614,765</u>	<u>\$ 4,136,201</u>	<u>\$ 5,541,354</u>	<u>\$ 9,210,469</u>	<u>\$ 44,709,144</u>

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 Position
June 30, 2013

Fund Balances of Governmental Funds	\$ 23,216,475
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	127,090,667
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	(24,759)
Long-term Liabilities	<u>(9,950,456)</u>
Net Position of Governmental Activities	<u>\$ 140,331,927</u>

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

For The Fiscal Year Ended June 30, 2013

		Special Revenue		
	General Fund	State Gas Tax Fund	Indian Gaming Grants SB 621	Development Impact Fund
REVENUES				
Taxes	\$ 11,129,049	\$	\$	\$
Licenses, Permits and Fees	614,773			
Charges for Services	412,436			
Fines, Forfeitures and Penalties	95,057			
Intergovernmental Revenue	201,672	994,231	459,828	
Developer Fees				2,669,927
Special Assessments	1,150,769			
Investment Income (Loss)	10,997	496	4,181	7,683
Other Revenue	240,769			
Total Revenues	<u>13,855,522</u>	<u>994,727</u>	<u>464,009</u>	<u>2,677,610</u>
EXPENDITURES				
Current:				
General Government	2,968,639			
Public Safety	8,318,589		557,525	
Public Works	3,185,398	1,400		9,347
Parks and Recreation	308,721			
Capital Outlay				10,650
Debt Service:				
Principal Retirement				
Interest and Fiscal Charges				
Total Expenditures	<u>14,781,347</u>	<u>1,400</u>	<u>557,525</u>	<u>19,997</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(925,825)</u>	<u>993,327</u>	<u>(93,516)</u>	<u>2,657,613</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,147,896			633,795
Transfers Out	<u>(2,154,177)</u>	<u>(1,120,162)</u>	<u>(159,367)</u>	<u>(3,835,586)</u>
Total Other Financing Sources (Uses)	<u>993,719</u>	<u>(1,120,162)</u>	<u>(159,367)</u>	<u>(3,201,791)</u>
Net Change in Fund Balances	67,894	(126,835)	(252,883)	(544,178)
Fund Balances, Beginning of Year	<u>7,912,342</u>	<u>1,516,789</u>	<u>-</u>	<u>7,591,024</u>
Fund Balances, End of Year	<u>\$ 7,980,236</u>	<u>\$ 1,389,954</u>	<u>\$ (252,883)</u>	<u>\$ 7,046,846</u>

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Fiscal Year Ended June 30, 2013

Special Revenue		Capital Project	Other Governmental Funds	Total Governmental Funds
ECD Entitlement Program	HOME Program Income	Capital Improvement Projects		
\$	\$	\$	\$ 590,553	\$ 11,719,602
				614,773
			41,005	453,441
				95,057
4,333,493	25,650		1,494,775	7,509,649
				2,669,927
			2,207,069	3,357,838
	3,988		28,940	56,285
				240,769
<u>4,333,493</u>	<u>29,638</u>	<u>-</u>	<u>4,362,342</u>	<u>26,717,341</u>
303,266	75,000	195,357	968,006	4,510,268
			2,360,822	11,236,936
			1,771,442	4,967,587
				308,721
		12,636,357	134,943	12,781,950
			145,000	145,000
			302,909	302,909
<u>303,266</u>	<u>75,000</u>	<u>12,831,714</u>	<u>5,683,122</u>	<u>34,253,371</u>
<u>4,030,227</u>	<u>(45,362)</u>	<u>(12,831,714)</u>	<u>(1,320,780)</u>	<u>(7,536,030)</u>
		12,840,436	2,181,675	18,803,802
<u>(4,039,234)</u>	<u>(70,949)</u>		<u>(1,945,366)</u>	<u>(13,324,841)</u>
<u>(4,039,234)</u>	<u>(70,949)</u>	<u>12,840,436</u>	<u>236,309</u>	<u>5,478,961</u>
(9,007)	(116,311)	8,722	(1,084,471)	(2,057,069)
-	704,150	(8,722)	7,557,961	25,273,544
<u>\$ (9,007)</u>	<u>\$ 587,839</u>	<u>\$ -</u>	<u>\$ 6,473,490</u>	<u>\$ 23,216,475</u>

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
For The Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Governmental Funds \$ (2,057,069)

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	12,781,950
Depreciation	(3,923,380)

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 Position.

Long-term Debt Principal Payments	145,000
Claims Payable	(21,990)
Pension Related Debt Payments	152,135
OPEB Obligation	(204,291)

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. (100,495)

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	<u>483</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 6,772,343</u></u>
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REQUIRED SUPPLEMENTARY INFORMATION

City of Coachella
Notes to Required Supplementary Information
For The Fiscal Year Ended June 30, 2013

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:

Indian Gaming Grants SB 621	\$	557,525
Development Impact Fund	\$	19,997
ECD Entitlement Program	\$	303,266
HOME Program Income	\$	75,000

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 11,206,516	\$ 11,206,516	\$ 11,129,049	\$ (77,467)
Licenses, Permits and Fees	619,400	619,400	614,773	(4,627)
Charges for Services	334,274	334,274	412,436	78,162
Fines, Forfeitures and Penalties	35,600	35,600	95,057	59,457
Intergovernmental Revenue	65,000	65,000	201,672	136,672
Special Assessments	686,000	686,000	1,150,769	464,769
Investment Income	55,000	55,000	10,997	(44,003)
Other Revenue	161,800	161,800	240,769	78,969
Total Revenues	13,163,590	13,163,590	13,855,522	691,932
EXPENDITURES				
Current:				
General Government	4,919,146	4,919,146	2,968,639	1,950,507
Public Safety	8,224,533	8,224,533	8,318,589	(94,056)
Public Works	1,086,835	1,086,835	3,185,398	(2,098,563)
Parks and Recreation	857,738	857,738	308,721	549,017
Total Expenditures	15,088,252	15,088,252	14,781,347	306,905
Excess (Deficiency) of Revenues over Expenditures	(1,924,662)	(1,924,662)	(925,825)	385,027
OTHER FINANCING SOURCES (USES)				
Transfers In	3,111,392	3,111,392	3,147,896	36,504
Transfers Out	(682,350)	(682,350)	(2,154,177)	(1,471,827)
Total Other Financing Sources (Uses)	2,429,042	2,429,042	993,719	(1,435,323)
Net Change in Fund Balances	\$ 504,380	\$ 504,380	67,894	\$ (1,050,296)
Fund Balance, Beginning of Year			7,912,342	
Fund Balance, End of Year			\$ 7,980,236	

The accompanying notes are an integral part of this statement.

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Gas Tax Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,112,000	\$ 1,112,000	\$ 994,231	\$ (117,769)
Investment Income	-	-	496	496
Total Revenues	1,112,000	1,112,000	994,727	(117,273)
EXPENDITURES				
Current:				
Public Works	-	-	1,400	(1,400)
Capital Outlay	85,000	85,000	-	85,000
Debt Service:				
Principal Retirement	145,000	145,000	-	145,000
Interest and Fiscal Charges	302,909	302,909	-	302,909
Total Expenditures	532,909	532,909	1,400	531,509
Excess (Deficiency) of Revenues over Expenditures	579,091	579,091	993,327	414,236
OTHER FINANCING SOURCES (USES)				
Transfers Out	(664,091)	(664,091)	(1,120,162)	(456,071)
Total Other Financing Sources (Uses)	(664,091)	(664,091)	(1,120,162)	(456,071)
Net Change in Fund Balances	\$ (85,000)	\$ (85,000)	(126,835)	\$ (41,835)
Fund Balances, Beginning of Year			1,516,789	
Fund Balance, End of Year			\$ 1,389,954	

The accompanying notes are an integral part of this statement.

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Indian Gaming Grants SB 621 Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 459,828	\$ 459,828
Investment Income	18,000	18,000	4,181	(13,819)
Total Revenues	18,000	18,000	464,009	446,009
EXPENDITURES				
Current:				
Public Safety	-	-	557,525	(557,525)
Total Expenditures	-	-	557,525	(557,525)
Excess (Deficiency) of Revenues				
Over Expenditures	18,000	18,000	(93,516)	(111,516)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,893,438)	(2,893,438)	(159,367)	2,734,071
Total Other Financing Sources (Uses)	(2,893,438)	(2,893,438)	(159,367)	2,734,071
Net Change in Fund Balances	<u>\$ (2,875,438)</u>	<u>\$ (2,875,438)</u>	(252,883)	<u>\$ 2,622,555</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ (252,883)</u>	

The accompanying notes are an integral part of this statement.

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Development Impact Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Developer Fees	\$ 1,600,000	\$ 1,600,000	\$ 2,669,927	\$ 1,069,927
Investment Income	15,700	15,700	7,683	(8,017)
Total Revenues	1,615,700	1,615,700	2,677,610	1,061,910
EXPENDITURES				
Current:				
Public Works	-	-	9,347	(9,347)
Capital Outlays	-	-	10,650	(10,650)
Total Expenditures	-	-	19,997	(19,997)
Excess (Deficiency) of Revenues over Expenditures	1,615,700	1,615,700	2,657,613	1,041,913
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	633,795	(633,795)
Transfers Out	(3,532,311)	(3,532,311)	(3,835,586)	(303,275)
Total Other Financing Sources (Uses)	(3,532,311)	(3,532,311)	(3,201,791)	(303,275)
Net Change in Fund Balances	<u>\$ (1,916,611)</u>	<u>\$ (1,916,611)</u>	(544,178)	<u>\$ 738,638</u>
Fund Balance, Beginning of Year			7,591,024	
Fund Balance, End of Year			<u>\$ 7,046,846</u>	

The accompanying notes are an integral part of this statement.

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - ECD Entitlement Program Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 27,499,145	\$ 27,499,145	\$ 4,333,493	\$(23,165,652)
Total Revenues	27,499,145	27,499,145	4,333,493	(23,165,652)
EXPENDITURES				
Current:				
General Government	-	-	303,266	(303,266)
Total Expenditures	-	-	303,266	(303,266)
Excess (Deficiency) of Revenues over Expenditures	27,499,145	27,499,145	4,030,227	(23,468,918)
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out	(27,499,145)	(27,499,145)	(4,039,234)	23,459,911
Total Other Financing Sources (Uses)	(27,499,145)	(27,499,145)	(4,039,234)	23,459,911
Net Change in Fund Balances	\$ -	\$ -	(9,007)	\$ (9,007)
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ (9,007)	

The accompanying notes are an integral part of this statement.

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - HOME Program Income Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 25,650	\$ 25,650
Investment Income			3,988	3,988
Total Revenues	-	-	29,638	29,638
EXPENDITURES				
Current:				
General Government	-	-	75,000	(75,000)
Total Expenditures	-	-	75,000	(75,000)
Excess (Deficiency) of Revenues over Expenditures	-	-	(45,362)	(45,362)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(70,949)	(70,949)
Total Other Financing Sources (Uses)	-	-	(70,949)	(70,949)
Net Change in Fund Balances	\$ -	\$ -	(116,311)	\$ (116,311)
Fund Balance, Beginning of Year			704,150	
Fund Balance, End of Year			\$ 587,839	

The accompanying notes are an integral part of this statement.

SUPPLEMENTARY INFORMATION

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Projects Capital Project Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental Revenue	\$	\$	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
General Government			195,357	(195,357)
Capital Outlay	44,328,431	44,328,431	12,636,357	31,692,074
Total Expenditures	44,328,431	44,328,431	12,831,714	31,496,717
Excess (Deficiency) of Revenues over Expenditures	(44,328,431)	(44,328,431)	(12,831,714)	31,496,717
OTHER FINANCING SOURCES (USES)				
Transfers In	44,328,431	44,328,431	12,840,436	(31,487,995)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	44,328,431	44,328,431	12,840,436	(31,487,995)
Net Change in Fund Balances	\$ -	\$ -	8,722	\$ 8,722
Fund Balance, Beginning of Year			(8,722)	
Fund Balance, End of Year			\$ -	

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities		
	Enterprise Funds		
	Water	Sanitary	Totals
	Authority	District	
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,245,470	\$ 163,840	\$ 1,409,310
Restricted Cash and Investments	4,972,726	6,835,569	11,808,295
Accounts Receivable, Net	909,719	534,389	1,444,108
Due from Other Governments		52,375	52,375
Prepaid Bond Insurance	129,708		129,708
Total Current Assets	7,257,623	7,586,173	14,843,796
Noncurrent Assets:			
Capital Assets Not Being Depreciated	434,853	452,919	887,772
Capital Assets Being Depreciated	59,725,061	61,860,435	121,585,496
Less: Accumulated Depreciation	(24,917,639)	(21,531,713)	(46,449,352)
Total Noncurrent Assets	35,242,275	40,781,641	76,023,916
Total Assets	42,499,898	48,367,814	90,867,712
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	209,200	184,868	394,068
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	200,272	125,262	325,534
Accrued Wages Payable	68,353	76,175	144,528
Deposits Payable	430,653		430,653
Interest Payable	247,421	207,339	454,760
Compensated Absences - Current Portion	68,735	71,455	140,190
Bonds Payable - Current Portion	452,128	202,305	654,433
Loans Payable - Current Portion		1,139,842	1,139,842
Total Current Liabilities	1,467,562	1,822,378	3,289,940
Noncurrent Liabilities:			
Compensated Absences - Less Current Portion	68,735	71,455	140,190
Net OPEB Obligation	127,926	115,225	243,151
Bonds Payable - Less Current Portion	15,462,547	9,126,611	24,589,158
Loans Payable - Less Current Portion		19,579,843	19,579,843
Total Noncurrent Liabilities	15,659,208	28,893,134	44,552,342
Total Liabilities	17,126,770	30,715,512	47,842,282
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows Of Resources	-	-	-
NET POSITION			
Net Investment In Capital Assets	19,327,600	10,733,037	30,060,637
Restricted for:			
Capital Projects	4,972,726	6,835,569	11,808,295
Unrestricted	1,282,002	268,564	1,550,566
Total Net Position	\$ 25,582,328	\$ 17,837,170	\$ 43,419,498

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

For The Fiscal Year Ended June 30, 2013

	Business-type Activities Enterprise Funds		
	Water Authority	Sanitary District	Totals
OPERATING REVENUES			
Charges for Services	\$ 5,733,780	\$ 5,174,194	\$ 10,907,974
Connection Charges	769,973	701,595	1,471,568
Other Revenue	350,466	114,610	465,076
 Total Operating Revenue	 6,854,219	 5,990,399	 12,844,618
OPERATING EXPENSES			
Salaries and Benefits	978,018	1,094,161	2,072,179
Administrative and General	813,591	752,828	1,566,419
Professional Services	440,657	216,492	657,149
Materials and Supplies	430,482	230,327	660,809
Repairs and Maintenance	31,317	123,780	155,097
Utilities	757,056	415,709	1,172,765
Depreciation and Amortization	1,469,035	1,254,124	2,723,159
 Total Operating Expenses	 4,920,156	 4,087,421	 9,007,577
 Operating Income (Loss)	 1,934,063	 1,902,978	 3,837,041
NONOPERATING REVENUES (EXPENSES)			
Property Taxes		120,102	120,102
Investment Income	1,788	15,224	17,012
Interest Expense and Fiscal Charges	(293,220)	(896,890)	(1,190,110)
 Total Nonoperating Revenues (Expenses)	 (291,432)	 (761,564)	 (1,052,996)
 Income Before Transfers	 1,642,631	 1,141,414	 2,784,045
 Transfers Out	 (607,537)	 (465,780)	 (1,073,317)
 Change in Net Position	 1,035,094	 675,634	 1,710,728
Total Net Position, Beginning of Year	25,012,681	17,352,019	42,364,700
Cumulative Effect of Change in Accounting Principle	(465,447)	(190,483)	(655,930)
Total Net Position, Beginning of Year, Restated	24,547,234	17,161,536	41,708,770
 Total Net Position, End of Year	 <u>\$ 25,582,328</u>	 <u>\$ 17,837,170</u>	 <u>\$ 43,419,498</u>

