

CITY OF PALM SPRINGS, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2009

Prepared By:

Finance Department

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Director of Finance and Treasurer

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Assistant Director of Finance

CITY OF PALM SPRINGS
Notes to Financial Statements
June 30, 2009

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City of Palm Springs

Department of Finance & Treasury

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December 28, 2009

To the citizens of The City of Palm Springs, California:

The comprehensive annual financial report (CAFR) of the City of Palm Springs for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This report has been reformatted to comply with the new financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement 34, which significantly changes the content and format of the City's financial statements.

The report includes the City's government-wide financial statements and fund financial statements. The government-wide financial statements include two statements: the Statement of Net Assets showing the total net equity of the City, including infrastructure, and the Statement of Activities that shows the cost of providing government services. Both of these statements have been prepared using the accrual basis of accounting, used by most businesses, as compared to the modified accrual method used in fund financial statements (the traditional governmental financial reports). A reconciliation report is provided to account for the differences between the two reporting methods.

In addition, the reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. The new statements, combined with other information, are further analyzed in a narrative called **Management's Discussion and Analysis** (MD & A). The MD & A provides "financial highlights" and a financial interpretation of trends, fluctuations and variances in the financial data. The MD & A further discusses any events or decisions that significantly affect the financial condition of the City.

The City of Palm Springs is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, **Audits of State, Local Governments, and Non-Profit Organizations**. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

The City of Palm Springs provides a full range of services including public safety, highways and streets, sanitation, culture and recreation, aviation, public improvements, planning and zoning, community development and general administrative services. In addition to general government

activities, the City is considered to be financially accountable for the Community Redevelopment Agency of the City of Palm Springs, and the Palm Springs Financing Authority; therefore, these activities are included in the reporting entity.

GENERAL INFORMATION

The City of Palm Springs, incorporated in 1938, is located in the western part of the Coachella Valley, one of the fastest growing regions of the State. The full time population of 42,473 increases substantially in the winter season (approximately November through May) with the influx of part-time residents and hotel visitors.

At 96.2 square miles, the City is one of the largest in area in the State.

ECONOMIC CONDITION AND OUTLOOK

As with most municipalities, the City of Palm Springs struggled to ride the wave of this 'Great Recession' which is deep and persistent. Almost across-the-board, we are down in all of our revenue categories.

Sales Tax collections decreased about 3.7%. Retail sales and Restaurants continue to show strong numbers, helping to explain why our decreases are much lower than other area cities, Riverside County, Southern California, and California as a whole.

Property Taxes in the General Fund decreased by 1.1% over the prior year. This is primarily the result of property tax reassessments being greater than the increases from new commercial and residential development.

Transient Occupancy Tax was down about 11.8% compared to the prior year. The completion of the remodeling and rebranding of the Wyndham Hotel as a Marriott Renaissance Hotel which serves the City's Convention Center will greatly enhance the number and quality of the City's room supply moving forward. This is in addition to the reopening of the Rivera Resort and Ace Hotel which occurred in the fall of 2008.

Overall, the combined revenue from the General Fund and Community Promotion Fund went from \$72.9 million in Fiscal Year 2007-2008, to \$70.9 million in FY 2008-2009, a decrease of about 2.7%.

Unfortunately, in addition to the decrease in revenue, there were increases in expenditures, primarily in personnel costs, workers' compensation, health and liability insurance, and energy costs.

MAJOR INITIATIVES FOR THE YEAR

In response to an anticipated General Fund deficit of \$12.4 million, the City Council adopted a budget for 2009-2010 that reduced expenditures by \$11.5 million or 1/7th of our budget.

The Budget Reduction Plan included the reduction of 42 FTE positions through an Incentive to Leave Service program, the elimination of vacancies, and 7 positions through layoffs. The reductions also included the reduction of many capital outlay projects including suspension of the motor vehicle replacement program. Also, all departments reduced their nonpersonnel budgets by 10%. Other reductions were made in the areas of special events and contributions, support for the golf course, earthquake insurance, tourism support, workers' compensation, and the budget for mandatory employee leave cash outs. Finally, the police and fire departments were given the task of reducing their budgets without eliminating sworn positions and they are still in the process of identifying those reductions for their departments.

FOR THE FUTURE

As year-to-date revenues continue to fall short of last year's revenue levels for the same timeframe, the City Council is considering additional mid-year budget reductions in order to preserve as much of our reserves as possible. The Council is also considering an economic development program with the hope of bolstering and jump-starting tourism and local businesses.

In November 2009, the City Council put before the voters Measure G – a proposal to lower the telephone portion of our Utility User Tax ordinance from 5% to 4.5%, modernizing and updating the language of the ordinance, converting our 911 emergency response fee to a tax at the same amount, and ratifying past collection of the telephone users tax and emergency response fee. Voters overwhelmingly approved the simple majority measure with a 70.19% 'yes' vote, thereby protecting these important revenue sources from potential legal actions related to changes in federal and State laws and court rulings.

The City Council has granted preliminary approval of the construction of two major new projects – the development of a Hard Rock Hotel west of the Convention Center and a Mondrian Hotel just north of the Convention Center. These developments would add another 750 rooms to the City and increase the room capacity of the Convention Center. Given the status of our national and local economy, the securing and maintaining of funding is the major challenge regarding the future of these projects, but it is expected that both projects will be successfully developed.

The City was also selected as the site for the western campus for the College of the Desert expansion. This will allow greater educational opportunities for the citizens of Palm Springs and their children. It will also bring additional development to north Palm Springs.

Once the general national and local economic conditions improve, the City should see an increase in revenues in a number of categories including property taxes, sales taxes, transient occupancy taxes, new development and permit fees, etc.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2008 provided no instances of material weaknesses in the internal control structure or signification violations of applicable laws and regulations.

Budgeting Controls. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are carried over at year end.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Appropriation Limitation. As required by Article XIII B of the California Constitution, the City's appropriation limitation for 2008-2009 expenditures was calculated at \$117,137,003. Appropriations subject to limitation totaled \$63,976,018, or \$53,160,985 below the City's legal appropriation limit. All of the City's proprietary funds are exempt, as are federal funds.

Debt Administration. As of June 30, 2009, the total remaining principal on the long-term debt of the City and its related entities is \$222,528,819.

Cash Management. The City had \$110,124,699 available for investment on June 30, 2009 compared to \$107,231,492 as of June 30, 2008. The current year amount does not include \$26,907,121 held by the City's fiscal agent for various long-term debt issues. The City of Palm Springs invests its temporarily pooled idle investments under the Prudent Man Rule (Civil Code

Sect. 2261, et seq.), which in essence states that "in investing property for benefit of another, a trustee shall exercise the judgment and care, under circumstances then prevailing, which men of 'prudence', or discretion, and intelligence exercise in the management of their own affairs." This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California. The City's investment portfolio consists of certificates of deposit, State of California Local Agency Investment Fund, Bankers Acceptances, United States Government Securities and Corporate Notes.

As stated in Note 3 in the Notes to the Combined Financial Statements, the City's total cash deposits have been broken down into Category 1, 2 or 3. These three categories are provided to comply with the GASB Statement Number 3, which in essence, requires risk disclosures assumed by the entity. A description of each category and the possible risk associated with it is found in Note 3 of the Notes to the Financial Statements.

Risk Management. The City purchases commercial insurance from the Everest National Insurance Company (ENIC) for general liability claims. Under this policy, ENIC covers claims in excess of the City's self insured retention of \$300,000 per occurrence and provides employer's liability coverage up to \$10,000,000 per claim.

The City purchases commercial Workers' Compensation Insurance from Safety National Casualty Corporation. Under this policy, employers recover claims in excess of the City's self insured retention of \$1,000,000 and provide employer's liability up to \$50,000,000 in addition to workers' compensation statutory limits. Further information can be found in Note 7 of the Notes to the Financial Statements.

OTHER INFORMATION

Independent Audit. State statute requires an annual audit by independent certified public accountants. The accounting firm of Moreland and Associates was selected by the City Council with the recommendation of the Finance Director and a Review Committee after a formal Request for Proposal process. Moreland and Associates was subsequently acquired by Macias, Gini, & O'Connell who continued performing the next two years audits under the three-year contract with Moreland and Associates. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining, individual fund and account group statements and schedules are included in the financial section of this report. Once again the City's independent auditors, Macias, Gini, & O'Connell, have issued an unqualified opinion. The auditor's reports related specifically to the single audit are included in the Single Audit Report.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palm Springs for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the 20th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for 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.

