



FINANCIAL REVIEW FY 2020

The City continues to monitor the effects of the pandemic and make fiscally sound decisions based on the massive impact of COVID-19. With a decrease in sales tax, transient occupancy tax (TOT) and the overall tourism industry, the City has adjusted planned expenditures and implemented savings reduction measures to offset lost revenues. Long-term planning has prepared the City for economic downturns such as these. Currently, the City Council's goal is to break even or be cash flow positive in the general fund by June 30, 2021.

Yours in service,

A handwritten signature in cursive script that reads "Kevin".

Kevin McCarthy, *Finance Director*

TOTAL 2019-20 REVENUES & EXPENSES

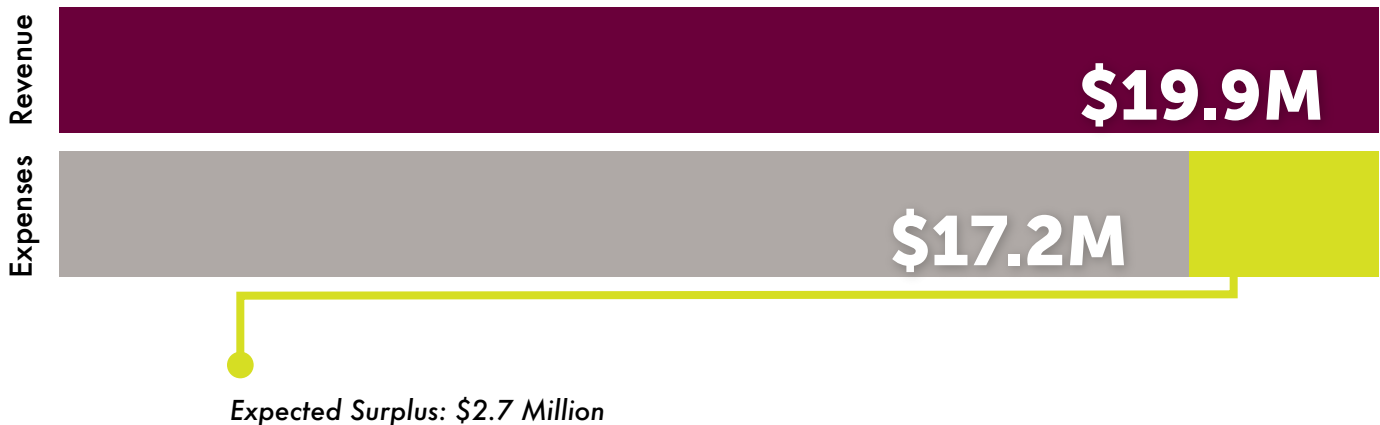
In a destination City like Indian Wells, it's not surprising that impacts to tourism reduced General Fund operating revenues by \$7.9 million (about 40%). Under the leadership of the Indian Wells City Manager, staff cut spending by nearly 16% during the last half of the fiscal year, significantly reducing the operating loss for the year.

Budget reductions include marketing and contribution efforts for tennis, Ironman, and pickleball events, elimination of annual tennis naming rights contribution due to tennis agreement(s) extensions, reduction of Community Development, Finance and Public Works professional services, citywide restriction on travel, meetings and conferences, reduction of CVB contributions and a reduction of administrative costs.

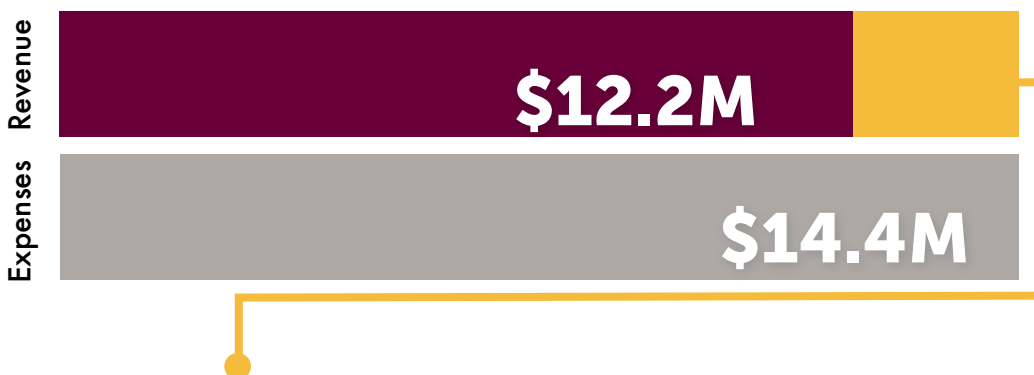
Thankfully, Indian Wells was as well-prepared for an economic disaster as possible. Over the past several years, the City has followed several Financial Priorities to maintain fiscal responsibilities, including no cuts to Public Safety, no use of City reserves, a \$2 million annual contribution to reserves over the last eight years for future projects, and the payoff of City pension and other post-employment obligations. The City eliminated all pension liabilities and set aside money into reserves as part of a long-term strategy to plan for the next economic downturn.