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Cash Flows
Proprietary Funds
For The Fiscal Year Ended June 30, 2013

	Business-type Activities		
	Enterprise Funds		
	Water	Sanitary	Totals
	Authority	District	
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 6,783,990	\$ 6,153,584	\$ 12,937,574
Cash Payments to Suppliers	(2,647,336)	(2,294,992)	(4,942,328)
Cash Payments to Employees for Services	(931,787)	(996,387)	(1,928,174)
Net Cash Provided (Used) by Operating Activities	3,204,867	2,862,205	6,067,072
Cash Flows from Noncapital Financing Activities			
Property Taxes Received		120,102	120,102
Net Cash Provided (Used) by Noncapital Financing Activities		120,102	120,102
Cash Flows From Capital and Related Financing Activities			
Principal Paid on Long-Term Debt	(10,844,000)	(1,576,462)	(12,420,462)
Interest Paid on Long-Term Debt	(289,841)	(914,128)	(1,203,969)
Proceeds from Long-Term Debt	10,435,000	621,041	11,056,041
Acquisition and Construction of Capital Assets, net	(576,118)	(114,523)	(690,641)
Contribution to Other Government	(607,537)	(465,780)	(1,073,317)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,882,496)	(2,449,852)	(4,332,348)
Cash Flows from Investing Activities			
Interest on Investments	1,788	15,224	17,012
Net Cash Provided (Used) by Investing Activities	1,788	15,224	17,012
Net Change in Cash and Cash Equivalents	1,324,159	547,679	1,871,838
Cash and Cash Equivalents - Beginning of the Year	4,894,037	6,451,730	11,345,767
Cash and Cash Equivalents - End of the Year	\$ 6,218,196	\$ 6,999,409	\$ 13,217,605

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Cash Flows
Proprietary Funds - Continued
For The Fiscal Year Ended June 30, 2013

	Business-type Activities		
	Enterprise Funds		
	Water	Sanitary	
	Authority	District	Totals
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ 1,934,063	\$ 1,902,978	\$ 3,837,041
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation and Amortization	1,469,035	1,254,124	2,723,159
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(56,914)	163,188	106,274
Decrease (Increase) in Prepaid Bond Insurance	(129,708)		(129,708)
Increase (Decrease) in Accounts Payable	(44,525)	(538,120)	(582,645)
Increase (Decrease) in Accrued Payroll	11,093	16,115	27,208
Increase (Decrease) in Deposits Payable	(13,315)		(13,315)
Increase (Decrease) in Compensated			
Absences Payable	1,073	33,237	34,310
Increase (Decrease) in Net OPEB Obligation	34,065	30,683	64,748
Net Cash Provided By Operating Activities	<u><u>\$ 3,204,867</u></u>	<u><u>\$ 2,862,205</u></u>	<u><u>\$ 6,067,072</u></u>
Noncash Investing, Capital and Financing Activities			
Amortization of Premium/Discount on Bonds	<u><u>\$ 304,922</u></u>	<u><u>\$ 3,430</u></u>	<u><u>\$ 308,352</u></u>

The accompanying notes are an integral part of this statement.

City of Coachella
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2013

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$ 848,690	\$ 2,650,426
Restricted Cash and Investments	7,490,053	7,017
Accounts Receivable	5,068	497,042
Loans Receivable	2,418,726	
Land Held for Resale	1,518,209	
	<hr/>	<hr/>
Total Assets	12,280,746	\$ 3,154,485
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	-	
	<hr/>	
LIABILITIES		
Pass-through Payable		\$ 2,132,290
Due To Other Governments	898,285	
Due To Refuse Service Provider		63,861
Deposits Payable		958,334
Accrued Interest Payable	661,868	
Notes Payable	46,960,000	
	<hr/>	<hr/>
Total Liabilities	48,520,153	\$ 3,154,485
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	-	
	<hr/>	
NET POSITION HELD IN TRUST	<u>\$ (36,239,407)</u>	

The accompanying notes are an integral part of this statement.

City of Coachella
Statement Of Changes in Fiduciary Net Position - Fiduciary Funds
For The Fiscal Year Ended June 30, 2013

	<u>Private-Purpose Trust Fund</u>
ADDITIONS	
Contributions:	
Redevelopment Agency Property Tax Trust Fund	\$ 3,951,111
Transfer in from City of Coachella	283,461
Other Revenues	<u>44,421</u>
Total Contributions	4,278,993
 Interest and Investment Revenue	
Use of money and property	<u>125,793</u>
Total Use of Money and Property	125,793
 Total Additions	<u>4,404,786</u>
 DEDUCTIONS	
Payments Made:	
Payments to Other Governments	1,897,752
Transfer out to City of Coachella	<u>4,689,105</u>
Total Payments to Other Governments	6,586,857
 Obligation Retirements:	
Interest on Note Payable	<u>2,413,373</u>
Total Obligation Retirements	2,413,373
 Administrative Expenses:	
Administrative Expenses	<u>18,304</u>
Total Administrative Expenses	18,304
 Total Deductions	<u>9,018,534</u>
 Change in Net Position	(4,613,748)
 Net Position Held in Trust - Beginning	(40,445,350)
Prior Period Adjustment (Note 18)	8,819,691
Net Position Held In Trust, Beginning, Restated	<u>(31,625,659)</u>
 Net Position Held in Trust - Ending	<u>\$ (36,239,407)</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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 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. Each blended component unit presented has a June 30 year end. The basis for blending the component units is that their governing bodies are substantively the same as the City's Council and their operations are integral to the primary government. The following is a brief review of each component unit included in the primary government's reporting entity.

Coachella Sanitary District – 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.

Coachella Water Authority – 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 City provides management assistance to the District and the members of the City Council also act as the governing body of the District. The Authority's activities are blended with those of the City in these financial statements and are reported as a proprietary fund.

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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

A) Description of the Reporting Entity – Continued

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 City provides management assistance to the Authority and the members of the City Council also act as the governing body of the Authority. The 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 are provided entirely to the primary government.

A component unit financial statement for each component unit previously described, excluding the Coachella Financing Authority, 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 Position and the Statement of Activities) report information on all of the non-fiduciary 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.

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 and inajor proprietary funds are reported as separate columns in the fund financial statements.

Net assets, which is equity, is reported in the following categories: net investment in capital assets, represents the City's equity interest in the capital assets; restricted assets are net assets whose use is not subject to the City's own discretion; and, unrestricted net assets are the remaining assets. 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 needed.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

B) Government-wide and Fund Financial Statements - Continued

Fund Financial Statements: Separate financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Fiduciary funds are excluded from the government-wide 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 und* is used to account for grant funds that are reimbursed by state grant agencies that provide funding programs that are based on selective eligibility criteria.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

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

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.

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

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

D) 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.

E) 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 and Fiduciary Fund Types the gain/loss from valuation will be reported within the "Investment Income" account on the Statement of Revenues, Expenses and Changes in Net Position for Proprietary Funds and the Statement of Changes in Fiduciary Net Position for the Fiduciary Fund.

F) 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).

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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

G) 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 Position.

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

H) 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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

I) 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, 2013.

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.

	General Fund	State Gas Tax	Indian Gaming Grant SB 621	Development Impact Fund	ECD Entitlement Program	HOME Program Income	Non-major Funds	Total
Fund Balances								
Nonspendable:								
Loans and notes receivable	\$ 2,363,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,363,139
Advances	898,285							898,285
Prepays and deposits	747,187							747,187
Restricted for:								
Capital projects								-
Low income housing						587,839	344,563	932,402
Street related purposes		1,389,954					1,623,453	3,013,407
Special programs							110,209	110,209
Public Safety							979,071	979,071
Committed to:								
Parks				2,293,754				2,293,754
Public facilities				1,604,660				1,604,660
Capital projects				1,243,823				1,243,823
Street related purposes				971,646				971,646
General Government				908,332				908,332
Public arts				24,638				24,638
Assigned to:								
Street related purposes							3,416,194	3,416,194
Unassigned	<u>3,971,625</u>		<u>(252,883)</u>		<u>(9,007)</u>			<u>3,709,735</u>
TOTAL FUND BALANCE	<u>\$ 7,980,236</u>	<u>\$ 1,389,954</u>	<u>\$ (252,883)</u>	<u>\$ 7,046,853</u>	<u>\$ (9,007)</u>	<u>\$ 587,839</u>	<u>\$ 6,473,490</u>	<u>\$ 23,216,482</u>

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

I) Fund Equity - Continued

Spending Policy

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) as they are needed when expenditures are incurred. When unrestricted resources are available for use, it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed for expenditures incurred.

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 fund 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.

J) Prepaids

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items.

K) 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, 2013, proceeds of taxes did not exceed appropriations.

L) 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.

M) 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.

N) 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 February 1 - 2nd Installment
Collection Date	December 10 - 1st Installment April 10 - 2nd Installment

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

N) Property Tax Calendar - Continued

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 Position:

Governmental Activities:

Cash and Investments - Unrestricted	\$ 22,374,827
Cash and Investments - Restricted	465,766

Statement of Net Position:

Business-Type Activities

Cash and Investments - Unrestricted	1,409,310
Cash and Investments - Restricted	11,808,295

Fiduciary Activities:

Statement of Fiduciary Assets:

Cash and Investments	3,499,116
Cash and Investments with Fiscal Agent	7,497,070

Total Cash and Investments	<u>\$ 47,054,384</u>
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Cash and investments consist of the following:

Petty Cash	\$ 2,024
Deposits with Financial Institutions	9,776,775
Investments	37,275,585
Total Cash and Investments	<u>\$ 47,054,384</u>

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

The table below identifies the investment types that are authorized for the City by the 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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

2) CASH AND INVESTMENTS – Continued

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

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.

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:

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

CASH AND INVESTMENTS – Continued

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	\$ 7,378,874	\$ 913,036	\$ 1,571,165	\$ 4,894,673	\$
Corporate Bonds	4,321,897	1,378,766	1,407,079	1,536,052	
State Investment Pool - LAIF	10,390,984	10,390,984			
County Investment Pool	153,667	153,667			
U.S. Treasury Notes	5,798,949	829,463	886,450	4,083,036	
Money market Funds	180,533	180,533			
Held By Bond Trustee					
Money Market Fund	4,458,938	4,458,938			
Federal Agency Securities	3,006,809	1,221,216	1,334,355	451,238	
Certificates of Deposit	1,081,328		1,081,328		
LAIF	503,606	503,606			
Total	<u>\$ 37,275,585</u>	<u>\$ 20,030,209</u>	<u>\$ 6,280,377</u>	<u>\$ 10,964,999</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

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

Investment Type		Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End				
				AAA	AA	A	BBB	Not Rated
Federal Agency Securities	\$ 7,378,874	A	\$	\$ 7,378,874	\$	\$	\$	\$
Corporate Bonds	4,321,897	A			1,208,997	3,112,900		
State Investment Pool - LAIF	10,390,984	N/A						10,390,984
County Investment Pool	153,667	N/A		153,667				
U.S. Treasury Notes	5,798,949	N/A	5,798,949					
Money Market Funds	180,533	A		180,533				
Held By Bond Trustee:								
Money Market Fund	4,458,938	A		4,458,938				
Federal Agency Securities	3,006,809	A		3,006,809				
Certificates of Deposit	1,081,328	N/A						1,081,328
LAIF	503,606	N/A						503,606
Total	<u>\$ 37,275,585</u>		<u>\$ 5,798,949</u>	<u>\$ 15,178,821</u>	<u>\$ 1,208,997</u>	<u>\$ 3,112,900</u>	<u>\$ -</u>	<u>\$ 11,975,918</u>

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

CASH AND INVESTMENTS – Continued

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 Home Loan Bank	U.S. Agency Securities	\$ 2,565,571

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, 2013, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2013, 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.

Investment Type	Reported Amount
Money Market Fund	\$ 4,458,938
Federal Agency Securities	\$ 3,006,809
Certificates of Deposit	\$ 1,081,328
LAIF	\$ 503,606

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).

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

2) CASH AND INVESTMENTS – Continued

Custodial Credit Risk – Continued

The balance available for withdrawal 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, 2013 was 0.48%. The amortized cost and estimated market value of the LAIF Pool at June 30, 2013 was \$58,812,406,570 and \$58,828,474,533, respectively. The City's share of the Pool at June 30, 2013 was approximately 0.0001766 percent.

Included in the LAIF's investment portfolio are certain asset-backed securities totaling \$753.400 million. 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-term loans receivable are deferred in the funds.

\$ 4,595,979

The Private-Purpose Trust Fund in the Statement of Fiduciary Net Position has receivables from commercial and industrial businesses for improvements and development. These receivables were transferred to the Private-Purpose Trust Fund upon dissolution of the Rural Development Agency on January 31, 2012. 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 fiduciary net position. 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.

2,418,726

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

3) LOANS RECEIVABLE – continued

The former Coachella Rural Development Agency (Agency's), which transferred this receivable to the Private-Purpose Trust Fund in the Statement of Fiduciary Net Position on January 31, 2012, 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 former Agency's 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 (5th) 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 (1st) 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 former Coachella Rural 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 entity 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 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 position which results in a balance of \$0.