Acknowledgments. The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. Special recognition is given to Nancy Klukan, Assistant Director of Finance; Rita Gustafson, Accounting Supervisor, Cindy Gosselin; Kim Hardcastle; Accountants, and all the Accounting Division staff for their services in the coordination and preparation of this year's report. Our independent auditors, Macias, Gini, & O'Connell, provided expertise and advice in preparing an outstanding report this year.

Respectfully submitted,

A handwritten signature in cursive script, reading "Geoffrey S. Kiehl".

Geoffrey S. Kiehl
Director of Finance and Treasurer

CITY OF PALM SPRINGS

List of Principal Officials

June 30, 2009

CITY COUNCIL

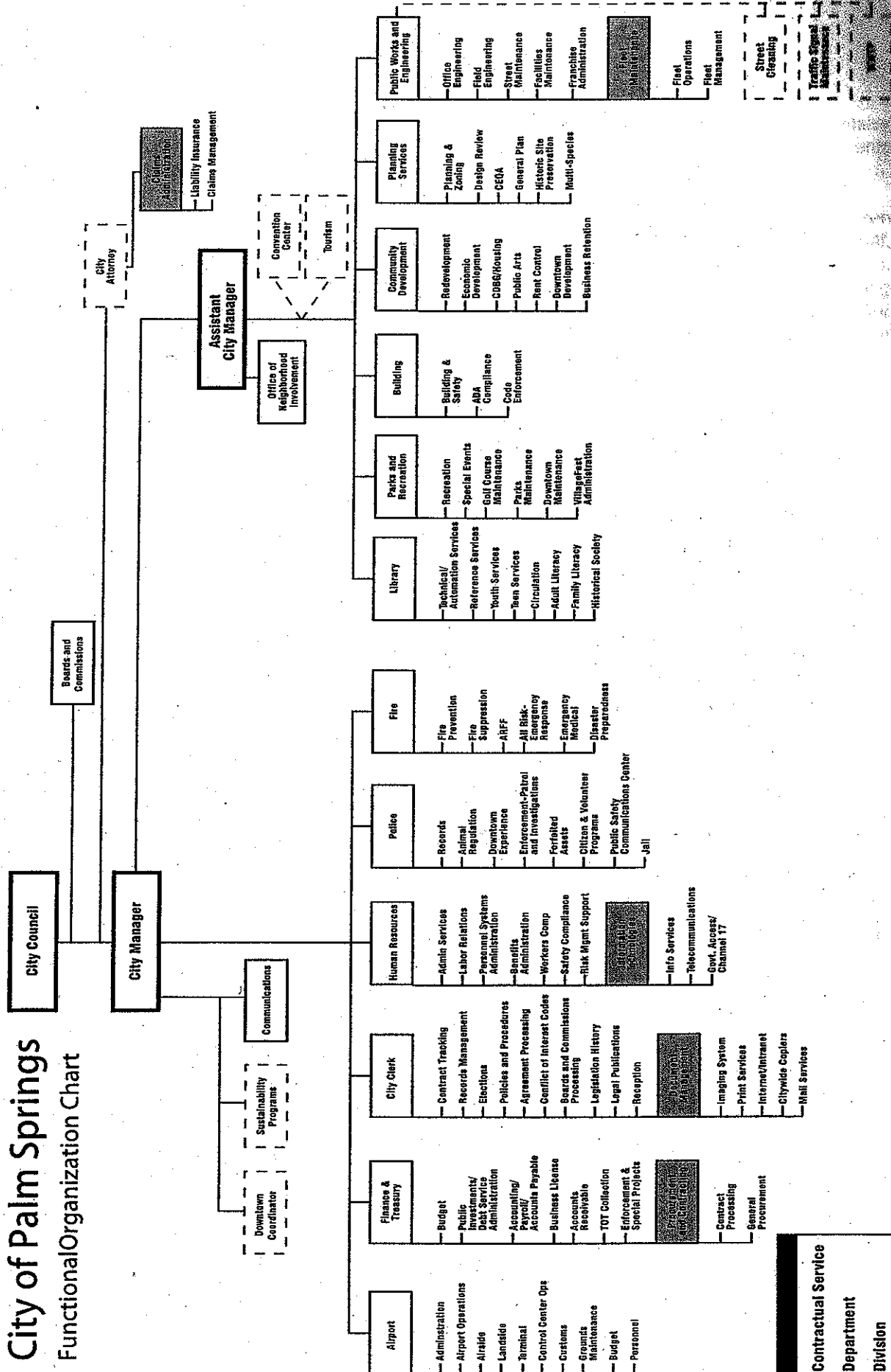
Stephen P. Pougnet, Mayor
Christopher S. Mills, Mayor Pro Tem
Rick Hutcheson
GINNY FOAT
LEE WEIGEL

EXECUTIVE MANAGEMENT

City Manager	David H. Ready
Assistant City Manager	Thomas Wilson
City Clerk	James L. Thompson
City Librarian	Barbara L. Roberts
Director of Aviation	Thomas Nolan
Director of Building and Safety	Walter D. Duckworth
Director of Finance and Treasurer	Geoffrey S. Kiehl
Director of Human Resources	Susan E. Mills
Director of Parks, Recreation and Facilities	Sharon Heider
Director of Planning Services	Craig Ewing
Director of Public Works/City Engineer	David J. Barakian
Fire Chief	Blake G. Goetz
Police Chief	David Dominguez



City of Palm Springs Functional Organization Chart



[---] = Contractual Service
 [] = Department
 [■] = Division

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palm Springs
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



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

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan", is written above the title.

Executive Director



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

NEWPORT BEACH
1201 Dove Street, Suite 680
Newport Beach, CA 92660
949.221.0025

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

The Honorable City Council of
the City of Palm Springs, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Palm Springs' management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note (9), to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2009 on our consideration of the City of Palm Springs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Jini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

December 28, 2009

CITY OF PALM SPRINGS
Management's Discussion and Analysis
June 30, 2009

The following discussion and analysis of the financial performance of the City of Palm Springs provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* uses services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates like businesses, such as the water and sewer system.
 - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide <u>Statements</u>	<u>Fund Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. The net assets – the difference between assets and liabilities – is one way to measure the City's financial health. Over time, *increases and decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads should be considered, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, transient occupancy taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds.
- Component units – The City includes two separate legal entities in its report – the Community Redevelopment Agency and the Palm Springs Financing Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Major Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in the reconciliation at the bottom of the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net assets* follows:

Table 1
Net Assets (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 158,998	\$ 166,843	\$ 33,887	\$ 32,447	\$ 192,885	\$ 199,290
Capital assets	220,024	221,388	139,991	136,809	360,015	358,197
Total assets	<u>379,022</u>	<u>388,231</u>	<u>173,878</u>	<u>169,256</u>	<u>552,900</u>	<u>557,487</u>
Long-term debt outstanding	176,573	176,965	36,877	38,341	213,450	215,306
Other liabilities	28,858	25,579	6,226	5,969	35,084	31,548
Total liabilities	<u>205,431</u>	<u>202,544</u>	<u>43,103</u>	<u>44,310</u>	<u>248,534</u>	<u>246,854</u>
Net assets:						
Invested in capital assets (net of debt)	73,049	74,644	102,405	98,206	175,454	172,850
Restricted	65,682	68,039	3,633	3,518	69,315	71,557
Unrestricted	<u>34,860</u>	<u>43,004</u>	<u>24,737</u>	<u>23,222</u>	<u>59,597</u>	<u>66,226</u>
Total net assets	<u>\$ 173,591</u>	<u>\$ 185,687</u>	<u>\$ 130,775</u>	<u>\$ 124,946</u>	<u>\$ 304,366</u>	<u>\$ 310,633</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

A summary of the government-wide statement of activities follows:

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 9,348	\$ 12,761	\$ 28,602	\$ 27,801	\$ 37,950	\$ 40,562
Operating contributions & grants	9,481	11,559	0	0	9,481	11,559
Capital contributions & grants	6,270	4,203	10,052	2,447	16,322	6,650
General revenues						
Property taxes & tax increment	30,747	32,559	0	0	30,747	32,559
Sales taxes	8,797	9,138	0	0	8,797	9,138
Transient occupancy taxes	12,753	14,464	0	0	12,753	14,464
Other taxes	14,890	15,259	0	0	14,890	15,259
Gain on sale of capital asset	0	0	0	0	0	0
Other general revenues	8,851	6,874	902	1,943	9,753	8,817
Total revenues	<u>\$ 101,137</u>	<u>\$ 106,817</u>	<u>\$ 39,556</u>	<u>\$ 32,191</u>	<u>\$ 140,693</u>	<u>\$ 139,008</u>
Program expenses						
General government	\$ 15,701	\$ 10,721	\$ 0	\$ 0	\$ 15,701	\$ 10,721
Culture and convention center	7,693	5,511	0	0	7,693	5,511
Public safety	38,383	35,443	0	0	38,383	35,443
Public Works	21,959	21,750	0	0	21,959	21,750
Parks and recreation	9,532	9,434	0	0	9,532	9,434
Library	2,937	2,772	0	0	2,937	2,772
Interest	14,637	11,610	0	0	14,637	11,610
Airport	0	0	24,638	23,842	24,638	23,842
Wastewater	0	0	5,855	5,192	5,855	5,192
Golf Course	0	0	5,374	4,665	5,374	4,665
Total expenses	<u>\$ 110,842</u>	<u>\$ 97,241</u>	<u>\$ 35,867</u>	<u>\$ 33,699</u>	<u>\$ 146,709</u>	<u>\$ 130,940</u>
Excess (deficiency) before special items and transfers	(9,705)	9,576	3,689	(1,508)	(6,016)	8,068
Transfers	(2,140)	(700)	2,140	700	0	0
Increase (decrease) in net assets	(11,845)	8,876	5,829	(808)	(6,016)	8,068
Beginning net assets	185,437	176,561	124,946	125,754	310,383	302,315
Ending net assets	<u>\$ 173,592</u>	<u>\$ 185,437</u>	<u>\$ 130,775</u>	<u>\$ 124,946</u>	<u>\$ 304,367</u>	<u>\$ 310,383</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

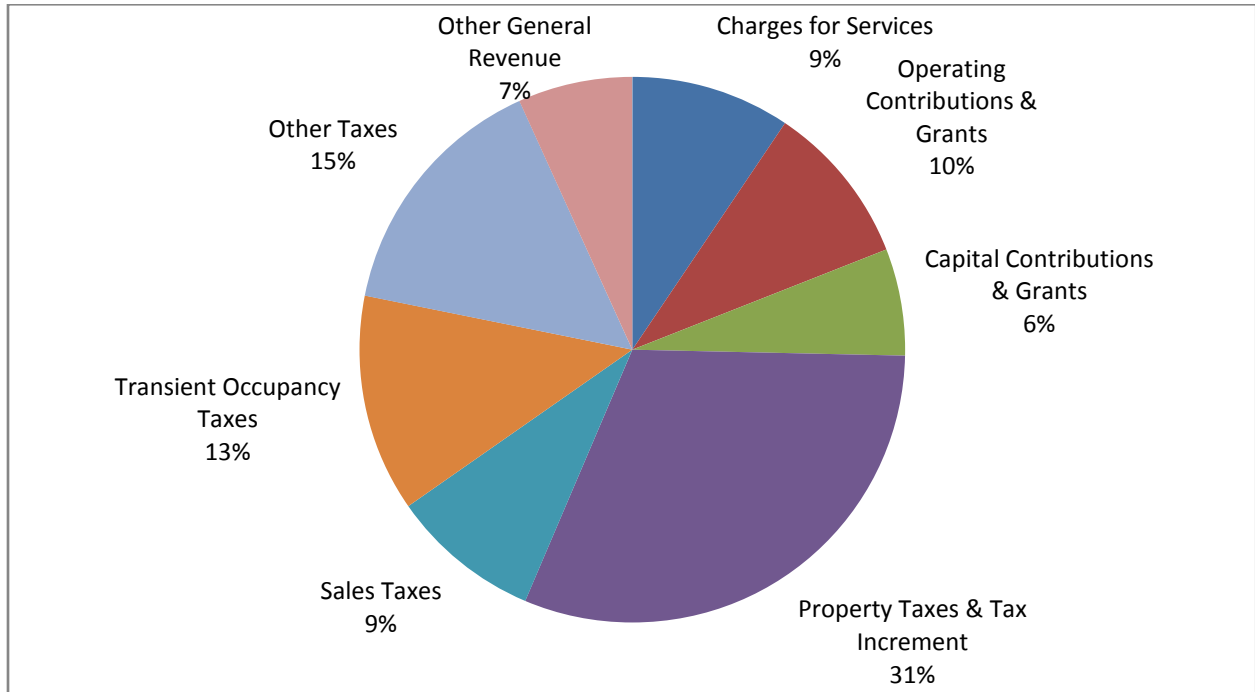
The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities decreased by about 6.5% (\$173.6 million compared to \$185.7 million for the 2007-2008 fiscal year and \$176.8 million for the 2006-2007 fiscal year).

The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

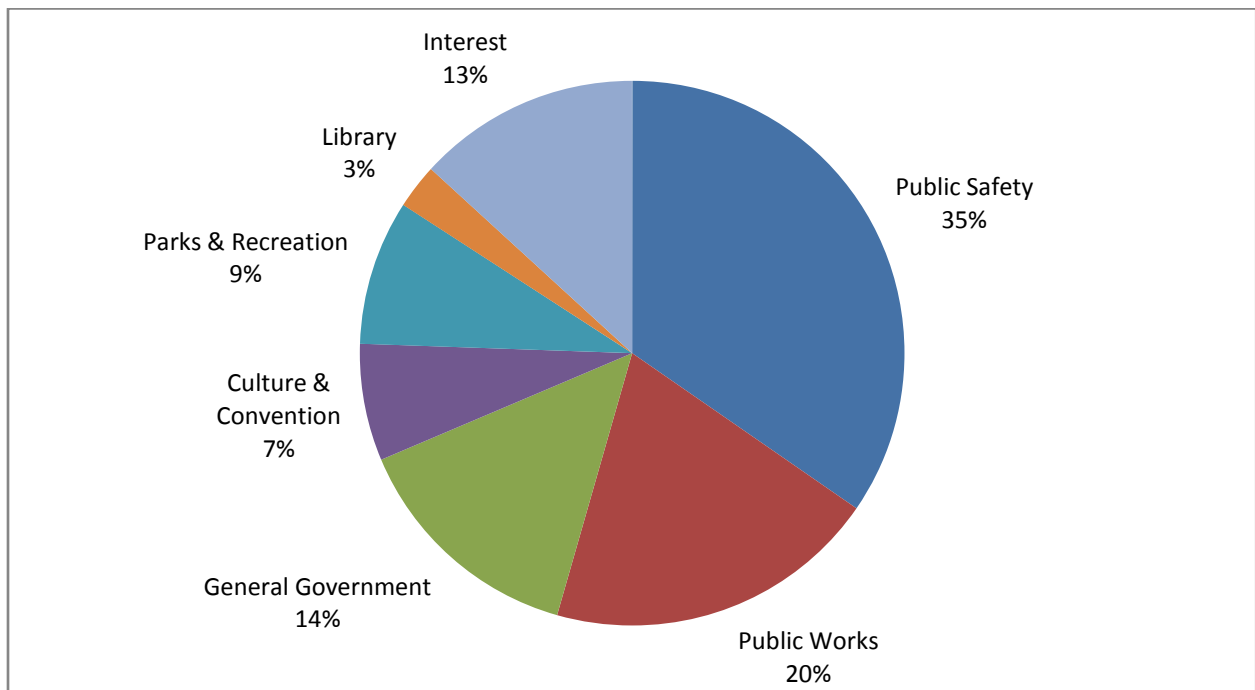
- The City's property tax and tax increment collections decreased by 5.5% over the previous year. The decrease was attributable the widespread reassessment of residential parcels by the County Assessor's Office. These decreases are expected to continue in the current fiscal year, as residential property values continue to slump and a second wave of reassessments is expected, this time in the area of commercial parcels.
- The Transient Occupancy Tax (TOT) collections were down 11.8% compared to the prior year. For current fiscal year the City's hotel room supply will increase with the completion of the remodeling and rebranding of the Wyndham Hotel as a Marriott Renaissance Hotel which serves the City's Convention Center.
- Program expenses were up in most categories because of increases in both on-going and one-time personnel costs, workers' compensation and health insurance costs. Significant budget reductions were implemented for the current fiscal year due to continued slumping revenues throughout the budget.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