Today, Indian Wells has a capital reserve fund of \$25 million, which is part of nearly \$44 million in cash reserves held by the City. This fiscally conservative discipline has earned the City of Indian Wells the prestige of being the 4th most fiscally sound community in California in the Senator Moorlach Report.

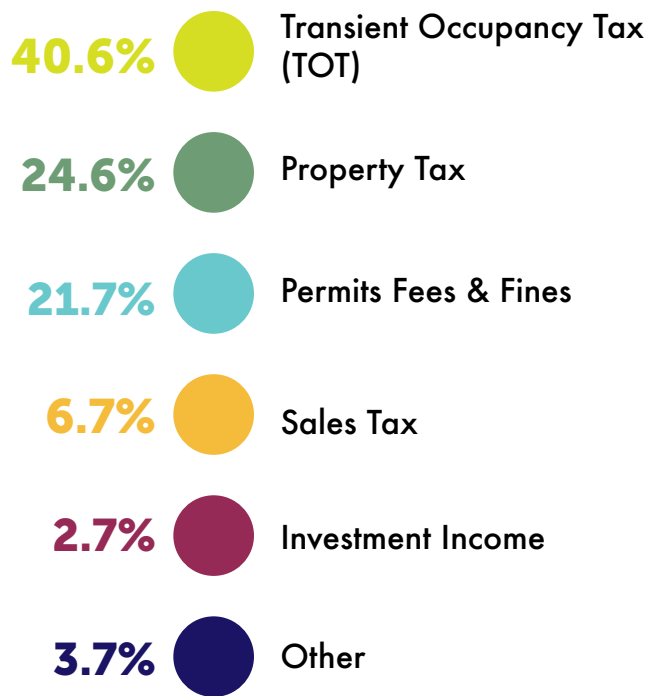
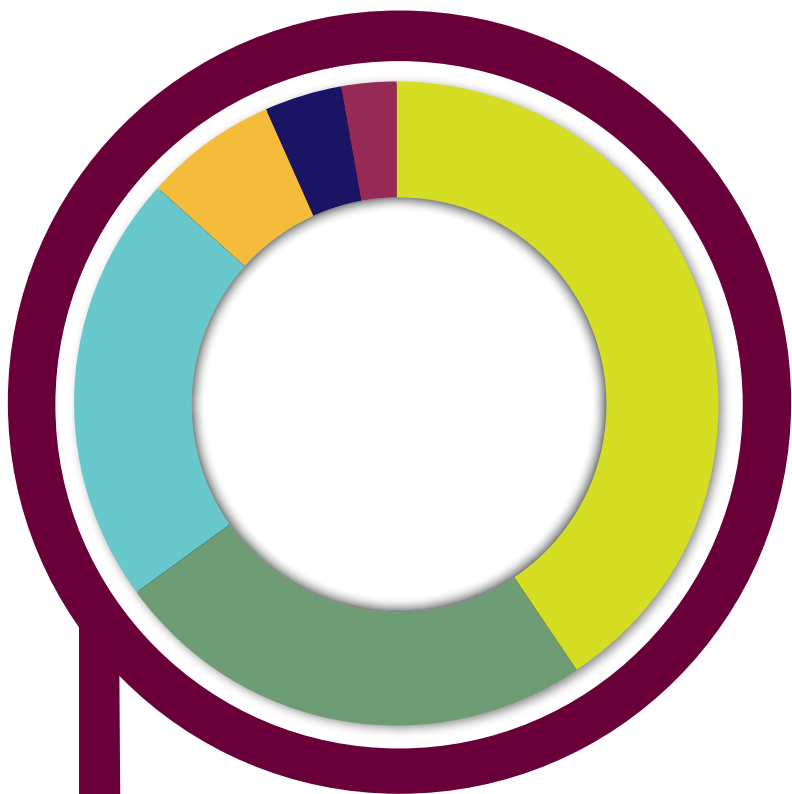
FY 2019/20 PROJECTED REVENUES VS. EXPENSES