Total Loans Receivable	<u>\$ 7,014,705</u>
Total Loans Receivable – Governmental Funds	\$ 4,595,979
Total Loans Receivable – Private Purpose Trust Funds	<u>2,418,726</u>
Total Loans Receivable	<u>\$ 7,014,705</u>

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

4) CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 7,768,960	\$ 400,650	\$	\$	\$ 8,169,610
Construction in Progress	7,391,553	3,847,000		(5,961,423)	5,277,130
Total Capital Assets, Not Depreciated	<u>15,160,513</u>	<u>4,247,650</u>	<u>-</u>	<u>(5,961,423)</u>	<u>13,446,740</u>
Capital Assets Being Depreciated:					
Buildings	7,678,577				7,678,577
Machinery and Equipment	6,843,815	134,943			6,978,758
Furniture and Fixtures	6,978				6,978
Infrastructure	138,832,139	8,399,357		5,961,423	153,192,919
Total Capital Assets Being Depreciated	<u>153,361,509</u>	<u>8,534,300</u>	<u>-</u>	<u>5,961,423</u>	<u>167,857,232</u>
Less Accumulated Depreciation:					
Buildings	(3,059,491)	(261,379)			(3,320,870)
Machinery and Equipment	(6,163,083)	(118,139)			(6,281,222)
Furniture and Fixtures	(6,978)				(6,978)
Infrastructure	(41,060,373)	(3,543,862)			(44,604,235)
Total Accumulated Depreciation	<u>(50,289,925)</u>	<u>(3,923,380)</u>	<u>-</u>	<u>-</u>	<u>(54,213,305)</u>
Total Capital Assets Being Depreciated, Net	<u>103,071,584</u>	<u>4,610,920</u>	<u>-</u>	<u>5,961,423</u>	<u>113,643,927</u>
Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 118,232,097</u>	<u>\$ 8,858,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,090,667</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 312,688
Public Safety	66,830
Public Works	3,366,964
Parks and Recreation	<u>176,898</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,923,380</u>

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

4) CAPITAL ASSETS – Continued

	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Business-type Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 887,772	\$	\$	\$	\$ 887,772
Construction in Progress	6,297,981			(6,297,981)	-
Total Capital Assets Not Depreciated	7,185,753	-	-	(6,297,981)	887,772
Capital Assets Being Depreciated:					
Buildings	1,211,956	9,350			1,221,306
Machinery and Equipment	12,047,373	173,216			12,220,589
Infrastructure	101,337,545	511,075		6,297,981	108,146,601
Total Capital Assets Being Depreciated	114,596,874	693,641	-	6,297,981	121,588,496
Less Accumulated Depreciation:					
Buildings	(455,802)	(32,152)			(487,954)
Machinery and Equipment	(8,464,956)	(380,052)			(8,845,008)
Infrastructure	(34,994,227)	(2,122,165)			(37,116,392)
Total Accumulated Depreciation	(43,914,985)	(2,534,369)	-	-	(46,449,354)
Total Capital Assets Being Depreciated, Net	70,681,889	(1,840,728)	-	6,297,981	75,139,142
Business-type Activities Capital Assets, Net of Depreciation	\$ 77,867,642	\$ (1,840,728)	\$ -	\$ -	\$ 76,026,914

Depreciation was charged to functions/programs as follows:

Business-type Activities:	
Water	\$ 1,292,872
Sanitary	1,241,497
Total Depreciation Expense - Business-type Activities	\$ 2,534,369

5) DEFERRED OUTFLOW OF RESOURCES

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type Activities:					
Deferred Amounts From Refunding Of Debt	\$ 193,705	\$ 209,200	\$ 8,837	\$ 394,068	\$
Total	\$ 193,705	\$ 209,200	\$ 8,837	\$ 394,068	\$ -

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

6) LONG-TERM LIABILITIES

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 7)	\$ 373,265	\$ 132,679	\$ 32,184	\$ 473,760	\$ 236,880
Certificated of Participation 2008 Gas Tax COPS	6,710,000		145,000	6,565,000	150,000
Claims Payable	341,476	45,067	23,077	363,466	
Pension Related Debt	1,933,181		152,135	1,781,046	166,630
OPEB Obligation	562,893	204,291		767,184	-
Total	\$ 9,920,815	\$ 382,037	\$ 352,396	\$ 9,950,456	\$ 553,510
Fiduciary Funds:					
1998 Tax Allocation Bonds	\$ 5,275,000	\$	\$ 190,000	\$ 5,085,000	\$ 200,000
1999 Tax Allocation Bonds	890,000		105,000	785,000	115,000
2004 Tax Allocation Bonds, Ser. A	4,330,000		85,000	4,245,000	85,000
2004 Tax Allocation Bonds, Ser. B	8,420,000		170,000	8,250,000	175,000
2006 Tax Allocation Bonds, Ser. A	19,975,000		495,000	19,480,000	515,000
2006 Tax Allocation Bonds, Ser. B	9,315,000		200,000	9,115,000	215,000
Total Revenue Bonds	\$ 48,205,000	\$ -	\$ 1,245,000	\$ 46,960,000	\$ 1,305,000
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type Activities:					
Compensated Absences (Note 7)	\$ 246,070	\$ 82,633	\$ 48,323	\$ 280,380	\$ 140,190
Loan Payable	21,489,327	621,041	1,390,683	20,719,685	1,139,842
Revenue Bonds					
2005A Wastewater	4,935,000		130,000	4,805,000	135,000
Bond Discounts	(78,035)	3,430		(74,605)	
2005B Wastewater	4,663,134		64,612	4,598,522	67,305
2003 Water	10,775,000		10,775,000	-	
Bond Premium	287,352	702,793	304,922	685,223	
2008 Water (USDA)	4,849,185		54,733	4,794,452	57,128
2012 Water (USDA)	-	10,435,000		10,435,000	395,000
Total Revenue Bonds	25,431,636	11,141,223	11,329,267	25,243,592	654,433
OPEB Obligation	178,403	64,748		243,151	-
Total	\$ 47,345,436	\$ 11,909,645	\$ 12,768,273	\$ 46,486,808	\$ 1,934,465

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

6) LONG-TERM LIABILITIES – 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 2011. The assets acquired under this lease were recorded at their acquisition cost of \$348,741. As of June 30, 2013, accumulated depreciation on the asset totaled \$119,089.

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%.

\$17,844,079

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, 2013, \$2,875,606 was withdrawn. Repayment of this loan shall be paid in annual installments through October 1, 2050. The completion date was September 4, 2012. The interest rate on this note is 2.375%.

\$ 2,875,606

Total Loans

\$20,719,685

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,139,842	\$ 497,171	\$ 1,637,013
2015	1,170,023	471,879	1,641,902
2016	1,195,784	445,425	1,641,209
2017	1,222,137	418,330	1,640,467
2018	1,249,096	390,637	1,639,733
2019-2023	6,702,075	1,515,022	8,217,097
2024-2028	6,000,121	720,618	6,720,739
2029-2033	350,000	230,209	580,209
2034-2038	390,000	187,162	577,162
2039-2043	445,000	139,009	584,009
2044-2048	495,000	84,443	579,443
2049-2052	360,607	24,045	384,652
Total	<u>\$ 20,719,685</u>	<u>\$ 5,123,950</u>	<u>\$ 25,843,635</u>

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

6) LONG-TERM LIABILITIES – 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 Statement of Fiduciary Net Position due to the dissolution of the Redevelopment Agency on January 31, 2012. On December 14, 1998, the former 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, 2013, the Agency has a cash reserve for debt service of \$503,606 which is sufficient to cover the Bond Indenture Reserve Requirement.

\$ 5,085,000

On September 17, 1999, the former 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, 2013, the Agency has a cash reserve for debt service of \$159,226 which is sufficient to cover the Bond Indenture Reserve Requirement.

\$ 785,000

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 former 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 1 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, 2013, the Authority has a cash reserve for debt service of \$436,327 which is sufficient to cover the Bonds Indenture Reserve Requirement.

\$ 4,245,000

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 former 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, 2013, the Authority has a cash reserve for debt service of \$727,329 which is sufficient to cover the Bond Indenture Reserve Requirement.

\$ 8,250,000

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, 2013, the Agency has a cash reserve for debt service of \$1,740,728 which is sufficient to cover the Bond Indenture Reserve Requirement.

\$19,480,000

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

6) LONG-TERM LIABILITIES – Continued

Revenue Bonds – Continued

Private Purpose Trust Funds – Fiduciary Funds:

On May 9, 2006, the former 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, 2013, the Agency has a cash reserve for debt service of \$928,853 which is sufficient to over the Bond Indenture Reserve Requirement.

\$ 9,115,000

Total Revenue Bonds – Fiduciary Funds

\$46,960,000

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

Year Ending June 30,	Principal	Interest	Total
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	1,565,000	2,126,611	3,691,611
2019-2023	9,065,000	9,382,809	18,447,809
2024-2028	11,575,000	6,840,592	18,415,592
2029-2033	12,960,000	3,514,591	16,474,591
2034-2037	6,220,000	843,377	7,063,377
Total	<u>\$ 46,960,000</u>	<u>\$ 31,895,596</u>	<u>\$ 78,855,596</u>

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 from \$105,000 to \$335,000 commencing April 1, 2006, through April 1, 2035. At June 30, 2013, the cash reserve for debt service is \$357,650 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, 2013, the District met the rate covenant as required by the bond indenture.

\$ 4,805,000

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.

\$ 4,598,522

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

6) LONG-TERM LIABILITIES – 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. This Series was defeased on December 13, 2012.

\$ -

On December 13, 2012, the Coachella Water Authority issued \$10,435,000 Water Revenue Bonds, Series 2012 to current refund the outstanding amount of the 2003 Water Revenue Bonds and to finance on-going capital improvements to the water system. Interest on the bonds is payable February 1 and August 1 of each year. Interest on the bonds accrues at rates varying from 2.00% to 5.00% per annum. Principal on serial and term bonds is payable in annual installments ranging from \$395,000 to \$3,350,000, commencing February 1, 2013 through August 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, 2013, the Authority met the rate covenant as required by the bond indenture.

\$10,435,000

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.

\$ 4,794,452

Total Revenue Bonds – Business Activities

\$ 24,632,974

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 654,433	979,485	1,633,918
2015	674,737	961,364	1,636,101
2016	690,268	942,433	1,632,701
2017	711,034	922,717	1,633,751
2018	737,047	902,317	1,639,364
2019-2023	4,024,787	4,155,792	8,180,579
2024-2028	4,883,587	3,314,558	8,198,145
2029-2033	5,722,414	2,187,857	7,910,271
2034-2038	2,533,264	1,134,635	3,667,899
2039-2043	1,966,744	691,372	2,658,116
2044-2048	1,778,913	251,278	2,030,191
2049	255,746	5,594	261,340
Total	<u>\$ 24,632,974</u>	<u>\$ 16,449,402</u>	<u>\$ 41,082,376</u>

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

6) LONG-TERM LIABILITIES – 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, 2013, the Agency has a cash reserve for debt service of \$451,238 which is sufficient to cover the Bond indenture Reserve Requirement.

Total Certificates of Participation – Governmental Activities

\$ 6,565,000

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

Year Ending June 30,	Principal	Interest	Total
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	175,000	271,308	446,308
2019-2023	1,000,000	1,243,710	2,243,710
2024-2028	1,235,000	1,008,026	2,243,026
2029-2033	1,550,000	693,500	2,243,500
2034-2037	1,960,000	288,095	2,248,095
Total	<u>\$ 6,565,000</u>	<u>\$ 4,655,673</u>	<u>\$ 11,220,673</u>

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 an "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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

6) LONG-TERM LIABILITIES – 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		Total
	Principal	Interest	
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	<u>\$ 901,539</u>	<u>\$ 664,853</u>	<u>\$ 1,566,392</u>

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

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
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	<u>\$ 879,507</u>	<u>\$ 174,554</u>	<u>\$ 1,054,061</u>

7) COMPENSATED ABSENCES

For governmental fund and proprietary funds, accumulated vacation, sick and administrative leave benefits payable in future years amounted to \$473,760 and \$280,380, respectively at June 30, 2013. 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 financial 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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

8) 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	Development	Capital	
		Fund	Impact	Improvement	
			Fund	Capital Project	Total
				Fund	
DUE TO	ECD Entitlement Program	\$ 28,000	\$	\$ 2,575,794	\$ 2,603,794
	Development Impact Fund	6			6
	Capital Improvement Projects				
	Capital Project Fund	848,752	4,056,879		4,905,631
	Non-major Governmental Funds	360,780		330,000	690,780
Total		\$ 1,237,538	\$ 4,056,879	\$ 2,905,794	\$ 8,200,211

The Capital Improvement 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 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 is one inter-fund receivable due to the General Fund from the Capital Improvements Project Capital Project Fund totaling \$848,752 and three inter-fund receivables due to Development Impact Fund totaling \$4,056,879.

Inter-fund transfers are as follows:

TRANSFERS IN												
GOVERNMENTAL FUNDS								FIDUCIARY FUNDS		ENTERPRISE FUNDS		
General Fund	State Gas Tax Fund	Dev. Impact Fund	ECD Ent. Fund	HOME Program Income	Indian Gaming Grants SB 621	Non-Major Governmental Funds	Private-Purpose Trust Fund	Coachella Sanitary District	Coachella Water District	Total		
T R A N S F E R S												
GOVERNMENTAL FUNDS:												
General Fund	\$ -	\$1,120,162	\$ 5,040	\$ 28,462	\$ 70,949	\$ -	\$ 849,966	\$ -	\$ 465,780	\$ 607,537	\$ 3,147,896	
Dev. Impact Fund												
633,795												
Capital Improvement Projects												
3,830,546 3,375,777 159,367 1,067,902 4,406,844 12,840,436												
Non-major Governmental Funds												
2,154,177 27,498 633,795 2,181,675												
O U T												
FIDUCIARY FUNDS:												
Private-Purpose Trust Fund												
1,200 282,261 283,461												
Total												
\$2,154,177 \$1,120,162 \$3,835,586 \$4,039,234 \$ 70,949 \$ 159,367 \$ 1,945,366 \$ 4,689,105 \$ 465,780 \$ 607,537 \$ 19,087,263												

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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

Transfers made from the General Fund to the non-major governmental funds of \$2,154,177 were to cover various expenditures of \$1,168,302 and \$427,036 in the Fire Protection District and gas tax bonds, respectively. Transfers made to the General Fund of \$3,159,394 from various governmental funds were to cover expenditures for police services and street maintenance.

9) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Major Fund Deficit Fund Balance

The following major funds had a deficit fund balance as of June 30, 2013 as follows:

Special Revenue Fund:

Indian Gaming Grants SB 621	\$ 252,883
ECD Entitlement Grants	9,007

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 2012-13 was 18.357%, as determined by the June 30, 2010 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
6/30/11	\$ 790,292	100%
6/30/12	\$ 908,914	100%
6/30/13	\$ 744,960	100%

City of Coachella
Notes to Financial Statements
For The Fiscal Year Ended June 30, 2013

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

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 2012-13 was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

Fiscal Year	Required Contribution	Percent Contributed
6/30/11	\$ 276,025	100%
6/30/12	\$ 281,147	100%
6/30/13	\$ 286,270	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 2013, 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 2013, 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 June 30, 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 294,277
Interest on Net OPEB Obligation	27,799
Adjustment to Annual Required Contribution	(2,462)
Annual OPEB Cost (Expense)	319,614
Benefits Paid	(50,575)
Increase in Net OPEB Obligation	269,039
Net OPEB Obligation - Beginning of the Year	741,296
Net OPEB Obligation - End of the Year	<u>\$ 1,010,335</u>

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

11) POST EMPLOYMENT BENEFITS – Continued

The City's net OPEB obligation as of the year ending June 30, 2013 was calculated to be \$1,010,335 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, 2013 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
6/30/13	\$ 319,614	15.8%	\$ 1,010,335
6/30/12	\$ 242,960	15.2%	\$ 741,296
6/30/11	\$ 218,100	12.9%	\$ 556,000

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2013, was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,058,583
Actuarial Value of Plan Assets	\$ 0
Unfunded Actuarial Accrued Liability (UALL)	\$ 2,058,583
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 5,294,179
UAAL as a Percentage of Covered Payroll	38.88%

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 on page 76, 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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

11) POST EMPLOYMENT BENEFITS – Continued

The following is a summary of the actuarial assumptions and method

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal Cost Method
Normal Cost	Level Percent of Payroll
Remaining Amortization Period	26 Years for expected UAAL and 29 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%
Healthcare Cost Trend Rate	5.00% of ultimate maximums up to 9 years.
General Inflation	1.50%.
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.