Business-Type Activities

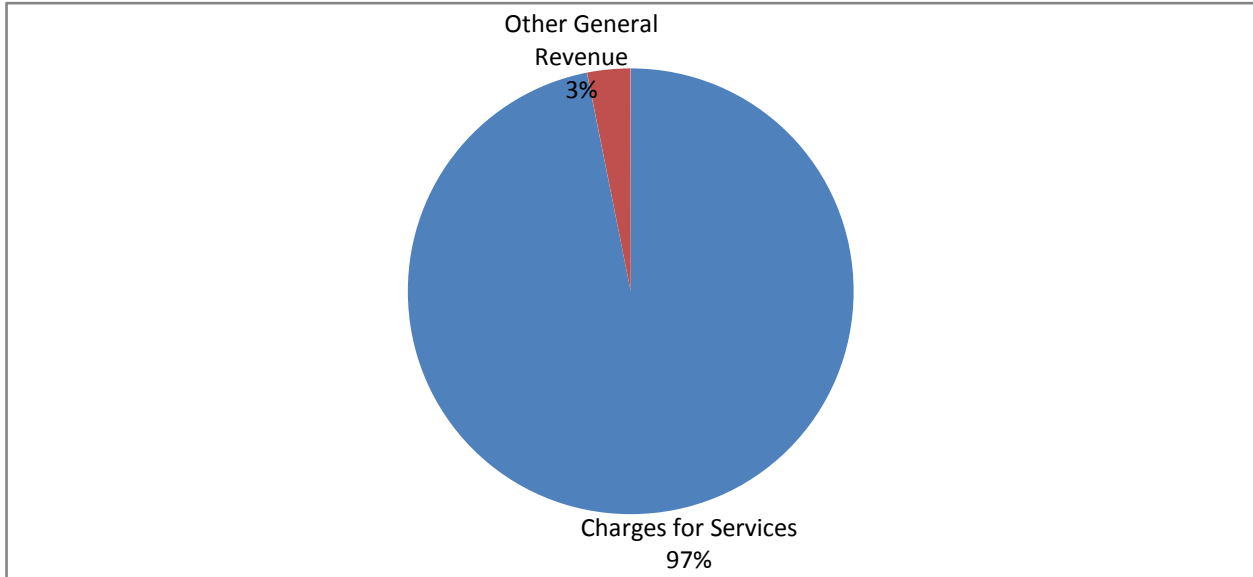
Revenues of the City's business-type activities (see Table 2) were higher than the previous year, increasing from \$32.2 million to \$39.6 million. Expenses increased from \$33.7 million to \$35.9 million.

The primary reasons for the changes in revenue:

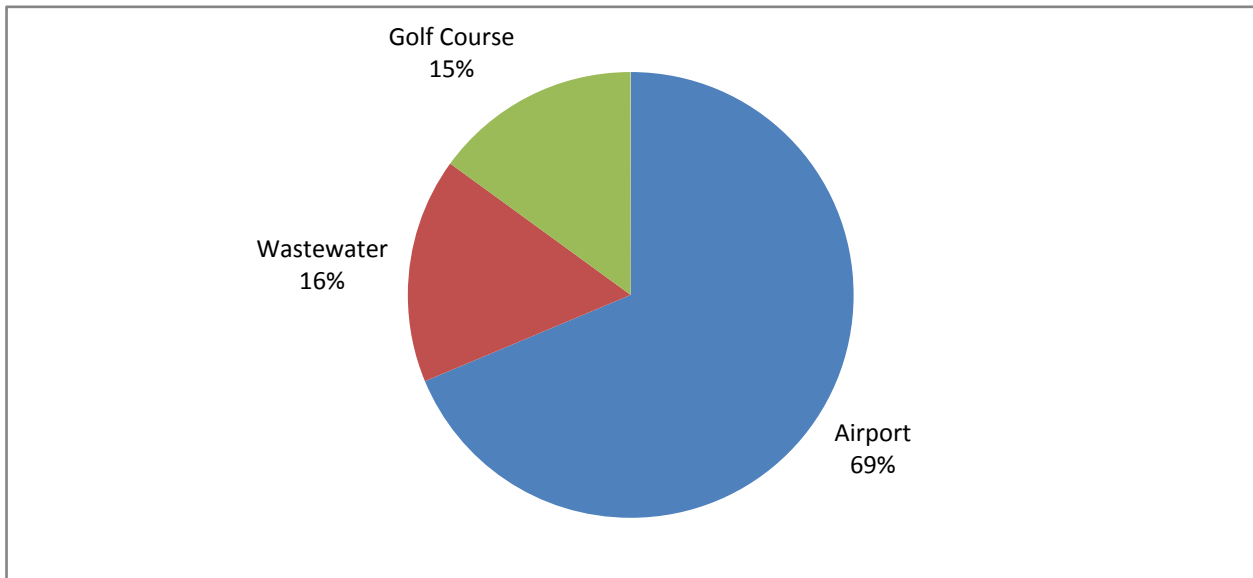
- Revenue from capital grants in the Airport increased from \$2.4 million to \$10.1 million. This reflects federal grant revenue for various remodeling projects in the concourse and the main terminal.
- Operating revenues decreased \$1.0 million due to decreased income from passenger facility charges, landing fees, rental car fees and parking fees.
- Airport operating expenses were up \$0.6 million due to higher personnel costs, especially for salary costs, health insurance and workers' comp insurance.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7.4 million, while total fund balance reached \$12.72 million. As a measure of the general fund's liquidity, unreserved fund balance represents 12.1% of total general fund expenditures, while total fund balance represents 21.8% of that same amount.

Total General Fund revenue decreased from \$64.5 million to \$63.5 million. Among the more significant changes:

- Sales taxes decreased from \$9.1 million to \$8.8 million
- Property taxes increased from \$19.4 million to \$19.1 million
- Licenses and permits (Building and other) decreased from \$3.3 million to \$2.5 million
- Charges for services (primarily plan checking fees) decreased from \$5.0 million to \$4.2 million
- Utility user taxes decreased from \$6.8 million to \$6.4 million
- Transient occupancy tax (TOT) decreased from \$6.3 million to \$5.5 million. Total TOT in both the General Fund & Community Promotion Fund decreased from \$14.5 million to \$12.8 million
- Investment income increased from \$3.1 million to \$5.4 million

The decreases reflect what we call 'The Great Recession' which has economically devastated most sectors of our economy, but most significantly our tourism industry, the residential and commercial real estate market, which has led to the resultant slowdown of the building industry. The decrease in property taxes reflects widespread reassessments of residential properties which wiped out any of the normal increases in assessments that normally occur when properties were sold, and the modest amount of new residential and commercial construction activity. The normal 2% increase in assessment for properties that do not change hands simply did not materialize in the 2008-2009 fiscal year and these normal increases are not likely to be experienced in the 2009-2010 fiscal year.

Total General Fund expenditures increased from \$57.9 million to \$61.1 million. The most significant changes occurred in employee salaries and overtime costs and PERS pension benefit costs, which increased from \$6.7 million to \$9.3 million due to salary increases.

The other Major Governmental Funds include the **Special Assessments Debt Service**, the **Community Redevelopment Agency Debt Service**, and **Capital Projects**.

The Special Assessments Debt Service aggregates the City's five 1913/1915 assessment districts.

The Community Redevelopment Agency Debt Service has increase in revenue from \$16 million to \$20 million. This was due primarily to increased property tax increment. Its expenditures increased from \$14.4 million to \$17.2 million due to additional pass-through payments required to be made to other agencies because of the increased tax increment to the Agency and because of interest payments on notes payable.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

The Capital Projects Fund includes both projects funded by transfers from the General Fund and by grants. Overall, the fund balance for this group was down by only 2% compared to the prior year.

Major Enterprise Funds. The Unrestricted net assets of the **Airport, Wastewater and Golf Course Funds** total \$24.7 million, an increase of \$1.5 million from last year's total of \$23.2 million.

GENERAL FUND BUDGET

There was only a minor difference between the original budget and final budget for revenue in the General Fund. The increase was \$0.5 million.

On the expenditure side, the overall budget increased by about \$1.4 million, mostly due to new Police and Fire Department grants which were awarded during the year. The final expenditures were \$1.5 million under budget.

Due to the general economic collapse, there was a significant difference between the final budget for revenues and actual revenues received in the General Fund. The shortfall was \$3.8 million. This recession is deep and persistent, and is expected to continue through 2009-2010 and probably longer.