FY 2019/20 ACTUAL REVENUES VS. EXPENSES

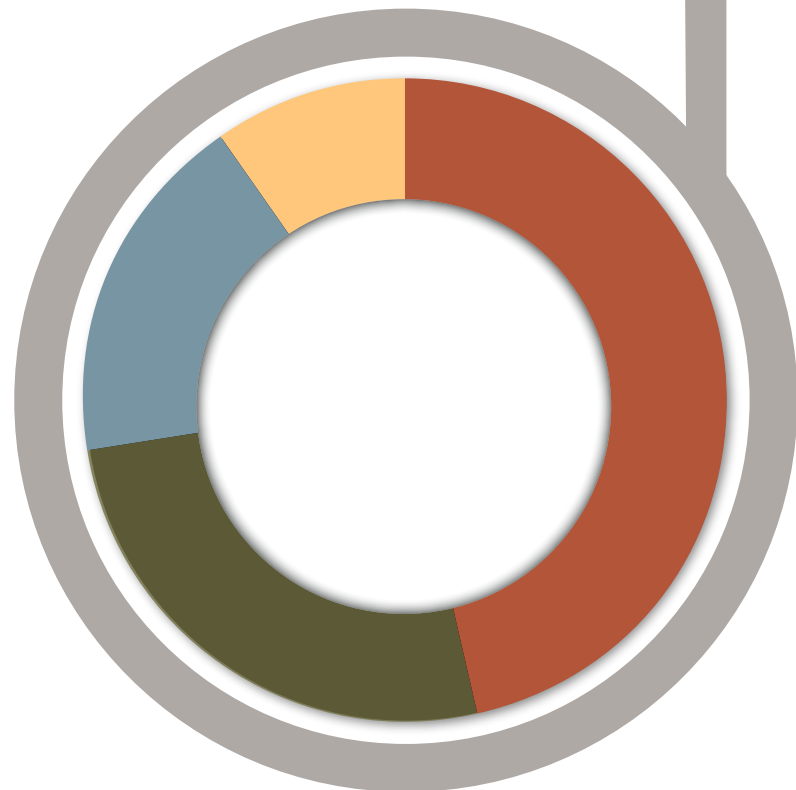
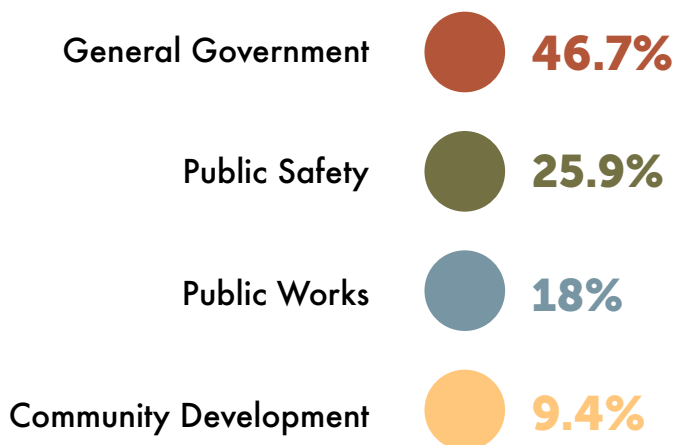


The City significantly reduced its expenses for the FY 2019/20 year to offset the loss in revenue following COVID-19 and the cancellation of large-scale events like the BNP Paribas Open, Coachella, and Stagecoach.



2019/20 REVENUES
\$12,179,868

2019/20 EXPENSES
\$14,369,699



THE HYPOTHETICAL TOURIST

\$5,643,075

TOTAL TOURISM \$ FOR FISCAL YEAR ENDING IN JUNE 2020

\$29.15



PER VISITOR



\$3.61



\$0



\$25.55



SALES TAX

Generated by shopping and dining within City limits, Sales Tax generated **\$698,303** for FY ending in June 2020.



ADMISSIONS TAX

Generated by admission to events, such as the BNP Paribas Open, Admissions Tax generated **\$0** for FY ending in June 2020.



TRANSIENT OCCUPANCY TAX

Generated by guests staying in our hotels, transient occupancy tax (T.O.T) generated **\$4,944,772** for FY ending in June 2020.

CAPITAL RESERVES

The Capital Reserve Fund sets aside reserves for future capital replacements. This fund was created to accumulate funding for new infrastructure development and the ongoing rehabilitation of existing buildings, bridges, streets and other City assets.

CAPITAL RESERVES AS OF JUNE 30, 2020