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, 2013, the amount of these liabilities was \$366,466. This liability is the City's best estimate based on available information.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

12) RISK MANAGEMENT – Continued

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

	Year Ended June 30, 2013	Year Ended June 30, 2012
Claims payable, beginning of fiscal year	\$ 341,476	\$ 790,966
Current year claims and changes in estimates	45,067	(449,490)
Claims payments	(23,077)	-
Claims payable, end of fiscal year	<u>\$ 363,466</u>	<u>\$ 341,476</u>

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, 2013, 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. However, see Note 19 for a subsequent event.

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.

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.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

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. 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.

GASB Statement No. 69: - *Government Combinations and Disposals of Government Operations.* These provisions are effective for financial statements for periods beginning after December 15, 2013.

GASB Statement No. 70: - *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* These provisions are effective for financial statements for periods beginning after June 15, 2013.

GASB Statement No. 71: - *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These provisions are effective for financial statements for periods beginning after June 15, 2014.

17) CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

Pursuant to GASB 65, "Items Previously Reported as Assets and Liabilities" the City no longer amortizes the cost of debt issuance and related deferred charges. These amounts should be expensed in the year they are incurred. The City made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This resulted in net position for governmental activities and business-type activities to be reduced by \$1,893,467 and \$655,930, respectively. The total impact to net position is a decrease of \$2,549,397. The impact to the Statement of Activities for the year ending June 30, 2012 for the governmental activities and business-type activities was \$81,949 and \$31,000, respectively.

City of Coachella
Notes to Financial Statements
Fiscal Year Ended June 30, 2013

18) PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$8,819,691 was made to increase the fiduciary activities beginning net position. The adjustment was made due to a prior period transaction not being included as revenues but rather as unearned revenues at June 30, 2012. The result of this adjustment was to increase beginning net position and revenues for \$8,819,691 and decrease unearned revenues for this same amount for the year ending June 30, 2012.

19) SUBSEQUENT EVENT

On October 24, 2013, the City issued bonds totaling \$5,275,000 to subordinate the tax allocation bonds included in the private-purpose trust funds. The new bonds terms will have interest rates ranging from 2.00% to 4.25% and have annual payments ranging from \$290,000 to \$390,000.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Coachella
Schedule of Funding Progress for CRHP
Fiscal Year Ended June 30, 2013

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%
06/30/13	\$ -	2,058,583	2,058,583	0%	\$ 5,294,179	38.9%

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

NONMAJOR GOVERNMENTAL FUNDS

City of Coachella

Non-major Governmental Funds

Special Revenue Funds:

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.

CDBG Admin Program Income – 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.

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.

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.

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.

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.

HOME Admin Program Income – 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.

Debt Service Fund:

Street Improvement Fund – Used to account for payments of principal and interest for debt obligations incurred by the City for street improvements.

City of Coachella
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

			Special Revenue		
	Air Quality Improvemt	Local Transportion	CDBG Admin Program Income	Landscape & Lighting District	Fire Protection District
Assets and Deferred Outflows Of Resources					
Assets:					
Cash and Investments	\$ 31,018	\$ 1,008,418	\$	\$ 3,600,162	\$ 1,465,919
Cash with Fiscal Agent					
Loans Receivable					
Due from Other Governments	13,236	172,490		13,528	114,770
Total Assets	<u>\$ 44,254</u>	<u>\$ 1,180,908</u>	<u>\$ -</u>	<u>\$ 3,613,690</u>	<u>\$ 1,580,689</u>
Deferred Outflows of Resources	-	-	-	-	-
Liabilities, Deferred Inflows of Resources, And Fund Balances					
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 19,459	\$ 42,261	\$ -	\$ 197,496	\$ 601,618
Due to Other Funds					
Due to Other Governments	7,942	547			
Deferred Revenue					
Total Liabilities	<u>27,401</u>	<u>42,808</u>	<u>-</u>	<u>197,496</u>	<u>601,618</u>
Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Restricted for:					
Low Income Housing					
Street Related Projects	16,853	1,138,100			
Special Programs					
Public Safety					979,071
Assigned				3,416,194	
Total Fund Balances	<u>16,853</u>	<u>1,138,100</u>	<u>-</u>	<u>3,416,194</u>	<u>979,071</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,254</u>	<u>\$ 1,180,908</u>	<u>\$ -</u>	<u>\$ 3,613,690</u>	<u>\$ 1,580,689</u>

NSP Program Income	Special Revenue					USDA SBA Revolving Loans	CAL HOME Program Income
	CDBG	Prop 1B Transportation	Police Asset Forfeiture	Fiesta of Chilies			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,900
							508,805
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,705
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
							508,805
-	-	-	-	-	-	-	508,805
-	-	-	-	-	-	-	-
							162,900
-	-	-	-	-	-	-	162,900
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,705

City of Coachella
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2013

	Special Revenue		Debt Service	Total
	CDBG Program Income	Home Admin Program Income	Street Improvement Fund	Non-Major Governmental Funds
Assets and Deferred Outflows Of Resources				
Assets:				
Cash and Investments	\$ 182,437	\$ 181,663	\$ 2,734	\$ 6,635,251
Cash with Fiscal Agent			465,766	465,766
Loans Receivable	538,812			1,047,617
Due from Other Governments	747,811			1,061,835
Total Assets	<u>\$ 1,469,060</u>	<u>\$ 181,663</u>	<u>\$ 468,500</u>	<u>\$ 9,210,469</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources, And Fund Balances				
Liabilities:				
Accounts Payable & Accured Liabilities	\$ 129,259	\$ -	\$ -	\$ 990,093
Due to Other Funds	690,780			690,780
Due to Other Governments				8,489
Deferred Revenue	538,812			1,047,617
Total Liabilities	<u>1,358,851</u>	<u>-</u>	<u>-</u>	<u>2,736,979</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Low Income Housing		181,663		344,563
Street Related Projects			468,500	1,623,453
Special Programs	110,209			110,209
Public Safety				979,071
Assigned				3,416,194
Total Fund Balances	<u>110,209</u>	<u>181,663</u>	<u>468,500</u>	<u>6,473,490</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,469,060</u>	<u>\$ 181,663</u>	<u>\$ 468,500</u>	<u>\$ 9,210,469</u>

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City of Coachella
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds

For The Fiscal Year Ended June 30, 2013

	Special Revenue				
	Air Quality Improvemnt	Local Transportion	CDBG Admin Program Income	Landscape & Lighting District	Fire Protection District
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 590,553
Charges for Services					41,005
Intergovernmental Revenue	50,550	603,839			
Special Assessments				1,501,759	705,310
Investment Income	505	78		3,514	15
Total Revenues	51,055	603,917	-	1,505,273	1,336,883
EXPENDITURES					
Current:					
General Government					
Public Safety					2,360,822
Public Works	64,078	5,550		1,701,814	
Capital Outlays	134,943				
Debt Service:					
Principal Retirement					
Interest and Fiscal Charges					
Total Expenditures	199,021	5,550	-	1,701,814	2,360,822
Excess (Deficiency) of Revenues Over Expenditures	(147,966)	598,367	-	(196,541)	(1,023,939)
OTHER FINANCING SOURCES (USES)					
Transfers In					1,168,602
Transfers Out		(502,766)	(27,310)	(269,598)	
Total Other Financing Sources (Uses)	-	(502,766)	(27,310)	(269,598)	1,168,602
EXTRAORDINARY ITEM					
Extraordinary Gain/(Loss) from Dissolution					
Total Extraordinary Gain/(Loss)	-	-	-	-	-
Net Change in Fund Balances	(147,966)	95,601	(27,310)	(466,139)	144,663
Fund Balances, Beginning of Year	164,819	1,042,499	27,310	3,882,333	834,408
Fund Balances, End of Year	\$ 16,853	\$ 1,138,100	\$ -	\$ 3,416,194	\$ 979,071

Special Revenue						
NSP Program Income	CDBG	Prop 1B Transportation	Police Asset Forfeiture	Fiesta of Chilies	USDA SBA Revolving Loans	CAL HOME Program Income
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
						10,000
1,619		750				1,188
1,619	-	750	-	-	-	11,188
476,752						
476,752	-	-	-	-	-	-
(475,133)	-	750	-	-	-	11,188
(1,620)	188	(483,785)	(47,459)	(10,228)	(48,277)	(67,458)
(1,620)	188	(483,785)	(47,459)	(10,228)	(48,277)	(67,458)
-	-	-	-	-	-	-
(476,753)	188	(483,035)	(47,459)	(10,228)	(48,277)	(56,270)
476,753	(188)	483,035	47,459	10,228	48,277	219,170
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,900

City of Coachella
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - Continued
For the Fiscal Year Ended June 30, 2013

	Special Revenue		Debt Service	Total
	CDBG Program Income	Home Admin Program Income	Street Improvement Fund	Non-Major Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 590,553
Charges for Services				41,005
Intergovernmental Revenue	829,386	1,000		1,494,775
Special Assessments				2,207,069
Investment Income	398		20,873	28,940
Total Revenues	829,784	1,000	20,873	4,362,342
EXPENDITURES				
Current:				
General Government	489,851	61	1,342	968,006
Public Safety				2,360,822
Public Works				1,771,442
Capital Outlay				134,943
Debt Service:				
Principal Retirement			145,000	145,000
Interest and Fiscal Charges			302,909	302,909
Total Expenditures	489,851	61	449,251	5,683,122
Excess (Deficiency) of Revenues Over Expenditures	339,933	939	(428,378)	(1,320,780)
OTHER FINANCING SOURCES (USES)				
Transfers In	27,310	88,697	896,878	2,181,675
Transfers Out	(486,865)			(1,945,366)
Total Other Financing Sources (Uses)	(459,555)	88,697	896,878	236,309
EXTRAORDINARY ITEM				
Extraordinary Gain/(Loss) from Dissolution				
Total Extraordinary Gain/(Loss)	-	-	-	-
Net Change in Fund Balances	(119,622)	89,636	468,500	(1,084,471)
Fund Balances, Beginning of Year	229,831	92,027	-	7,557,961
Fund Balances, End of Year	\$ 110,209	\$ 181,663	\$ 468,500	\$ 6,473,490

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Air Quality Improvement Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 46,000	\$ 46,000	\$ 50,550	\$ 4,550
Investment Income	1,900	1,900	505	(1,395)
Total Revenues	47,900	47,900	51,055	3,155
EXPENDITURES				
Current:				
Public Works	70,000	70,000	64,078	5,922
Capital Outlay			134,943	(134,943)
Total Expenditures	70,000	70,000	199,021	(129,021)
Excess (Deficiency) of Revenues over Expenditures	(22,100)	(22,100)	(147,966)	(125,866)
OTHER FINANCING SOURCES (USES)				
Transfers In			-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	<u>\$ (22,100)</u>	<u>\$ (22,100)</u>	(147,966)	<u>\$ (125,866)</u>
Fund Balance, Beginning of Year			164,819	
Fund Balance, End of Year			<u>\$ 16,853</u>	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Transportation Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenues	\$ 430,000	\$ 430,000	\$ 603,839	173,839
Investment Income			78	78
Total Revenues	430,000	430,000	603,917	173,917
EXPENDITURES				
Current:				
Public Works			5,550	(5,550)
Total Expenditures	-	-	5,550	(5,550)
Excess (Deficiency) of Revenues over Expenditures	430,000	430,000	598,367	168,367
OTHER FINANCING SOURCES (USES)				
Transfers Out	(437,000)	(437,000)	(502,766)	(65,766)
Total Other Financing Sources (Uses)	(437,000)	(437,000)	(502,766)	(65,766)
Net Change in Fund Balances	\$ (7,000)	\$ (7,000)	95,601	\$ 102,601
Fund Balance, Beginning of Year			1,042,499	
Fund Balance, End of Year			\$ 1,138,100	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Admin Program Income Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,534,000	\$ 1,534,000	\$ -	\$(1,534,000)
Total Revenues	1,534,000	1,534,000	-	(1,534,000)
EXPENDITURES				
Current:				
General Government			-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,534,000	1,534,000	-	(1,534,000)
OTHER FINANCING SOURCES (USES)				
Transfers In	(1,534,000)	(1,534,000)	(27,310)	1,506,690
Total Other Financing Sources (Uses)	(1,534,000)	(1,534,000)	(27,310)	1,506,690
Net Change in Fund Balances	\$ -	\$ -	(27,310)	\$ (27,310)
Fund Balance, Beginning of Year			27,310	
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
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Special Assessments	\$ 870,567	\$ 870,567	\$ 1,501,759	\$ 631,192
Investment Income	64,835	64,835	3,514	(61,321)
Total Revenues	935,402	935,402	1,505,273	569,871
EXPENDITURES				
Current:				
Public Works	1,186,129	1,186,129	1,701,814	(515,685)
Total Expenditures	1,186,129	1,186,129	1,701,814	(515,685)
Excess (Deficiency) of Revenues over Expenditures	(250,727)	(250,727)	(196,541)	54,186
OTHER FINANCING SOURCES (USES)				
Transfers Out			(269,598)	(269,598)
Total Other Financing Sources (Uses)	-	-	(269,598)	(269,598)
Net Change in Fund Balances	\$ (250,727)	\$ (250,727)	(466,139)	\$ (215,412)
Fund Balance, Beginning of Year			3,882,333	
Fund Balance, End of Year			\$ 3,416,194	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Protection District Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 274,000	\$ 274,000	\$ 590,553	\$ 316,553
Charges for Services	25,000	25,000	41,005	16,005
Special Assessments	367,740	367,740	705,310	337,570
Investment Income	9,000	9,000	15	(8,985)
Total Revenues	675,740	675,740	1,336,883	661,143
EXPENDITURES				
Current:				
Public Safety	2,436,835	2,436,835	2,360,822	76,013
Capital Outlay	4,000	4,000	-	4,000
Total Expenditures	2,440,835	2,440,835	2,360,822	80,013
Excess (Deficiency) of Revenues over Expenditures	(1,765,095)	(1,765,095)	(1,023,939)	741,156
OTHER FINANCING SOURCES (USES)				
Transfers In	2,128,835	2,128,835	1,168,602	(960,233)
Transfers Out	(363,740)	(363,740)	-	363,740
Total Other Financing Sources (Uses)	1,765,095	1,765,095	1,168,602	(596,493)
Net Change in Fund Balances	\$ -	\$ -	144,663	\$ 144,663
Fund Balance, Beginning of Year			834,408	
Fund Balance, End of Year			\$ 979,071	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - NSP Program Income Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 1,619	\$ 1,619
Total Revenues	-	-	1,619	1,619
EXPENDITURES				
Current:				
General Government	-	-	476,752	(476,752)
Total Expenditures	-	-	476,752	(476,752)
Excess (Deficiency) of Revenues over Expenditures	-	-	(475,133)	(475,133)
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out			(1,620)	(1,620)
Total Other Financing Sources (Uses)	-	-	(1,620)	(1,620)
Net Change in Fund Balances	\$ -	\$ -	(476,753)	\$ (476,753)
Fund Balance, Beginning of Year			476,753	
Fund Balance, End of Year			\$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental Revenue	\$ 1,534,000	\$ 1,534,000	\$ -	\$(1,534,000)
Total Revenues	1,534,000	1,534,000	-	(1,534,000)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,534,000	1,534,000	-	(1,534,000)
OTHER FINANCING SOURCES (USES)				
Transfers In			188	(188)
Transfers Out	(1,534,000)	(1,534,000)	-	(1,534,000)
Total Other Financing Sources (Uses)	(1,534,000)	(1,534,000)	188	(1,534,188)
Net Change in Fund Balances	\$ -	\$ -	188	\$ 188
Fund Balance, Beginning of Year			(188)	
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
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 750	\$ (750)
Total Revenues	-	-	750	750
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out			(483,785)	(483,785)
Total Other Financing Sources (Uses)	-	-	(483,785)	(483,785)
Net Change in Fund Balance	\$ -	\$ -	(483,035)	\$ (483,035)
Fund Balance, Beginning of Year			483,035	
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
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer Out			(47,459)	47,459
Total Other Financing Sources (Uses)	-	-	(47,459)	47,459
Net Change in Fund Balance	\$ -	\$ -	(47,459)	\$ (47,459)
Fund Balance, Beginning of Year			47,459	
Fund Balance, End of Year			\$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fiesta of Chilies Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers Out			(10,228)	(10,228)
Total Other Financing Sources (Uses)	-	-	(10,228)	(10,228)
Net Change in Fund Balance	\$ -	\$ -	(10,228)	\$ (10,228)
Fund Balance, Beginning of Year			10,228	
Fund Balance, End of Year			\$ -	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - USDA SBA Revolving Loans Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