All categories of expenditures, except for General Government, showed a positive variance compared to the final budget, with the actual total \$1.5 million under budget. The savings were primarily the result of salary savings from vacant positions and various other cost cutting measures.

The above deviations from budget did not significantly affect the City's liquidity, or its ability to provide future services to its residents. However, persistence of this pattern would change that situation.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

CAPITAL ASSETS

There was only a minor difference in total capital assets from one fiscal year to the next fiscal year representing a net increase of \$1.8 million to \$360.0 million.

Capital Assets
(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Buildings	\$ 34,681	\$ 35,441	\$ 12,843	\$ 13,575	\$ 47,524	\$ 49,016
Improvements	46,216	49,102	75,362	71,945	121,578	121,047
Furniture and equipment	2,186	2,454	1,451	722	3,637	3,176
Vehicles	3,828	4,418	1,434	1,587	5,262	6,005
Infrastructure	80,689	91,592	12,163	12,242	92,852	103,834
Right-of-way	14,614	14,614	0	0	14,614	14,614
Land	24,522	23,767	36,738	36,738	61,260	60,505
Construction in progress	13,288	0	0	0	13,288	0
Total	\$ 220,024	\$ 221,388	\$ 139,991	\$ 136,809	\$ 360,015	\$ 358,197

For more detailed information on capital asset activity, see the Capital Assets Note 5 in the Notes to the Basic Financial Statements.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2009

LONG-TERM DEBT

As of June 30, 2009, the City had bonded and certificates of participation debt outstanding of \$211.7 million. The City has no General Obligation debt. The table below summarizes the information presented in Note 6 in the Notes to the Basic Financial Statements.

	Long Term Debt (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Certificates of participation (COPS)	\$ 8,000	\$ 8,000	\$ 26,774	\$ 27,824	\$ 34,774 0	\$ 35,824 0
Tax Allocation Bonds	45,860	46,640	0	0	45,860	46,640
Lease Revenue Bonds	89,629	91,828	10,812	11,202	100,441	103,030
Special Assessment Bonds	10,295	11,255	0	0	10,295	11,255
Pension Obligation Bonds	20,328	19,832	0	0	20,328	19,832
Total	<u>\$ 174,112</u>	<u>\$ 177,555</u>	<u>\$ 37,586</u>	<u>\$ 39,026</u>	<u>\$ 211,698</u>	<u>\$ 216,581</u>

State statutes limit the amount of general obligation debt a city may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$428 million. The City has no outstanding general obligation debt. See the Statistical Section accompanying the financial statements.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Finance, City of Palm Springs, 3200 E. Tahquitz Canyon Way, Palm Springs, CA 92263; or visit our website at www.ci.palm-springs.ca.us or call us at (760) 323-8229.

CITY OF PALM SPRINGS
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 79,425,344	\$ 30,699,355	\$ 110,124,699
Receivables:			
Accounts	5,908,239	1,228,274	7,136,513
Accrued interest	1,377,029	149,813	1,526,842
Special assessments	10,459,086	-	10,459,086
Notes	6,314,356	-	6,314,356
Internal balances	3,241,683	(3,241,683)	-
Due from other governments	1,425,846	333,248	1,759,094
Inventories	115,289	11,255	126,544
Unamortized debt issuance costs	1,579,265	863,383	2,442,648
Net pension asset	20,091,504	-	20,091,504
Deposits	200,000	-	200,000
Land held for resale	5,797,450	-	5,797,450
Restricted assets:			
Cash and investments with fiscal agent	23,063,185	3,843,936	26,907,121
Capital assets:			
Not being depreciated	52,424,891	36,737,608	89,162,499
Being depreciated, net	167,599,238	103,253,301	270,852,539
Total assets	<u>379,022,405</u>	<u>173,878,490</u>	<u>552,900,895</u>
Liabilities:			
Accounts payable	4,357,736	1,799,985	6,157,721
Accrued wages payable	1,872,053	477,136	2,349,189
Accrued interest payable	1,786,420	1,989,283	3,775,703
Due to other governments	92,642	-	92,642
Deposits payable	502,461	500,000	1,002,461
Pass-through payable	3,091,749	-	3,091,749
Note payable	1,181,883	-	1,181,883
Claims and judgments payable:			
Due within one year	647,500	-	647,500
Due in more than one year	2,590,002	-	2,590,002
Noncurrent liabilities:			
Postemployment benefit liability	5,116,285	-	5,116,285
Due within one year	7,618,538	1,659,553	9,278,091
Due in more than one year	176,573,358	36,677,370	213,250,728
Total liabilities	<u>205,430,627</u>	<u>43,103,327</u>	<u>248,533,954</u>
Net assets:			
Invested in capital assets, net of related debt	73,048,922	102,404,738	175,453,660
Restricted for:			
Public safety	1,410,038	-	1,410,038
Public works	13,747,891	-	13,747,891
Debt service requirement	9,807,901	3,633,197	13,441,098
Redevelopment agency projects	39,483,610	-	39,483,610
Unrestricted	36,093,416	24,737,228	60,830,644
Total net assets	<u>\$ 173,591,778</u>	<u>\$ 130,775,163</u>	<u>\$ 304,366,941</u>

See Accompanying Notes to Financial Statements.

CITY OF PALM SPRINGS
Statement of Activities
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 15,700,926	\$ 1,868,359	\$ -	\$ -
Cultural and convention center	7,693,125	359,103	99,432	7,824
Public safety	38,382,590	1,922,028	3,770,133	-
Public works	21,959,270	3,249,898	5,515,552	6,184,278
Parks and recreation	9,532,099	1,823,445	1,199	-
Library	2,937,321	124,726	94,190	77,859
Interest expense	14,636,613	-	-	-
Total governmental activities	<u>110,841,944</u>	<u>9,347,559</u>	<u>9,480,506</u>	<u>6,269,961</u>
Business-type activities:				
Airport	24,637,583	18,465,121	-	10,051,905
Wastewater	5,854,655	6,006,812	-	-
Golf course	5,374,561	4,130,497	-	-
Total business-type activities	<u>35,866,799</u>	<u>28,602,430</u>	<u>-</u>	<u>10,051,905</u>
Total	<u>\$ 146,708,743</u>	<u>\$ 37,949,989</u>	<u>\$ 9,480,506</u>	<u>\$ 16,321,866</u>

General revenues:

Taxes:
Property taxes
Tax increment
Sales taxes
Transient occupancy taxes
Utility users tax
Other taxes
Motor vehicle in lieu
Investment income
Rental income
Miscellaneous revenues
Transfers
Total general revenues and transfers
Change in net assets
Net assets, beginning, restated
Net assets, ending

See Accompanying Notes to Financial Statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (13,832,567)	\$ -	\$ (13,832,567)
(7,226,766)	-	(7,226,766)
(32,690,429)	-	(32,690,429)
(7,009,542)	-	(7,009,542)
(7,707,455)	-	(7,707,455)
(2,640,546)	-	(2,640,546)
(14,636,613)	-	(14,636,613)
(85,743,918)	-	(85,743,918)
-	3,879,443	3,879,443
-	152,157	152,157
-	(1,244,064)	(1,244,064)
-	2,787,536	2,787,536
(85,743,918)	2,787,536	(82,956,382)
19,144,921	-	19,144,921
11,602,452	-	11,602,452
8,796,538	-	8,796,538
12,753,078	-	12,753,078
6,425,185	-	6,425,185
4,284,221	-	4,284,221
4,180,689	-	4,180,689
1,384,393	900,328	2,284,721
225,808	-	225,808
7,241,006	1,150	7,242,156
(2,140,000)	2,140,000	-
73,898,291	3,041,478	76,939,769
(11,845,627)	5,829,014	(6,016,613)
185,437,405	124,946,149	310,383,554
\$ 173,591,778	\$ 130,775,163	\$ 304,366,941