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

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CAL HOME Program Income Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 10,000	\$ 10,000
Investment Income	-	-	1,188	1,188
Total Revenues	-	-	11,188	11,188
EXPENDITURES				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	11,188	11,188
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(67,458)	(67,458)
Total Other Financing Sources (Uses)	-	-	(67,458)	(67,458)
Net Change in Fund Balances	\$ -	\$ -	(56,270)	\$ (56,270)
Fund Balance, Beginning of Year			219,170	
Fund Balance, End of Year			\$ 162,900	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Program Income Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 829,386	829,386
Investment Income	-	-	398	398
Total Revenues	-	-	829,784	829,784
EXPENDITURES				
Current:				
General Government			489,851	(489,851)
Total Expenditures	-	-	489,851	(489,851)
Excess (Deficiency) of Revenues over Expenditures	-	-	339,933	339,933
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	27,310	27,310
Transfers Out	-	-	(486,865)	(486,865)
Total Other Financing Sources (Uses)	-	-	(459,555)	(459,555)
Net Change in Fund Balances	\$ -	\$ -	(119,622)	\$ (119,622)
Fund Balance, Beginning of Year			229,831	
Fund Balance, End of Year			\$ 110,209	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Home Admin Program Income Special Revenue Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 1,000	\$ 1,000
Total Revenues	-	-	1,000	1,000
EXPENDITURES				
Current:				
General Government	-	-	61	(61)
Total Expenditures	-	-	61	(61)
Excess (Deficiency) of Revenues over Expenditures	-	-	939	939
OTHER FINANCING SOURCES (USES)				
Transfers In			88,697	88,697
Total Other Financing Sources (Uses)	-	-	88,697	88,697
Net Change in Fund Balances	\$ -	\$ -	89,636	\$ 89,636
Fund Balance, Beginning of Year			92,027	
Fund Balances, End of Year			\$ 181,663	

City of Coachella
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Street Improvement Fund Debt Service Fund
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment Income	\$ -	\$ -	\$ 20,873	\$ 20,873
Total Revenues	-	-	20,873	20,873
EXPENDITURES				
Current:				
General Government	-	-	1,342	(1,342)
Debt Service:				
Principal Retirement			145,000	(145,000)
Interest and Fiscal Charges			302,909	(302,909)
Total Expenditures	-	-	449,251	(449,251)
Excess (Deficiency) of Revenues over Expenditures	-	-	(428,378)	(428,378)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	896,878	(896,878)
Total Other Financing Sources (Uses)	-	-	896,878	(896,878)
Net Change in Fund Balances	\$ -	\$ -	468,500	\$ 468,500
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ 468,500	

AGENCY FUNDS

City of Coachella

Agency Funds

Self-Insured Dental Plan – used to account for any claims that are not otherwise covered by its dental indemnity plan for City employees.

General Deposits Fund – used to account for deposits and disbursements to and from the Rabobank payroll account and also to obtain future services from citizens and others who have an agreement with the City. Deposits are reduced by disbursements and/or refunds to the depositors when the cost of the service is determined.

Flood Control Capital Facilities Fund – used to account for the assets held on behalf of the Coachella Valley Water District for storm drain and other capital projects.

Employee Flex Plan Deposits – used to account for reserves held on behalf of employees on supplementary insurance plan. Employees are reimbursed for out- of pocket medical expenses when claims are submitted.

Refuse Fund – used to account for the receipts collected and distributed to Burrtec for refuse services provided to City Residents.

City of Coachella
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	Self Insured Dental Plan	General Deposits Fund	Flood Control Capital Facilities Fund
ASSETS			
Cash and Investments	\$ -	\$ 525,153	\$ 2,125,273
Cash and Investments with Fiscal Agent	7,017		
Accounts Receivable		427,325	
	<u>\$ 7,017</u>	<u>\$ 952,478</u>	<u>\$ 2,125,273</u>
Total Assets	<u>\$ 7,017</u>	<u>\$ 952,478</u>	<u>\$ 2,125,273</u>
LIABILITIES			
Pass-through Payable	\$ 7,017	\$ -	\$ 2,125,273
Due to Refuse Service Provider			
Deposits Payable		952,478	
	<u>\$ 7,017</u>	<u>\$ 952,478</u>	<u>\$ 2,125,273</u>
Total Liabilities	<u>\$ 7,017</u>	<u>\$ 952,478</u>	<u>\$ 2,125,273</u>

<u>Employee Flex Plan Deposits</u>	<u>Refuse Fund</u>	<u>Total Agency Funds</u>
\$ -	\$ -	\$ 2,650,426
		7,017
-	69,717	497,042
<u>\$ -</u>	<u>\$ 69,717</u>	<u>\$ 3,154,485</u>
\$ -	\$ -	\$ 2,132,290
	63,861	63,861
	5,856	958,334
<u>\$ -</u>	<u>\$ 69,717</u>	<u>\$ 3,154,485</u>

City of Coachella
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds
Self Insured Dental Plan
For the Fiscal Year Ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments with Fiscal Agent	\$ 7,017			\$ 7,017
Total Assets	<u>\$ 7,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,017</u>
LIABILITIES				
Pass-through Payable	\$ 7,017			\$ 7,017
Total Liabilities	<u>\$ 7,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,017</u>

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
General Deposits Fund
For The Fiscal Year Ended June 30, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 914,967	\$ 522,521	\$ 912,335	\$ 525,153
Other Receivables		427,325		427,325
Total Assets	<u>\$ 914,967</u>	<u>\$ 949,846</u>	<u>\$ 912,335</u>	<u>\$ 952,478</u>
LIABILITIES				
Deposits Payable	<u>\$ 914,967</u>	<u>\$ 1,719,972</u>	<u>\$ 1,682,461</u>	<u>\$ 952,478</u>
Total Liabilities	<u>\$ 914,967</u>	<u>\$ 1,719,972</u>	<u>\$ 1,682,461</u>	<u>\$ 952,478</u>

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
Flood Control Capital Facilities Fund
For the Fiscal Year Ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 2,123,541	\$ 9,701	\$ 7,969	\$ 2,125,273
Total Assets	<u>\$ 2,123,541</u>	<u>\$ 9,701</u>	<u>\$ 7,969</u>	<u>\$ 2,125,273</u>
LIABILITIES				
Pass-through Payable	<u>\$ 2,123,541</u>	<u>\$ 9,701</u>	<u>\$ 7,969</u>	<u>\$ 2,125,273</u>
Total Liabilities	<u>\$ 2,123,541</u>	<u>\$ 9,701</u>	<u>\$ 7,969</u>	<u>\$ 2,125,273</u>

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
Employee Flex Plan Deposits Fund
For the Fiscal Year Ended June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	<u>\$ 922</u>	<u>\$ 9,486</u>	<u>\$ 10,408</u>	<u>\$</u>
Total Assets	<u><u>\$ 922</u></u>	<u><u>\$ 9,486</u></u>	<u><u>\$ 10,408</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Claims Payable	<u>\$ 922</u>	<u>\$ 22,514</u>	<u>\$ 23,436</u>	<u>\$ -</u>
Total Liabilities	<u><u>\$ 922</u></u>	<u><u>\$ 22,514</u></u>	<u><u>\$ 23,436</u></u>	<u><u>\$ -</u></u>

City of Coachella
Statement of Changes in Fiduciary Assets and Liabilities
Refuse Fund
For the Fiscal Year Ended June 30, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 5,832	\$ 3,323,336	\$ 3,329,168	\$ -
Accounts Receivable	<u>65,091</u>	<u>69,717</u>	<u>65,091</u>	<u>69,717</u>
Total Assets	<u>\$ 70,923</u>	<u>\$ 3,393,053</u>	<u>\$ 3,394,259</u>	<u>\$ 69,717</u>
LIABILITIES				
Deposit Payable	\$ 7,634	\$ 5,856	\$ 7,634	\$ 5,856
Due to Refuse Service Provider	<u>63,289</u>	<u>1,715,391</u>	<u>1,714,819</u>	<u>63,861</u>
Total Liabilities	<u>\$ 70,923</u>	<u>\$ 1,721,247</u>	<u>\$ 1,722,453</u>	<u>\$ 69,717</u>

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STATISTICAL SECTION

STATISTICAL SECTION

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	Pages
Financial Trends	108-117
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	118-131
These schedules contain trend information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	132-141
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Economic and Demographic Information	142-144
These schedules offer economic and demographic indicators to help the reader understand the socioeconomic environment within which the City's financial activities take place.	
Operating Information	145-150
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

	Fiscal Years			
	2004	2005	2006	2007
Governmental activities:				
Net investment in				
capital assets	\$ 10,566,657	\$ 16,345,742	\$ 21,094,484	\$ 69,625,226
Restricted	-	-	47,977,285	4,782,696
Unrestricted	4,897,449	4,744,259	(32,362,804)	8,905,534
Total governmental net assets	<u>\$ 15,464,106</u>	<u>\$ 21,090,001</u>	<u>\$ 36,708,965</u>	<u>\$ 83,313,456</u>
Business-type activities:				
Net investment in				
capital assets	\$ (2,772,962)	\$ 9,400,692	\$ 15,907,813	\$ 36,259,222
Restricted	5,303,197	6,187,555	14,656,111	9,855,031
Unrestricted	2,731,916	(5,612,269)	(16,521,062)	3,027,035
Total business-type net assets	<u>\$ 5,262,151</u>	<u>\$ 9,975,978</u>	<u>\$ 14,042,862</u>	<u>\$ 49,141,288</u>
Primary government:				
Net investment in capital assets	\$ 7,793,695	\$ 25,746,434	\$ 37,002,297	\$ 105,884,448
Restricted	5,303,197	6,187,555	62,633,396	14,637,727
Unrestricted	7,629,365	(868,010)	(48,883,866)	11,932,569
Total primary gov't net position	<u>\$ 20,726,257</u>	<u>\$ 31,065,979</u>	<u>\$ 50,751,827</u>	<u>\$ 132,454,744</u>

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.*

2008	2009	2010	2011	2012	2013
\$ 85,714,202	\$ 95,466,787	\$ 102,162,696	\$ 101,147,347	\$ 111,247,097	\$ 120,525,667
5,662,608	17,108,772	19,069,214	26,096,284	23,302,650	15,984,734
3,652,252	(15,594,569)	(18,766,599)	(25,655,766)	903,304	3,821,526
<u>\$ 95,029,062</u>	<u>\$ 96,980,990</u>	<u>\$ 102,465,311</u>	<u>\$ 101,587,865</u>	<u>\$ 135,453,051</u>	<u>\$ 140,331,927</u>
\$ 35,198,133	\$ 36,511,480	\$ 30,565,733	\$ 28,937,151	\$ 31,140,385	\$ 30,060,637
6,928,511	9,571,551	9,383,173	12,386,534	10,544,314	11,808,295
3,336,606	(3,415,652)	1,782,324	330,584	680,001	1,550,566
<u>\$ 45,463,250</u>	<u>\$ 42,667,379</u>	<u>\$ 41,731,230</u>	<u>\$ 41,654,269</u>	<u>\$ 42,364,700</u>	<u>\$ 43,419,498</u>
\$ 120,912,335	\$ 131,978,267	\$ 132,728,429	\$ 130,084,498	\$ 142,387,482	\$ 150,586,304
12,591,119	26,680,323	28,452,387	38,482,818	33,846,964	27,793,029
6,988,858	(19,010,221)	(16,984,275)	(25,325,182)	1,583,305	5,372,092
<u>\$ 140,492,312</u>	<u>\$ 139,648,369</u>	<u>\$ 144,196,541</u>	<u>\$ 143,242,134</u>	<u>\$ 177,817,751</u>	<u>\$ 183,751,425</u>

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

	Fiscal Years			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
General government	\$ 5,546,488	\$ 8,426,030	\$ 9,640,173	\$ 12,956,139
Public safety	3,329,250	4,656,197	4,898,669	8,185,639
Public works	2,456,293	1,880,710	2,195,931	6,382,829
Parks and recreation	177,507	218,301	162,680	297,478
Payments to other agencies	1,382,333	1,174,295	1,130,745	-
Interest on long-term debt	1,276,708	1,300,793	1,355,416	2,591,955
Transfers	-	1,927,847		
Total governmental activities	14,168,579	19,584,173	19,383,614	30,414,040
Business-type activities				
Water	7,812,636	2,870,261	3,414,611	4,447,614
Sanitary	3,119,846	3,485,170	3,885,576	4,386,731
Total business-type activities	10,932,482	6,355,431	7,300,187	8,834,345
Total primary government expenses	25,101,061	25,939,604	26,683,801	39,248,385
Program Revenues				
Governmental activities:				
Charges for services:				
General government	-	4,918,478	5,475,037	1,485,666
Public safety	177,921	391,333	145,089	542,613
Public works	3,358,317	2,128,601	5,640,625	1,499,050
Parks and recreation	-	-	-	-
Operating grants and contributions	2,072,536	2,199,962	4,760,299	7,455,122
Capital grants and contributions	6,025,655	1,770,267	68,274	3,259,887
Total governmental activities program revenue	11,634,429	11,408,641	16,089,324	14,242,338
Business Type Activities				
Charges for services:				
Water	2,668,394	3,545,777	5,030,444	3,691,041
Sanitary	4,299,783	5,264,126	6,968,141	6,485,883
Total business-type activities	6,968,177	8,809,903	11,998,585	10,176,924
Total primary government activities program revenues	18,602,606	20,218,544	28,087,909	24,419,262
Net revenues (expenses):				
Governmental activities	(2,534,150)	(8,175,532)	(3,294,290)	(16,171,702)
Business-type activities	(3,964,305)	2,454,472	4,698,398	1,342,579
Total net revenues (expenses)	(6,498,455)	(5,721,060)	1,404,108	(14,829,123)