CITY OF PALM SPRINGS
Balance Sheet
Governmental Funds
June 30, 2009

	<u>Debt Service Funds</u>		
	<u>General</u>	<u>Special Assessments</u>	<u>Community Redevelopment Agency</u>
Assets:			
Cash and investments	\$ 9,319,711	\$ 1,963,522	\$ 9,241,277
Restricted assets:			
Cash and investments with fiscal agent	-	1,418,609	2,618,618
Deposits	-	-	-
Receivables:			
Accounts	4,381,398	13,752	-
Accrued interest	793,259	7,964	-
Special assessments	-	10,459,086	-
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	-	233,850	513,428
Advances to other funds	3,221,785	-	-
Land held for resale	49,950	-	-
Total assets	<u>\$ 17,766,103</u>	<u>\$ 14,096,783</u>	<u>\$ 12,373,323</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 1,176,510	\$ 20,401	\$ 1,004,095
Accrued wages payable	1,753,406	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Notes payable	-	-	1,181,883
Deferred revenue	2,065,622	10,459,086	-
Pass-through payable	-	-	3,091,749
Advances from other funds	49,950	-	4,990,675
Total liabilities	<u>5,045,488</u>	<u>10,479,487</u>	<u>10,268,402</u>
Fund Balances:			
Reserved for:			
Encumbrances	208,255	-	-
Deposits	-	-	-
Notes receivable	-	-	-
Advances to other funds	3,221,785	-	-
Land held for resale	49,950	-	-
Debt service requirements	-	3,617,296	2,104,921
Low and moderate housing	-	-	-
Continuing appropriations	336,839	-	-
911 fees	1,848,115	-	-
Unreserved, designated:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unreserved-undesignated:			
General fund	7,055,671	-	-
Special revenue funds	-	-	-
Total fund balances	<u>12,720,615</u>	<u>3,617,296</u>	<u>2,104,921</u>
Total liabilities and fund balances	<u>\$ 17,766,103</u>	<u>\$ 14,096,783</u>	<u>\$ 12,373,323</u>

See Accompanying Notes to Financial Statements.

Capital Projects Funds	Community Redevelopment Agency	Nonmajor Governmental Funds	Total
\$	7,802,407	\$ 38,344,070	\$ 66,670,987
	9,285,211	9,740,741	23,063,179
	-	200,000	200,000
	5,874	1,461,213	5,862,237
	86,504	139,005	1,026,732
	-	-	10,459,086
	-	6,314,356	6,314,356
	-	1,924,732	1,924,732
	-	673,574	1,420,852
	-	1,801,840	5,023,625
	5,075,021	672,479	5,797,450
\$	22,255,017	\$ 61,272,010	\$ 127,763,236
\$	309,093	\$ 1,466,323	\$ 3,976,422
	-	53,642	1,807,048
	-	96,049	96,049
	-	92,642	92,642
	7,486	494,975	502,461
	-	-	1,181,883
	-	174,190	12,698,898
	-	-	3,091,749
	-	-	5,040,625
	316,579	2,377,821	28,487,777
	1,104,061	1,729,134	3,041,450
	-	233,652	233,652
	-	6,314,356	6,314,356
	-	1,801,840	5,023,625
	5,075,021	672,479	5,797,450
	-	6,190,608	11,912,825
	-	7,324,094	7,324,094
	2,466,994	16,647,211	19,451,044
	-	-	1,848,115
	-	7,235,260	7,235,260
	13,292,362	10,077,668	23,370,030
	-	-	7,055,671
	-	667,887	667,887
	21,938,438	58,894,189	99,275,459
\$	22,255,017	\$ 61,272,010	\$ 127,763,236

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

Fund balances - total governmental funds \$ 99,275,459

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

Capital assets, net of depreciation, have not been included as financial
resources in governmental fund activity. The internal service fund capital
assets of \$6,634,730 are included in the internal service fund adjustment
below:

Capital assets	\$ 361,815,525	
Accumulated depreciation	<u>(148,426,126)</u>	213,389,399

Postemployment benefits other than pensions on a pay-as-you-go basis are
not due and payable in the current period and therefore are not reported in
the funds. (5,116,285)

Long-term debt and compensated absences that have not been included in
the governmental fund activity; the long-term liabilities of internal
service funds of \$24,143,592 are included in the internal service fund
adjustment below.

Long-term debt	\$ (153,640,981)	
Compensated absences	<u>(6,407,323)</u>	(160,048,304)

Unamortized debt issuance costs are not current financial resources and are
not recorded in the governmental fund statements. The unamortized debt
issuance costs of internal service funds of \$517,346 are included in the
internal service fund adjustment balance. 1,061,919

Interest on long-term liabilities are not due and payable in the current year and
therefore are not recorded in the fund statements. (1,746,255)

Revenues that are measurable but not available are recorded as deferred
revenue under the modified accrual basis of accounting. 12,698,898

Internal service funds are used by management to charge the costs of certain
activities, such as equipment management, to individual funds. The assets
and liabilities of the internal service funds must be added to the statement
of net assets. 14,076,947

Net assets of governmental activities \$ 173,591,778

See Accompanying Notes to Financial Statements.

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CITY OF PALM SPRINGS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>Debt Service Funds</u>		
	<u>General Fund</u>	<u>Special Assessments</u>	<u>Community Redevelopment Agency</u>
Revenues:			
Taxes	\$ 38,407,322	\$ -	\$ 15,241,548
Licenses and permits	2,486,344	-	-
Fines and penalties	537,607	-	-
Investment income	5,380,023	55,714	79,967
Rental income	105,624	-	-
Intergovernmental	6,416,391	-	-
Charges for services	4,245,170	-	-
Transient occupancy taxes	5,549,063	-	-
Special assessments	-	1,448,527	-
Donations and contributions	77,859	-	-
Master lease	-	-	-
Miscellaneous	297,353	115,400	854,443
Total revenues	<u>63,502,756</u>	<u>1,619,641</u>	<u>16,175,958</u>
Expenditures:			
Current:			
General government	9,600,391	11,873	10,600
Cultural and convention center	-	-	-
Public safety	33,961,616	-	-
Public works	8,379,925	59,017	-
Parks and recreation	6,344,562	-	-
Library	2,811,349	-	-
Lease	-	-	110,000
Debt service:			
Principal	-	960,000	545,000
Interest	-	582,267	9,106,724
Pass-through payments	-	-	7,440,446
Total expenditures	<u>61,097,843</u>	<u>1,613,157</u>	<u>17,212,770</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,404,913</u>	<u>6,484</u>	<u>(1,036,812)</u>
Other financing sources (uses):			
Loss on sale of assets	-	-	-
Proceeds from capital lease financing	-	-	-
Transfers in	4,255,000	120,000	5,905,590
Transfers out	(11,224,157)	-	(5,616,785)
Total other financing sources (uses)	<u>(6,969,157)</u>	<u>120,000</u>	<u>288,805</u>
Net change in fund balances	<u>(4,564,244)</u>	<u>126,484</u>	<u>(748,007)</u>
Fund balances, beginning, restated	<u>17,284,859</u>	<u>3,490,812</u>	<u>2,852,928</u>
Fund balances, ending	<u>\$ 12,720,615</u>	<u>\$ 3,617,296</u>	<u>\$ 2,104,921</u>

See Accompanying Notes to Financial Statements.

Capital Projects Funds Community Redevelopment Agency	Nonmajor Governmental Funds	Total
\$ -	\$ 5,867,648	\$ 59,516,518
-	582,108	3,068,452
-	286,524	824,131
642,311	1,074,300	7,232,315
135,235	12,000	252,859
-	8,632,909	15,049,300
-	793,719	5,038,889
-	7,204,015	12,753,078
-	898,066	2,346,593
-	390,803	468,662
-	1,146,252	1,146,252
-	267,556	1,534,752
777,546	27,155,900	109,231,801
		-
		-
989,136	3,478,558	14,090,558
-	4,756,377	4,756,377
-	4,154,883	38,116,499
2,053,626	13,295,467	23,788,035
-	2,264,152	8,608,714
-	113,502	2,924,851
-	1,491,000	1,601,000
-	2,288,289	3,793,289
-	3,399,982	13,088,973
-	-	7,440,446
3,042,762	35,242,210	118,208,742
(2,265,216)	(8,086,310)	(8,976,941)
		-
-	(77,303)	(77,303)
-	3,366,478	3,366,478
2,011,785	9,216,237	21,508,612
(5,905,590)	(1,752,080)	(24,498,612)
(3,893,805)	10,753,332	299,175
(6,159,021)	2,667,022	(8,677,766)
28,097,459	56,227,167	107,953,225
\$ 21,938,438	\$ 58,894,189	\$ 99,275,459

CITY OF PALM SPRINGS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ (8,677,766)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. Net change in internal service fund capital assets of (\$748,616) is included in adjustment below.