Source: City of Coachella

	2008	2009	2010	2011	2012	2013
\$	11,789,089	\$ 7,741,542	\$ 5,705,993	\$ 4,605,459	\$ 6,111,900	\$ 4,998,607
	10,032,314	10,305,504	8,875,765	9,935,026	10,307,033	11,303,766
	9,407,366	10,713,120	12,488,348	12,608,825	4,959,934	8,334,551
	320,667	387,926	379,346	424,659	447,341	485,619
	-	-	-	-	-	-
	2,711,031	3,048,677	2,925,495	2,878,831	875,283	302,426
	34,260,467	32,196,769	30,374,947	30,452,800	22,701,491	25,424,969
	4,925,075	5,389,095	4,832,937	5,178,132	5,296,709	5,820,913
	8,447,038	6,619,280	4,787,092	5,104,398	4,592,115	5,450,091
	13,372,113	12,008,375	9,620,029	10,282,530	9,888,824	11,271,004
	47,632,580	44,205,144	39,994,976	40,735,330	32,590,315	36,695,973
	3,239,642	2,609,702	1,114,356	1,229,829	1,042,436	1,095,362
	100,953	133,255	166,085	57,173	39,690	83,181
	232,289	159,351	779,045	437,508	240,491	2,669,927
	-	-	-	-	-	18,803
	5,261,599	3,480,245	5,200,469	3,860,007	3,206,084	5,547,193
	12,781,151	13,414,321	6,020,309	4,440,478	2,542,580	5,320,294
	21,615,634	19,796,874	13,280,264	10,024,995	7,071,281	14,734,760
	3,631,226	3,483,785	3,845,765	4,712,079	5,423,430	6,854,219
	5,413,732	5,905,830	4,704,975	5,133,701	5,023,433	5,990,399
	9,044,958	9,389,615	8,550,740	9,845,780	10,446,863	12,844,618
	30,660,592	29,186,489	21,831,004	19,870,775	17,518,144	20,725,159
	(12,644,833)	(12,399,895)	(17,094,683)	(20,427,805)	(15,630,210)	(10,690,209)
	(4,327,155)	(2,618,760)	(1,069,289)	(436,750)	558,039	1,573,614
	(16,971,988)	(15,018,655)	(18,163,972)	(20,864,555)	(15,072,171)	(9,116,595)

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

	Fiscal Year			
	2004	2005	2006	2007
General Revenues				
Governmental activities:				
Intergovernmental revenue	2,295,554	869,043	989,493	-
Licenses and permits	-	-		
Taxes:				
Property taxes	4,330,608	6,284,450	8,859,051	14,572,407
Other taxes	4,146,617	3,853,406	4,923,454	4,410,933
Interest and rental income	185,040	579,116	986,665	-
Gain on insurance reimbursement	-	206,142	-	2,850,294
Transfers	5,001,000	-	(770,990)	(2,656,661)
Other revenues	662,141	2,124,611	359,950	318,283
Total governmental activities	<u>16,620,960</u>	<u>13,916,768</u>	<u>15,347,623</u>	<u>19,495,256</u>
Business-type activities				
Other taxes	44,245	37,635	38,055	81,007
Interest and rental income	156,460	124,846	400,831	-
Transfers	-	1,927,847	770,990	2,656,661
Other revenues	141,297	-	-	908,020
Total business-type activities	<u>342,002</u>	<u>2,090,328</u>	<u>1,209,876</u>	<u>3,645,688</u>
Total primary government	<u>16,962,962</u>	<u>16,007,096</u>	<u>16,557,499</u>	<u>23,140,944</u>
Changes in Net Position				
Governmental activities	14,086,810	5,741,236	12,053,333	3,323,554
Business-type activities	<u>(3,622,303)</u>	<u>4,544,800</u>	<u>5,908,274</u>	<u>4,988,267</u>
Total primary government	<u>\$ 10,464,507</u>	<u>\$ 10,286,036</u>	<u>\$ 17,961,607</u>	<u>\$ 8,311,821</u>

*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.*

2008	2009	2010	2011	2012	2013
-	-	-	-	-	-
16,133,441	15,334,880	13,914,451	14,936,877	7,230,805	3,641,132
5,280,253	4,703,772	3,878,561	3,270,921	4,799,090	7,465,062
2,624,639	459,763	181,921	616,606	333,809	56,285
-	-	-	-	-	-
173,784	644,358	83,990	-	-	5,479,971
148,322	451,263	351,448	725,955	39,472	820,102
24,360,439	21,594,036	18,410,371	19,550,359	12,403,176	17,462,552
80,660	76,638	71,761	52,479	88,747	120,102
678,875	390,609	325,106	307,310	63,645	17,012
(173,784)	(644,358)	(83,990)	-	-	-
63,366	-	-	-	-	-
649,117	(177,111)	312,877	359,789	152,392	137,114
25,009,556	21,416,925	18,723,248	19,910,148	12,555,568	17,599,666
11,715,606	9,194,141	1,315,688	(877,446)	(3,227,034)	6,772,343
(3,678,038)	(2,795,871)	(756,412)	(76,961)	710,431	1,710,728
\$ 8,037,568	\$ 6,398,270	\$ 559,276	\$ (954,407)	\$ (2,516,603)	\$ 8,483,071

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

	Fiscal Years			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 1,535,312	\$ 1,755,469	\$ 1,617,653	\$ 1,251,604
Unreserved	2,270,521	4,775,374	9,654,528	9,111,113
Total general fund	<u>\$ 3,805,833</u>	<u>\$ 6,530,843</u>	<u>\$ 11,272,181</u>	<u>\$ 10,362,717</u>
All other government funds:				
Reserved	\$ 4,029,551	\$ 4,807,687	\$ 17,047,731	\$ 19,072,608
Unreserved, reported in:				
Special revenue funds	9,241,332	11,541,834	14,194,605	17,626,900
Capital project funds	10,370,501	10,224,567	27,123,981	20,571,791
Total all other govt funds	<u>\$ 23,641,384</u>	<u>\$ 26,574,088</u>	<u>\$ 58,366,317</u>	<u>\$ 57,271,299</u>
Total governmental funds	<u>\$ 27,447,217</u>	<u>\$ 33,104,931</u>	<u>\$ 69,638,498</u>	<u>\$ 67,634,016</u>

Source: City of Coachella

2008	2009	2010	2011	2012	2013
\$ 766,397	\$ 152,911	\$ 182,516	\$ 97,889	\$ 696,055	\$ 747,187
6,815,659	6,645,206	6,973,935	7,438,822	7,216,287	7,233,049
<u>\$ 7,582,056</u>	<u>\$ 6,798,117</u>	<u>\$ 7,156,451</u>	<u>\$ 7,536,711</u>	<u>\$ 7,912,342</u>	<u>\$ 7,980,236</u>
\$ 29,108,658	\$ 9,791,031	\$ 6,119,021	\$ 6,119,021	\$ 7,557,962	\$ 6,473,490
(10,019,658)	18,214,433	20,477,006	22,277,334	9,811,963	8,762,749
42,407,884	11,870,645	10,997,083	9,507,944	(8,722)	
<u>\$ 61,496,884</u>	<u>\$ 39,876,109</u>	<u>\$ 37,593,110</u>	<u>\$ 37,904,299</u>	<u>\$ 17,361,203</u>	<u>\$ 15,236,239</u>
<u>\$ 69,078,940</u>	<u>\$ 46,674,226</u>	<u>\$ 44,749,561</u>	<u>\$ 45,441,010</u>	<u>\$ 25,273,545</u>	<u>\$ 23,216,475</u>

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

	Fiscal Years			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 3,756,211	\$ 5,402,265	\$ 6,618,247	\$ 18,983,340
Property tax increment	3,991,338	4,237,821	5,431,925	-
Licenses and permits	1,207,374	3,009,837	3,290,175	2,045,347
Charges for services	1,283,425	3,224,975	6,572,347	1,174,361
Fines and forfeits	182,688	278,193	387,834	307,621
Intergovernmental revenue	11,788,055	5,834,304	7,866,289	6,277,896
Interest and rental income	185,040	485,453	872,244	2,850,294
Other income	860,258	2,646,419	1,168,876	4,755,396
Total revenues	\$ 23,254,389	\$ 25,119,267	\$ 32,207,937	\$ 36,394,255
Expenditures:				
Current:				
General government:				
Departmental	\$ 1,789,569	\$ 2,071,157	\$ 2,529,267	\$ 10,413,993
Non-departmental	3,571,096	5,968,831	5,952,642	-
Public safety	3,289,212	4,252,008	4,898,669	8,138,684
Public works	2,044,322	1,875,568	2,195,931	4,884,148
Parks and recreation	173,714	218,301	162,680	297,478
Payment to other agencies	1,382,333	1,174,295	1,130,745	-
Capital outlays	3,714,839	-	-	6,880,698
Debt service:				
Pass-through Agreements	114,213	179,417	164,436	910,690
Issuance Costs	-	-	-	-
Principal retirements	392,335	1,484,577	3,250,296	1,960,906
Interest and fiscal changes	1,115,336	1,207,049	1,329,765	2,357,427
Capital outlays	-	5,265,524	4,303,778	-
Total expenditures	\$ 17,586,969	\$ 23,696,727	\$ 25,918,209	\$ 35,844,024
Excess (deficiency) of revenues over (under) expenditures	\$ 5,667,420	\$ 1,422,540	\$ 6,289,728	\$ 550,231
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	-	-	-	-
Transfers in	8,310,205	17,971,517	55,430,862	14,283,215
Transfers out	(3,309,205)	(19,899,361)	(56,201,852)	(16,939,876)
Issuance of Long-term Debt	-	-	-	-
Total other financing sources (uses)	\$ 12,394,021	\$ 4,097,602	\$ 31,697,065	\$ (2,656,661)
Extraordinary item:	\$ -	\$ 290,146	\$ -	\$ -
Net change in fund balances	\$ 18,061,441	\$ 5,810,288	\$ 37,986,793	\$ (2,106,430)
Debt service as a percentage of non-capital expenditures	12.3%	17.3%	27.1%	18.2%

Source: City of Coachella

2008	2009	2010	2011	2012	2013
\$ 21,339,431	\$ 20,144,921	\$ 17,586,613	\$ 18,207,798	\$ 15,285,530	\$ 11,719,602
-	-	-	-	-	-
2,165,334	1,860,509	506,267	328,074	443,692	614,773
674,891	415,752	941,030	513,713	331,760	453,441
266,466	312,085	193,308	186,327	200,141	95,057
12,418,721	7,994,437	6,410,258	4,790,834	10,333,837	7,509,649
2,624,639	922,654	658,301	616,600	196,698	56,285
6,312,807	5,612,347	6,225,902	4,518,528	6,933,698	6,268,534
\$ 45,802,289	\$ 37,262,705	\$ 32,521,679	\$ 29,161,874	\$ 33,725,356	\$ 26,717,341
\$ 11,326,595	\$ 7,297,718	\$ 5,692,863	\$ 4,296,416	\$ 5,055,676	\$ 4,511,278
-	-	-	-	-	-
9,969,322	9,705,504	8,816,894	9,873,162	10,248,889	11,236,936
4,187,343	4,314,158	4,479,299	7,675,871	3,936,574	4,967,587
308,616	215,210	203,310	223,202	270,443	308,721
-	-	-	-	-	-
20,332,270	22,239,928	4,441,241	1,582,158	11,150,050	12,781,950
1,412,917	3,630,538	5,826,335	2,705,158	426,749	-
482,231	-	-	-	-	-
1,005,824	1,186,049	1,643,602	1,356,591	1,240,000	145,000
2,711,031	3,039,111	2,942,234	2,895,570	1,560,982	302,909
-	-	-	-	-	-
\$ 51,736,149	\$ 51,628,216	\$ 34,045,778	\$ 30,608,128	\$ 33,889,363	\$ 34,254,381
\$ (5,933,860)	\$ (14,365,511)	\$ (1,524,099)	\$ (1,446,254)	\$ (164,007)	\$ (7,537,040)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,894,708	20,130,396	12,134,189	9,707,470	46,165,111	19,087,073
(21,720,924)	(19,486,038)	(12,050,199)	(9,707,470)	(46,165,111)	(13,607,102)
7,205,000	-	-	-	-	-
\$ 7,378,784	\$ 644,358	\$ 83,990	\$ -	\$ -	\$ 5,479,971
\$ -	\$ -	\$ -	\$ 146,882	\$ (18,012,537)	
\$ 1,444,924	\$ (13,721,153)	\$ (1,440,109)	\$ (1,299,372)	\$ (18,176,544)	\$ (2,057,069)
14.4%	19.6%	23.9%	19.3%	14.4%	2.1%

City of Coachella
Schedule of Net Assessed Value
Last Ten Fiscal Years

<u>Fiscal Year End</u>	<u>Gross Assessed Value</u>	<u>Less Property Exemptions</u>	<u>Net Taxable Value</u>
2004	633,683,194	44,960,946	588,722,248
2005	740,838,899	90,131,233	650,707,666
2006	1,025,752,377	93,172,403	932,579,974
2007	1,632,382,708	104,390,591	1,527,992,117
2008	2,117,495,881	116,363,279	2,001,132,602
2009	2,113,810,148	124,455,289	1,989,354,859
2010	1,821,712,132	115,435,770	1,706,276,362
2011	1,642,263,955	155,857,195	1,486,406,760
2012	1,547,181,026	153,904,367	1,393,276,659
2013	1,481,929,638	155,810,941	1,326,118,697

Source: Riverside County Assessor's Office
MuniServices, LLC

Less Homeowners Exemption	Net Assessed Value	Total Direct Tax Rate	Assessed Value Growth
13,236,128	575,486,120	6.90	11.91%
13,456,266	637,251,400	6.51	10.73%
14,462,424	918,117,550	5.61	44.07%
16,443,215	1,511,548,902	4.73	64.64%
18,019,873	1,983,112,729	4.64	31.20%
18,982,925	1,970,371,934	4.86	-0.64%
10,199,509	1,696,076,853	6.63	-13.92%
11,506,708	1,474,900,052	6.63	-13.04%
71,670,761	1,321,605,898	6.63	-10.39%
20,672,757	1,305,445,940	6.63	-1.22%

City of Coachella

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

Fiscal Year End	Residential Property	Commercial Property	Other Property	Unsecured Property
2009-10	885,069,483	282,638,822	587,988,234	66,015,593
2010-11	782,722,615	295,988,410	501,142,417	62,410,514
2011-12	755,901,377	300,469,945	430,469,507	60,340,197
2012-13	715,872,078	285,845,274	421,670,150	58,542,136

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.