Capital outlay	\$ 9,826,194	
Depreciation expense	<u>(10,441,326)</u>	(615,132)

Change in postemployment benefits other than pensions on a pay-as-you-go basis. (5,116,285)

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

Capital lease obligations	\$ (3,366,478)	
Principal payments	3,793,289	
Interest expense on capital appreciation bonds	(69,737)	
Amortization of debt issuance costs	<u>(57,530)</u>	299,544

The statement of net assets includes accrued interest on long-term debt. This represents the change in accrued interest payable from the prior year. 228,134

To record as an expense the net change in compensated absences in the statement of activities. Net change in internal service fund compensated absences of \$47,068 is included in the adjustment below. 19,525

Deferred revenue is recognized as revenue in government-wide statements as it has been earned on the accrual basis. This amount represents the change in deferred revenue from prior year. (947,852)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 2,964,205

Change in Net Assets of Governmental Activities \$ (11,845,627)

See Accompanying Notes to Financial Statements.

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

	Business-type Activities - Enterprise Funds		
	Airport	Wastewater	Golf Course
Assets:			
Current assets:			
Cash and investments	16,411,292	\$ 14,288,063	\$ -
Accounts receivable	967,179	5,825	255,270
Accrued interest	69,079	62,495	18,239
Due from other governments	-	333,248	-
Inventories	11,255	-	-
Total current assets	<u>17,458,805</u>	<u>14,689,631</u>	<u>273,509</u>
Noncurrent assets:			
Net pension asset	-	-	-
Restricted cash and investments with fiscal agents	3,843,917	-	19
Capital assets, net of accumulated depreciation	98,243,440	34,396,646	7,350,823
Advances to other funds	-	1,227,000	-
Unamortized debt issuance cost	566,428	-	296,955
Total noncurrent assets	<u>102,653,785</u>	<u>35,623,646</u>	<u>7,647,797</u>
Total assets	<u>120,112,590</u>	<u>50,313,277</u>	<u>7,921,306</u>
Liabilities and net assets:			
Liabilities:			
Current liabilities:			
Accounts payable	341,786	1,276,604	181,595
Accrued wages payable	477,005	131	-
Accrued interest payable	777,148	-	1,212,135
Due to other funds	-	-	1,828,683
Compensated absences	382,464	-	-
Claims and judgements payable	-	-	-
Capital lease obligations	-	-	-
Bonds payable	835,000	-	442,089
Total current liabilities	<u>2,813,403</u>	<u>1,276,735</u>	<u>3,664,502</u>
Noncurrent liabilities:			
Deposits payable	-	-	500,000
Compensated absences payable	368,288	-	-
Claims and judgments payable	-	-	-
Advances from other funds	-	-	2,640,000
Capital lease obligations	-	-	-
Bonds payable	25,939,119	-	10,369,963
Certificates of participation	-	-	-
Total noncurrent liabilities	<u>26,307,407</u>	<u>-</u>	<u>13,509,963</u>
Total liabilities	<u>29,120,810</u>	<u>1,276,735</u>	<u>17,174,465</u>
Net assets:			
Invested in capital assets, net of related debt	71,469,321	34,396,646	(3,461,229)
Restricted for debt service	3,633,197	-	-
Unrestricted	15,889,262	14,639,896	(5,791,930)
Total net assets (deficits)	<u>90,991,780</u>	<u>\$ 49,036,542</u>	<u>\$ (9,253,159)</u>

See Accompanying Notes to Financial Statements.

Business-type Activities Enterprise Funds Total	Governmental Activities Internal Service Funds
\$ 30,699,355	\$ 12,754,357
1,228,274	46,002
149,813	350,297
333,248	4,994
11,255	115,289
<u>32,421,945</u>	<u>13,270,939</u>
-	20,091,504
3,843,936	6
139,990,909	6,634,730
1,227,000	1,430,000
863,383	517,346
<u>145,925,228</u>	<u>28,673,586</u>
<u>178,347,173</u>	<u>41,944,525</u>
1,799,985	380,284
477,136	66,035
1,989,283	40,165
1,828,683	-
382,464	-
-	647,500
-	36,342
1,277,089	397,370
<u>7,754,640</u>	<u>1,567,696</u>
500,000	-
368,288	185,747
-	2,590,002
2,640,000	-
-	-
36,309,082	23,524,133
-	-
<u>39,817,370</u>	<u>26,299,882</u>
<u>47,572,010</u>	<u>27,867,578</u>
102,404,738	3,005,504
3,633,197	-
24,737,228	11,071,443
<u>\$ 130,775,163</u>	<u>\$ 14,076,947</u>

CITY OF PALM SPRINGS
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Airport	Wastewater	Golf Course
Operating revenues:			
Charges for services:			
Rentals	\$ 11,600,206	\$ -	\$ 6,107
Landing fees	1,599,647	-	-
Concessions	457,769	-	-
Green fees and car rentals	-	-	4,111,320
Sewer service charges	-	5,523,608	-
Sewer connection and main charges	9,325	483,204	-
Passenger facility charge	2,674,410	-	-
Internal service charges	-	-	-
Sale of electricity	-	-	-
Miscellaneous	2,123,764	-	13,070
Total operating revenues	<u>18,465,121</u>	<u>6,006,812</u>	<u>4,130,497</u>
Operating expenses:			
Personnel services	7,732,301	92,006	21,692
Material and supplies	174,804	-	-
Heat, light and power	1,777,622	209,047	-
Other charges and services	3,656,844	4,283,626	4,288,814
Administration	1,134,042	12,666	19,239
Cogeneration	-	-	-
Facilities maintenance	17,704	-	-
Maintenance shop operations	-	-	-
Workers' compensation	-	-	-
Other claims and insurance	-	-	-
Depreciation	8,533,439	1,257,310	476,644
Total operating expenses	<u>23,026,756</u>	<u>5,854,655</u>	<u>4,806,389</u>
Operating income (loss)	<u>(4,561,635)</u>	<u>152,157</u>	<u>(675,892)</u>
Nonoperating revenues (expenses):			
Investment income	441,064	459,081	183
Interest expense	(1,610,827)	-	(568,172)
Gain (loss) on sale of assets	-	1,150	-
Total nonoperating revenues (expenses)	<u>(1,169,763)</u>	<u>460,231</u>	<u>(567,989)</u>
Income (loss) before contributions and transfers	<u>(5,731,398)</u>	<u>612,388</u>	<u>(1,243,881)</u>
Transfers in	-	-	2,140,000
Transfers out	-	-	-
Capital contributions	10,051,905	-	-
Change in net assets	<u>4,320,507</u>	<u>612,388</u>	<u>896,119</u>
Net assets (deficits), beginning	86,671,273	48,424,154	(10,149,278)
Net assets (deficits), ending	<u>\$ 90,991,780</u>	<u>\$ 49,036,542</u>	<u>\$ (9,253,159)</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	Funds
\$ 11,606,313	\$ -
1,599,647	-
457,769	-
4,111,320	-
5,523,608	-
492,529	-
2,674,410	-
-	33,914,086
-	230,690
2,136,834	9,290
<u>28,602,430</u>	<u>34,154,066</u>
7,845,999	15,481,614
174,804	-
1,986,669	2,283,998
12,229,284	23,041
1,165,947	1,581,279
-	755,868
17,704	3,662,604
-	2,302,209
-	484,771
-	3,209,740
10,267,393	976,624
<u>33,687,800</u>	<u>30,761,748</u>
<u>(5,085,370)</u>	<u>3,392,318</u>
900,328	300,873
(2,178,999)	(1,648,532)
1,150	21,374
<u>(1,277,521)</u>	<u>(1,326,285)</u>
(6,362,891)	2,066,033
2,140,000	900,000
-	(50,000)
10,051,905	48,172
<u>5,829,014</u>	<u>2,964,205</u>
124,946,149	11,112,742
<u>\$ 130,775,163</u>	<u>\$ 14,076,947</u>