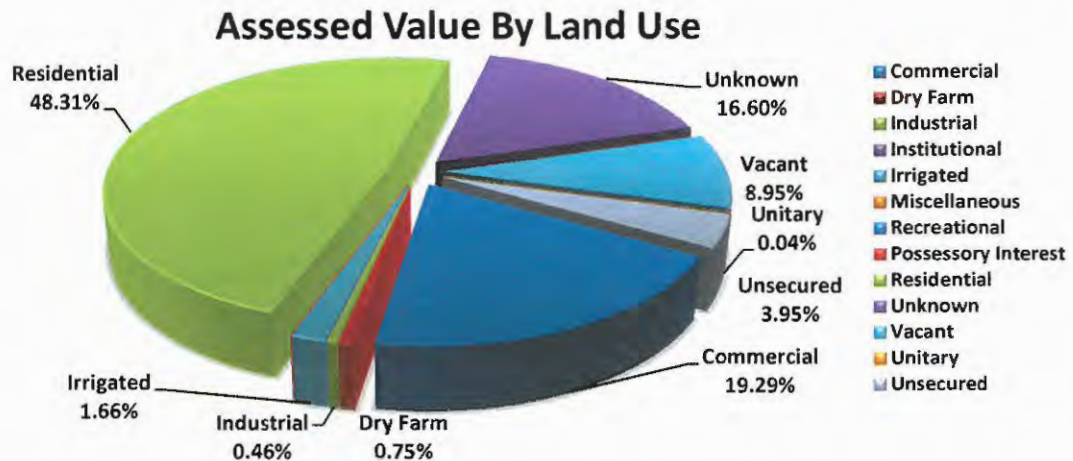
2) Estimated Actual Value is derived from a series of calculations comparing median assessed

Source: Riverside County Assessor data, MuniServices, LLC

Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
115,435,770	1,706,276,362	.03098381	1,771,183,115	1.038042
155,857,195	1,486,406,761	.03098472	1,474,620,299	0.992071
153,904,367	1,393,276,659	.03100944	1,321,605,898	0.948560
155,810,941	1,326,118,697	.03100944	1,348,591,725	1.016946

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

Category	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Commercial	57,058	58,259	65,183	78,400
Dry Farm	11,393	12,873	13,533	18,234
Industrial	71,983	74,463	78,161	83,660
Institutional	1,875	2,479	2,011	2,080
Irrigated	13,989	15,525	20,615	44,224
Miscellaneous	577	573	565	884
Recreational	434	443	176	2,988
Possessory Interest	8,746	4,807	4,888	4,914
Residential	284,174	299,928	500,153	799,191
Unknown	69,676	122,490	101,197	139,854
Vacant	75,486	103,712	192,513	391,025
Unitary	967	1,062	1,028	944
Gross Secured Value	596,358	696,614	980,023	1,566,398
Unsecured	37,325	44,225	45,729	65,985
Exemptions	44,961	90,131	93,172	104,391
Net Secured Value	588,722	650,708	932,580	1,527,992



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

Source: Riverside County Assessor data, MuniServices, LLC
Source: 2008-09 prior, previous published CAFR

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
138,925	152,499	282,639	295,988	300,470	285,845
18,234	18,488	18,885	18,509	12,456	11,050
97,256	105,518	9,380	8,955	9,349	6,793
2,121	2,164	0	0	0	0
50,934	45,427	46,055	41,558	28,657	24,548
889	829	0	0	0	0
2,865	5,327	0	0	0	0
5,061	5,676	1,276	983	988	0
1,148,922	1,075,436	885,069	782,723	755,901	715,872
125,536	162,207	251,346	238,150	234,449	246,059
453,817	467,419	260,491	192,433	144,016	132,619
555	555	555	555	555	602
2,045,115	2,041,545	1,755,697	1,579,853	1,486,841	1,423,388
72,381	72,265	66,016	62,411	60,340	58,542
116,363	124,455	115,436	155,857	153,904	155,811
2,001,133	1,989,355	1,706,276	1,486,407	1,393,277	1,326,119

City of Coachella
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Years			
	2003-04	2004-05	2005-06	2006-07
Basic City and County Levy				
COUNTY GENERAL	0.077909	0.077909	0.077909	0.118000
COUNTY FREE LIBRARY	0.025000	0.025000	0.025000	0.029000
CITY OF COACHELLA ANX	-	-	-	0.063000
COACHELLA VALLEY UNIFIED	0.432209	0.432209	0.432209	0.391000
DESERT COMMUNITY COLLEGE	0.069757	0.069757	0.069757	0.081000
RIV. CO. OFFICE OF EDUCATION	0.037951	0.037951	0.037951	0.044000
RIV CO REG PARK & OPEN SPACE	0.002544	0.002544	0.002544	0.005000
COACHELLA VALLEY PUB CEMETERY	0.003000	0.003000	0.003000	0.004000
COACHELLA FIRE PROTECTION	0.054000	0.054000	0.054000	0.054000
CV MOSQ & VECTOR CONTROL	0.013000	0.013000	0.013000	0.015000
COACHELLA VALLEY REC & PARK	0.019000	0.019000	0.019000	0.022000
COACHELLA VALLEY CO WATER	0.025363	0.025363	0.025363	0.030000
COACHELLA VALLEY RES CONSER	0.000325	0.000325	0.000325	0.000325
CVC WTR IMP DST 1 DEBT SV	0.011835	0.011835	0.011835	-
COACH VAL CO WTR STORM WTR UNIT	0.032107	0.032107	0.032107	0.032107
ERAF	0.196000	0.196000	0.196000	0.198000
TOTAL	1.000000	1.000000	1.000000	1.086432
Override Assessments				
COACHELLA VALLEY UNIFIED	0.033000	0.031000	0.060000	0.060000
DESERT COMMUNITY COLLEGE	-	0.019950	0.019950	0.019950
COACHELLA VALLEY WATER	0.021000	0.021000	0.021000	0.021000
TOTAL	0.054000	0.071950	0.100950	0.100950
TOTAL TAX RATE	1.054000	1.071950	1.100950	1.187382

For purposes of this table TRA 12-000 is represented

Source: Riverside County Auditor data, MuniServices, LLC

Source: 2008-09 prior, previous published CAFR

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
0.118000	0.131000	0.103042	0.103042	0.103064	0.103064
0.029000	0.029000	0.013312	0.013312	0.013312	0.013312
0.063000	0.063000	0.030984	0.030985	0.031009	0.031009
0.391000	0.391000	0.432209	0.432209	0.432209	0.432209
0.081000	0.081000	0.069757	0.069757	0.069757	0.069757
0.044000	0.044000	0.037951	0.037951	0.037951	0.037951
0.005000	0.005000	0.002544	0.002544	0.002544	0.002544
0.004000	0.004000	0.002131	0.002131	0.002131	0.002131
0.054000	0.054000	0.036499	0.036487	0.036487	0.036487
0.015000	0.015000	0.009059	0.009059	0.009059	0.009059
0.022000	0.022000	0.010968	0.010968	0.010968	0.010968
0.030000	0.030000	0.025363	0.025363	0.025363	0.025363
0.000325	0.000325	0.000325	0.000325	0.000325	0.000325
-	-	0.011835	0.011835	0.011835	0.011835
0.032107	0.032107	0.032107	0.032107	0.032107	0.032107
0.198000	0.198000	0.181914	0.181925	0.181878	0.181878
1.086432	1.099432	1.000000	1.000000	1.000000	1.000000
0.060000	0.060000	0.072470	0.093320	0.074870	0.079680
0.019950	0.019950	0.019950	0.019950	0.019950	0.019950
0.040000	0.040000	0.060000	0.080000	0.080000	0.080000
0.119950	0.119950	0.152420	0.193270	0.174820	0.179630
1.206382	1.219382	1.152420	1.193270	1.174820	1.179630

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

Category	2004	2005	2006	2007	2008
Residential	\$ 284,174	\$ 299,928	\$ 500,153	\$ 799,191	\$ 1,148,922
Commercial	57,058	58,259	65,183	78,400	138,925
Industrial	71,983	74,463	78,161	83,660	97,256
Dry Farm	11,393	12,873	13,533	18,234	18,234
Institutional	1,875	2,479	2,011	2,080	2,121
Irrigated	13,989	15,525	20,615	44,224	50,934
Miscellaneous	577	573	565	884	889
Recreational	434	443	176	2,988	2,865
Vacant Land	75,486	103,712	192,513	391,025	453,817
SBE Nonunitary	967	1,062	1,028	944	555
Possessory Int.	8,746	4,807	4,888	4,914	5,061
Unsecured	37,325	44,225	45,729	65,985	72,381
Unknown	9,542	33,437	9,053	35,463	9,281
Totals	<u>\$ 573,549</u>	<u>\$ 651,786</u>	<u>\$ 933,608</u>	<u>\$ 1,527,992</u>	<u>\$ 2,001,241</u>
Total Direct Rate	<u>0.68972%</u>	<u>0.65061%</u>	<u>0.56105%</u>	<u>0.47329%</u>	<u>0.46366%</u>

Note:

In 1978 the voters of the State of California passed Proposition 13 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 assessed valuation data shown above represents the only data currently available with respect to the actual market value of the taxable property and is subject to the limitations described above.

Exemptions not included in total.

Source: Riverside County Assessor's Office
MuniServices, LLC

2009	2010	2011	2012	2013
\$ 1,075,436	\$ 885,069	\$ 782,723	\$ 755,901	\$ 715,872
152,499	282,639	295,988	300,470	285,845
105,518	9,380	8,955	9,349	6,793
18,488	18,885	18,509	12,456	11,050
2,164	-	-	-	-
45,427	46,055	41,558	28,657	24,548
829	-	-	-	-
5,327	-	-	-	-
467,419	260,491	192,433	144,016	132,619
555	555	555	555	602
5,676	1,276	983	988	-
72,265	66,015	62,411	60,340	58,542
37,751	135,911	82,293	80,545	90,248
<u>\$ 1,989,354</u>	<u>\$ 1,706,276</u>	<u>\$ 1,486,408</u>	<u>\$ 1,393,277</u>	<u>\$ 1,326,119</u>
<u>0.48578%</u>	<u>0.66274%</u>	<u>0.66274%</u>	<u>0.66274%</u>	<u>0.66274%</u>

City of Coachella
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	Total Tax Levy for <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Subsequent Years</u>
2004	4,330,608	4,330,608	100%	-
2005	6,322,085	6,322,085	100%	-
2006	8,897,106	8,897,106	100%	-
2007	14,653,414	14,653,414	100%	-
2008	16,214,101	16,214,101	100%	-
2009	19,703,719	19,703,719	100%	-
2010	16,960,768	16,960,768	100%	-
2011	14,749,000	14,749,000	100%	-
2012	13,216,059	13,216,059	100%	-
2013	12,225,753	12,225,753	100%	-

Source: Riverside County Assessors Office

Collection in Subsequent Years	
<u>Amount</u>	<u>Percentage of Levy</u>
-	0%
-	0%
-	0%
-	0%
-	0%
-	0%
-	0%
-	0%
-	0%
-	0%

City of Coachella

Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2012-13		2003-04	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Armtech Defense Products Co	40,907,895	3.08%	20,065,188	3.41%
Soco	30,000,602	2.26%	0	0.00%
Sun World Packing Corp	15,511,060	1.17%	12,177,743	2.07%
Anthony Vineyards Inc.	14,635,162	1.10%	5,633,986	0.96%
California Artichoke Veg Growers	11,155,731	0.84%	0	0.00%
S&D Inv Inc	11,133,714	0.84%	0	0.00%
HPT TA Prop Trust	10,604,360	0.80%	0	0.00%
Echo Trail Holdings	9,500,000	0.72%	0	0.00%
Halum Abesud	9,440,000	0.71%	2,698,893	0.46%
Albertson Inc	9,422,787	0.71%	0	0.00%
Coca Cola Bottling Co	9,091,989	0.69%	0	0.00%
PSAV	8,208,000	0.62%	0	0.00%
Camp Court	7,808,243	0.59%	0	0.00%
Brandenburg Oak Grove	7,103,000	0.54%	0	0.00%
Cauzza Four Drug Store	7,056,360	0.53%	0	0.00%
J&J Brothers Construction Co.	6,857,502	0.52%	2,800,942	0.48%
Megan World	6,576,383	0.50%	0	0.00%
Sun Sands Enterprise	6,234,120	0.47%	3,636,127	0.62%
CVP Palm Springs	6,087,983	0.46%	0	0.00%
LBUBS 2007 C2 Coachella Retail	6,046,015	0.46%	0	0.00%
Desert Highlands Assoc	5,995,024	0.45%	0	0.00%
Dillon Vineyard Estates	5,930,002	0.45%	0	0.00%
Sun Date LLC	5,285,059	0.40%	3,188,088	0.54%
Eastman Bill	5,185,645	0.39%	0	0.00%
Robins Nest Park	5,159,874	0.39%	0	0.00%
MFJK Partnership	0	0.00%	10,146,501	1.72%
Desert Mist Cooling	0	0.00%	8,739,849	1.48%
Ta Operating Corp	0	0.00%	8,724,100	1.48%
Coachella Cedar Springs LP	0	0.00%	8,086,105	1.37%
81 Las Palmas Apartments	0	0.00%	7,714,253	1.31%
Frederick & 52 II	0	0.00%	7,343,277	1.25%
Las Flores Housing Inv	0	0.00%	6,243,876	1.06%
Vons Companies Inc	0	0.00%	6,099,478	1.04%
Peter Rabbit Farms Inc	0	0.00%	5,967,017	1.01%
Amazing Coachella Inc	0	0.00%	5,646,987	0.96%
Rancho Coachella Prop	0	0.00%	5,423,093	0.92%
McNaughton Prop	0	0.00%	3,850,355	0.65%
Dimare Thomas F	0	0.00%	3,420,387	0.58%
Rosedale Prop	0	0.00%	3,060,230	0.52%
Coachella Investors	0	0.00%	3,013,694	0.51%
Kmart Corp	0	0.00%	3,000,000	0.51%
Loves Country Stores of Calif	0	0.00%	2,958,614	0.50%
Chuchian Shirley M	0	0.00%	2,457,325	0.42%
Total Top 25 Taxpayers	260,936,510	19.68%	152,096,108	25.83%
Total Taxable Value	1,326,118,697	100.00%	588,722,000	100.00%

Source: Riverside County Assessor data, MuniServices, LLC

City of Coachella
Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2012-13

2003-04

Taxpayer	Business Type	Taxpayer	Business Type
Arco Am/Pm Mini Marts	Service Stations	Arco Am/Pm Mini Marts	Service Stations
Auto Zone	Auto Parts/Repair	Auto Zone	Auto Parts/Repair
Bargain Wholesale	Miscellaneous Retail	Black Gold Gasoline Station	Service Stations
Beck Oil Inc.	Energy Sales	Carl's Jr Restaurants	Restaurants
Cardenas Markets, Inc.	Food Markets	Chevron Service Stations	Service Stations
Carl's Jr Restaurants	Restaurants	Coachella Ranch Market	Food Markets
Chevron Service Stations	Service Stations	Coronet Concrete Products In	Bldg Matls Whsle
Coronet Concrete Products In	Bldg Matls Whsle	Exxon Service Stations	Service Stations
Fastrip Service Stations	Service Stations	Fastrip Service Stations	Service Stations
Food 4 Less	Food Markets	Foster-Gardner Inc.	Florist/Nursery
Foster-Gardner Inc.	Florist/Nursery	Hughes Water & Sewer	Bldg Matls Whsle
Fulton Distributing Company	Food Processing Eqp	Hydro Systems	Bldg Matls Whsle
Hydro Systems	Bldg Matls Whsle	Imperial Western Products In	Light Industry
Imperial Sprinkler Supply	Bldg Matls Whsle	Jack In The Box	Restaurants
Imperial Western Products In	Light Industry	Jiquilpan Auto Sales	Auto Sales - Used
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	O'Reilly Auto Parts	Auto Parts/Repair
McDonald's Restaurants	Restaurants	Pete's Road Service	Auto Parts/Repair
Qwik Mart	Food Markets	Pool & Electrical Products	Bldg Matls Whsle
Rite Aid	Drug Stores	Rite Aid	Drug Stores
South West Pump & Drilling	Bldg Matls Whsle	South West Pump & Drilling	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

Top Sales Tax Producers are listed in alphabetical order

Source: SBOE data, MuniServices, LLC

City of Coachella
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year End	Governmental Activities					
	Redevelopment Loan	Redevelopment Bonds	Financing Authority Notes	Capital Leases	Certificates of Participation	Refunding Bonds
2013	-	46,960,000	-	-	6,565,000	-
2012	-	48,205,000	-	-	6,710,000	-
2011	-	49,405,000	-	-	6,850,000	-
2010	-	50,545,000	-	81,591	6,985,000	-
2009	-	51,940,000	-	200,193	7,115,000	-
2008	-	52,875,000	-	361,242	7,205,000	-
2007	-	53,775,000	-	467,066	-	-
2006	-	55,600,000	-	255,299	-	10,620,000
2005	1,378,824	22,657,302	5,000,000	306,770	-	5,725,000
2004	2,419,870	17,175,002	5,000,000	370,301	-	13,152,004

Source: City of Coachella

Business-Type Activities				
Revenue Bonds	Revolving Fund Loan	Certificates of Participation	Total Primary Government	Percentage of Total Revenue
24,632,974	17,844,078	-	96,002,052	235.67%
25,222,319	18,914,305	-	99,051,624	243.16%
25,761,785	19,960,470	-	101,977,255	250.34%
26,281,572	20,983,114	-	104,876,277	234.91%
26,781,870	21,982,766	-	108,019,829	241.95%
22,216,746	22,959,943	-	105,617,931	236.57%
22,664,274	20,934,609	-	97,840,949	219.15%
23,060,000	10,741,797	-	100,277,096	224.61%
12,713,036	-	-	47,780,932	131.90%
-	-	3,340,000	41,457,177	116.57%

City of Coachella
Legal Debt Margin Information
Last Ten Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Assessed valuation	633,683,194	740,838,899	1,025,752,377	1,629,220,124	2,117,495,881
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	158,420,799	185,209,725	256,438,094	407,305,031	529,373,970
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	23,763,120	27,781,459	38,465,714	61,095,755	79,406,096
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 23,763,120</u>	<u>\$ 27,781,459</u>	<u>\$ 38,465,714</u>	<u>\$ 61,095,755</u>	<u>\$ 79,406,096</u>
Total debt applicable to the limit as a percentage of debt limit	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
MuniServices, LLC

2009	2010	2011	2012	2013
2,113,810,148	1,821,712,132	1,642,263,955	1,547,181,026	1,481,929,638
25%	25%	25%	25%	25%
528,452,537	455,428,033	410,565,989	386,795,257	370,482,410
15%	15%	15%	15%	15%
79,267,881	68,314,205	61,584,898	58,019,288	55,572,361
-	-	-	-	-
<u>\$ 79,267,881</u>	<u>\$ 68,314,205</u>	<u>\$ 61,584,898</u>	<u>\$ 58,019,288</u>	<u>\$ 55,572,361</u>
0.0%	0.0%	0.0%	0.0%	0.0%

City of Coachella
Revenue Bond Coverage - Coachella Sanitary District
Last Ten Years

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Gross Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>
2013	5,990,399	2,802,614	3,187,785
2012	5,023,433	2,278,042	2,745,391
2011	5,133,701	2,908,022	2,225,679
2010	5,008,316	2,323,891	2,684,425
2009	4,888,960	3,171,968	1,716,992
2008	4,752,600	2,555,682	2,196,918
2007	6,139,807	2,391,117	3,748,690
2006	6,218,344	2,307,908	3,910,436
2005	4,603,157	2,241,179	2,361,978
2004	3,799,752	1,872,625	1,927,127

- (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

Debt Service Requirements			
Principal	Interest	Total	Coverage (2)
130,000	220,141	350,141	9.10
125,000	224,600	349,600	7.85
120,000	229,744	349,744	6.36
115,000	236,269	351,269	7.64
110,000	239,569	349,569	4.91
110,000	242,869	352,869	6.23
105,000	245,494	350,494	10.70
105,000	240,863	345,863	11.31
-	-	337,062	7.01
-	-	337,906	5.70

City of Coachella
Revenue Bond Coverage - Coachella Water Authority
Last Ten Years

Fiscal Year	Gross Revenues	Gross Expenses (1)	Net Revenue Available for Debt Service
2013	6,854,219	3,417,056	3,437,163
2012	5,423,430	2,974,791	2,448,639
2011	4,712,079	3,210,507	1,501,572
2010	3,939,291	2,837,925	1,101,366
2009	3,602,250	3,264,599	337,651
2008	3,823,755	3,176,618	647,137
2007	3,965,677	3,320,370	645,307
2006	5,269,125	2,433,014	2,836,111
2005	3,642,708	1,861,843	1,780,865
2004	2,906,703	1,418,263	1,488,440

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

Source: City of Coachella

Debt Service Requirements			
Principal	Interest	Total	Coverage (2)
-	200,461	200,461	17.15
300,000	530,713	830,713	2.95
290,000	541,729	831,729	1.81
280,000	555,188	835,188	1.32
270,000	563,963	833,963	0.40
265,000	571,913	836,913	0.77
260,000	578,413	838,413	0.77
250,000	584,663	834,663	3.40
245,000	590,788	835,788	2.13
475,000	361,840	836,840	1.78

City of Coachella

Direct and Overlapping Bonded Debt (unaudited)
As of June 30, 2013

2012-13 Assessed Valuation: \$ 1,324,076,045

OVERLAPPING TAX AND ASSESSMENT DEBT:

Desert Community College District
Coachella Valley Unified School District
Desert Sands Unified School District

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Riverside County General Fund Obligations
Riverside County Pension Obligations
Riverside County Board of Education Certificates of Participation
Coachella Valley Unified School District Certificates of Participation
Desert Sands Unified School District Certificates of Participation
City of Coachella
Coachella Valley Recreation and Park District Certificates of Participation

TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT

Less: Riverside County self-supporting obligations

TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT

OVERLAPPING TAX INCREMENT DEBT (Successor Agency):

CITY TOTAL DIRECT DEBT
TOTAL GROSS OVERLAPPING DEBT
TOTAL NET OVERLAPPING DEBT

GROSS COMBINED TOTAL DEBT
NET COMBINED TOTAL DEBT

- (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the City divided by the District's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-2013 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.86%
Total Direct Debt	0.00%
Gross Combined Total Debt	7.50%
Net Combined Total Debt	7.50%

Ratios to Redevelopment Incremental Valuation (\$684,336,567):

Total Overlapping Tax Increment Debt.....	6.89%
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Source: MuniServices LLC

Total Debt 06/30/13		% Applicable	City's Share of Debt 6/30/13	
\$	318,557,917	2.151%	\$	6,852,181
	183,662,102	16.342%		30,014,061
	299,439,842	0.332%		994,140
			\$	37,860,382
\$	640,243,149	0.657%	\$	4,206,397
	346,790,000	0.657%		2,278,410
	3,900,000	0.657%		25,623
	46,205,000	16.342%		7,550,821
	51,790,000	0.332%		171,943
	-	100.000%		- (1)
	2,215,000	3.364%		74,513
			\$	14,307,707
				71,578
			\$	14,236,129
\$	365,406,138	0.025-100%	\$	47,168,821
			\$	-
			\$	99,336,910
			\$	99,265,332
			\$	99,336,910 (2)
			\$	99,265,332

City of Coachella
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita		Employed (2)	Unemployed (2)
		Total Work Force	Personal Income		
		(2)	(3)		
2003-04	27,117	10,000	-	9,000	1,000
2004-05	28,144	10,400	-	9,500	900
2005-06	30,964	10,800	-	9,900	900
2006-07	35,449	11,300	-	10,400	900
2007-08	38,486	11,900	-	10,700	1,200
2008-09	40,517	12,200	-	10,400	1,900
2009-10	41,043	12,400	-	9,800	2,600
2010-11	41,502	12,300	-	9,600	2,700
2011-12	41,904	12,700	-	10,200	2,500
2012-13	42,784	12,600	12,219	10,200	2,400

(1) Population Projections are provided by the California Department of Finance Projections.

(2) Unemployment and Labor Force Data are provided by the EDD's Bureau of Labor Statistics Department

*As of 2009-10, Student Enrollment reflects the total number of students enrolled in the Coachella Valley Unified School District

Source (1) (2): MuniServices LLC

Source (1) (2): 2008-09 prior, previously published CAFRs

Source (3): U.S. Census Bureau

Source (3): U.S. Census Bureau

*Public School Enrollment	County Unemployment Rate (%) (2)	City Unemployment Rate (%) (2)	County Population (1)	City Population (% of County)
13,687	6.5%	9.9%	-	-
14,621	6.0%	8.6%	-	-
15,452	5.4%	8.4%	-	-
16,418	5.0%	8.3%	-	-
17,499	6.0%	10.4%	-	-
18,203	8.5%	15.3%	-	-
17,499	13.6%	21.1%	2,109,882	1.9%
18,464	14.0%	21.7%	2,217,778	1.9%
18,406	12.7%	19.9%	2,227,577	1.9%
18,720	12.3%	19.3%	2,255,059	1.9%

City of Coachella
Principal Employers
Last Fiscal Year and Nine Years Ago

Business Name	2012-13		2003-04	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Coachella Valley Unified School District	1,720	13.65%	-	0.00%
Spotlight 29 Casino	615	4.88%	-	0.00%
Coachella Valley Water District	480	3.81%	-	0.00%
Augustine Casino	427	3.39%	-	0.00%
Earnie Ball/Paladar	301	2.39%	-	0.00%
Esterling Defense (formerly Armtec Industry)	285	2.26%	-	0.00%
Teserra (formerly California Pools)	153	1.21%	-	0.00%
Valley Pride*	128	1.02%	-	0.00%
Cardenas	110	0.87%	-	0.00%
Food 4 Less	110	0.87%	-	0.00%
Total Top 10 Employers	4,329	34.36%	-	0.00%
Total City Labor Force (1)	12,600			

Results based on direct correspondence with city's local businesses

(1.) Total City Labor Force provided by EDD Labor Force Data

*Valley Prides' previous year employee number included seasonal employees hired during their harvest season

Source: MuniServices, LLC

City of Coachella
Seven Year Staffing History (Full Time Equivalents)

	Fiscal Year		
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
General Government			
Administration	7.00	8.50	2.95
Community Development	5.75	6.00	4.00
Finance	3.95	10.30	3.85
General Government	2.00	4.00	4.00
Neighborhood Services	7.45	8.00	5.50
Public Works	22.25	22.00	20.75
Senior Center	3.00	3.50	3.00
Landscape & Lighting District	-	-	1.00
Redevelopment Agency	6.25	3.00	10.15
Sanitary District	9.80	9.35	14.10
Water Agency	12.75	8.35	12.70
Grand Total	<u>80.20</u>	<u>83.00</u>	<u>82.00</u>

- (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 Coachella Water Authority and Coachella Sanitary District.

Source: City of Coachella

<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
2.05	2.05	2.05	3.80
2.25	3.50	3.50	4.50
2.60	3.60	3.60	3.50
3.00	5.00	4.00	4.00
2.00	1.00	1.00	2.00
17.50	19.25	19.25	17.90
3.00	2.00	2.00	3.00
2.00	2.00	2.00	2.00
8.05	8.05	8.05	-
13.20	13.20	13.20	14.40
13.35	12.35	13.35	14.90
<u>69.00</u>	<u>72.00</u>	<u>72.00</u>	<u>70.00</u>

City of Coachella
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year <u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety				
Police				
Substations	-	-	1	1
Service hours	n/a	84	110	110
Fire stations	1	1	1	1
Personnel (full time)	9	9	18	18
Support personnel	n/a	19	20	20
Highways and streets				
Streets (miles)	65	65	65	65
Streetlights	804	804	804	804
Culture and recreation				
Parks acreage	269	269	269	269
Parks	7	7	7	7
Swimming pools	2	2	2	2
Tennis courts	2	2	2	2
Basketball courts	-	-	-	-
Community centers	1	1	1	1
Water				
Water meters active	2,211	2,974	4,216	4,216
Fire hydrants	4	15	35	35
Sanitary				
Plants	1	1	1	1
(capacity/gallons)	1,200,000	1,200,000	2,400,000	2,400,000

Source: City of Coachella

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1	1	1	1	1	-
110	110	110	110	110	110
1	1	1	1	1	1
18	11	11	11	11	11
20	20	20	1	1	1
104	104	109	115	115	115
1,892	1,892	1,893	1,894	1,894	1,894
269	269	269	269	269	269
7	7	7	7	7	7
2	2	2	2	2	2
-	-	-	-	-	-
4	4	4	4	5	5
1	1	1	1	1	1
7,123	7,208	7,255	7,278	7,743	7,776
537	537	537	537	537	546
1	1	1	1	1	1
4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000

City of Coachella
Operating Indicators by Function
Last Eight Fiscal Years

Function	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police (based on calendar year) **				
Murder	5	2	3	4
Rape	11	2	4	9
Robbery	88	73	41	64
Assaults (aggravated)	151	225	140	178
Burglary	392	380	360	479
Auto Theft	474	430	308	297
Larceny Theft	783	750	673	578
Arson	13	8	8	10
Fire				
Average Response Time (minutes)	4.6	4.2	4	3.5
Structural Fires	168	125	66	41
Commercial Fires	61	38	28	15
Other Fires	438	400	203	118
Medical aids	1381	1568	1086	1212
Traffic Collisions	73	93	51	121
Water				
New connections	1,703	240	322	85
Average daily consumption (gallons)	6,653,153	7,784,986	3,434,453	3,297,075
Wastewater				
Average daily sewage treatment (gallons)	2,400,000	2,470,000	2,500,000	2,516,125

** Data based on January - October

Source: City of Coachella

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
2	1	4	2
3	5	8	4
74	76	61	54
114	194	168	124
551	467	373	418
405	258	293	352
667	972	650	738
11	6	8	9
3.3	3.2	3.7	3.6
25	14	17	20
3	3	3	7
85	76	114	130
1239	1104	1568	1610
139	136	213	197
47	23	53	153
3,165,192	3,165,192	7,353,443	7,135,287
2,532,354	2,532,354	2,810,891	2,717,800

City of Coachella, California
GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2013

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 *governmentwide 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.

GOVERNMENTWIDE 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 governmentwide financial statements: the statement of net position 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.

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.

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INVESTMENT TRUST FUND - A fund used to report the external portion of investment pools reported by the sponsoring government, as required by GASB Statement Number 31.

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 governmentwide 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 INVESTMENT IN CAPITAL ASSETS - One of three components of net position that must be reported in both governmentwide and proprietary fund financial statements. Consists of capital assets, net of accumulated depreciation, reduced by related debt and deferred inflows of resources.

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.

NET POSITION - The residual of all other elements presented in a statement of financial position.

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.

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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.

PRIVATE-PURPOSE TRUST FUND - A fund used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

PROGRAM REVENUES - Term used in connection with the governmentwide 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 position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PUBLIC EMPLOYEES PENSION REFORM ACT (PEPRA) - A 2013 legislative act that made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013.

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's Basic Financial Statements.

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 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 POSITION - A component of net position 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.

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.

SERVICE CONCESSION ARRANGEMENTS (SCA) - Contracts under which a public sector entity (grantor) grants a private entity (operating entity) the right to operate and/or maintain the grantor's infrastructure assets.

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.

UNFUNDED ACTUARIAL ACCRUED LIABILITY - The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance that obligation.

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 POSITION - That portion of net position that is neither restricted nor invested in capital assets (net).

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