CITY OF PALM SPRINGS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Airport	Wastewater	Golf Course
Cash flows from operating activities:			
Cash received from customers	\$ 19,113,524	\$ 5,983,906	\$ 3,875,252
Cash received from user departments	-	-	-
Cash payments to suppliers for goods and services	(7,678,105)	(3,973,240)	(5,010,964)
Cash payments to employees for services	(7,429,612)	(93,371)	(25,828)
Net cash provided by (used for) operating activities	<u>4,005,807</u>	<u>1,917,295</u>	<u>(1,161,540)</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	-	2,140,000
Cash paid to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>2,140,000</u>
Cash flows from capital and related financing activities:			
Cash paid for acquisition and construction of capital assets	(11,949,584)	(1,431,640)	(68,378)
Proceeds from sale of capital assets	-	1,150	-
Capital contributions received	10,051,905	-	-
Payments on debt	(1,020,067)	-	(338,191)
Interest paid on debt	(1,466,388)	-	(572,411)
Repayment on capital lease obligations	-	-	-
Net cash used for capital and related financing activities	<u>(4,384,134)</u>	<u>(1,430,490)</u>	<u>(978,980)</u>
Cash flows from investing activities:			
Interest received on investments	<u>500,080</u>	<u>499,651</u>	<u>183</u>
Net cash provided by investing activities	<u>500,080</u>	<u>499,651</u>	<u>183</u>
Net increase (decrease) in cash and cash equivalents	121,753	986,456	(337)
Cash and cash equivalents, beginning	<u>20,133,456</u>	<u>13,301,607</u>	<u>356</u>
Cash and cash equivalents, ending	<u>\$ 20,255,209</u>	<u>\$ 14,288,063</u>	<u>\$ 19</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	Funds
\$ 28,972,682	\$ -
-	34,171,529
(16,662,309)	(21,421,859)
(7,548,811)	(9,169,552)
4,761,562	3,580,118
2,140,000	900,000
-	(50,000)
2,140,000	850,000
(13,449,602)	(228,009)
1,150	21,374
10,051,905	48,172
(1,358,258)	(333,224)
(2,038,799)	(1,382,336)
-	(137,765)
(6,793,604)	(2,011,788)
999,914	316,798
999,914	316,798
1,107,872	2,735,128
33,435,419	10,019,235
\$ 34,543,291	\$ 12,754,363

(Continued)

CITY OF PALM SPRINGS
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Wastewater</u>	<u>Golf Course</u>
Reconciliation of cash and cash equivalents to amounts reported on the statement of net assets:			
Reported on the statement of net assets:			
Cash and investments	\$ 16,411,292	\$ 14,288,063	\$ -
Cash and investments with fiscal agent	3,843,917	-	19
Cash and cash equivalents, ending	<u>\$ 20,255,209</u>	<u>14,288,063</u>	<u>\$ 19</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (4,561,635)</u>	<u>\$ 152,157</u>	<u>\$ (675,892)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	8,533,439	1,257,310	476,644
(Increase) Decrease in accounts receivable	648,403	(3,448)	(255,245)
(Increase) Decrease in due from other governments	-	(19,458)	-
(Increase) Decrease in inventories	265	-	-
Increase (Decrease) in accounts payable	(917,354)	532,099	146,292
Increase (Decrease) in accrued wages payable	298,513	(1,365)	(4,136)
Increase (Decrease) in due to other funds	-	-	(849,203)
Increase (Decrease) in compensated absences	4,176	-	-
Increase (Decrease) in claims and judgments payable	-	-	-
Total adjustments	<u>8,567,442</u>	<u>1,765,138</u>	<u>(485,648)</u>
Net cash provided by (used for) operating activities	<u>\$ 4,005,807</u>	<u>\$ 1,917,295</u>	<u>\$ (1,161,540)</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	Funds
\$ 30,699,355	\$ 12,754,357
3,843,936	6
<u>\$ 34,543,291</u>	<u>\$ 12,754,363</u>
<u>\$ (5,085,370)</u>	<u>\$ 3,392,318</u>
10,267,393	976,624
389,710	22,457
(19,458)	(4,994)
265	79
(238,963)	(173,830)
293,012	4,113
(849,203)	-
4,176	47,068
-	(683,717)
<u>9,846,932</u>	<u>187,800</u>
<u>\$ 4,761,562</u>	<u>\$ 3,580,118</u>

CITY OF PALM SPRINGS
Statement of Fiduciary Net Assets
June 30, 2009

	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
	<u>Historical Society</u>	<u>Special Deposits</u>
Assets:		
Cash and investments	<u>\$ 300,569</u>	<u>\$ 1,228,408</u>
Liabilities and net assets:		
Liabilities:		
Deposits payable	<u>-</u>	<u>\$ 1,228,408</u>
Net assets:		
Restricted for Historical Society	<u>\$ 300,569</u>	

See Accompanying Notes to Financial Statements.

CITY OF PALM SPRINGS
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund - Historical Society
For the Year Ended June 30, 2009

	<u>Private-Purpose Trust Fund Historical Society</u>
Additions:	
Investment income	\$ <u>50,569</u>
Deletions:	
Library	<u>-</u>
Change in net assets	<u>50,569</u>
Net assets, beginning	<u>250,000</u>
Net assets, ending	<u><u>\$ 300,569</u></u>

See Accompanying Notes to Financial Statements.

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CITY OF PALM SPRINGS
Notes to Financial Statements
June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Palm Springs, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting principles are described below.

(a) Description of Reporting Entity

The City of Palm Springs was incorporated in 1938 under the general laws of the State of California. Effective July 12, 1994, the City of Palm Springs became a Charter City which was approved by the citizens of the City of Palm Springs on June 7, 1994. The City operates under the Council-Manager form of government.

As required by generally accepted accounting principles, the financial statements of the City of Palm Springs include the financial activities of the City (the primary government), the Community Redevelopment Agency (Agency) of the City of Palm Springs, and the Palm Springs Financing Authority (Authority). These blended components units are discussed below and are included in the reporting entity because of the significance of their operation and financial relationship with the City.

Blended Component Units:

Community Redevelopment Agency of the City of Palm Springs

The Community Redevelopment Agency's financial activity commenced in September, 1972. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The City Council appoints the Agency director and has full accountability for the Agency's fiscal matters. The Agency's financial data and transactions are included with the special revenue fund type, debt service fund type and capital projects fund type. Revenues of the Agency consist primarily of property tax allocations on the incremental increase of property values in the redevelopment area and interest income.

City of Palm Springs Financing Authority

The City of Palm Springs Financing Authority was created by a joint exercise of joint powers agreement between the City of Palm Springs and the Community Redevelopment Agency of the City of Palm Springs on February 1, 1991. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Authority is administered by the Board who are the members of the City Council and the Mayor. The Authority's sole source of income is installment sale, loan and lease payments received from the City and Community Redevelopment Agency which are used to meet the debt service requirements on debt issues. The Authority is blended into various funds of the City.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Since the City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the primary government. The Community Redevelopment Agency of the City of Palm Springs and the Palm Springs Financing Authority issue separate component unit financial statements. Upon their completion, financial statements of these component units can be obtained at City Hall.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. 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 fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment 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 not properly 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 the major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

CITY OF PALM SPRINGS
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government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. 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.

The primary revenue sources susceptible to accrual are property taxes, sales taxes, highway user taxes, state gas tax subventions, intergovernmental revenues, franchise fees, transient occupancy tax, charges for services, and interest associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City's fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Private Purpose Trust Fund and the Agency Fund are reported using accrual basis of accounting.

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Special Assessments Debt Service Fund - This debt service fund is used to account for the payment of principal and interest on 1915 Act Assessment District Bond issues.

Community Redevelopment Agency Debt Service Fund - This fund is used to account for the payment of principal and interest on general long-term debt of the Community Redevelopment Agency.

Community Redevelopment Agency Capital Projects Fund - To account for the economic realization and redevelopment of the City through acquisition and development of City property determined to be in a declining condition.

The City of Palm Springs reports the following major enterprise funds:

Airport Fund - This fund is used to account for operations of the City's international airport.

Wastewater Fund - This fund is used to account for operation of the City's wastewater treatment plan and related capital expenditures, such as trunk lines.

Golf Course Fund - This fund is used to account for operations of the City's two municipal golf courses.

Additionally, the City reports the following fund types:

Special Revenue Funds - Their funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

General Debt Service Fund – To account for the payment of principal and interest on the City's general debt issues.

Capital Projects Funds – Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds. Capital projects funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment, and other relatively minor or comparatively short-lived capital assets.

Internal Service Funds – These funds are used to account for motor vehicle replacement, facilities maintenance, employee benefits, risk management, retiree health insurance and the City's cogeneration plant. Departments of the City are charged for the services provided or benefits received from these funds.

Fiduciary Funds:

Private-Purpose Trust Fund – This fund is used to account for monies held in trust by the City for various purposes related to the Palm Springs Historical Society.

Agency Fund – This fund is used to account for monies held for various purposes ranging from bid bonds to donations for animal shelter activities.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the function concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) fines, forfeits and penalties, 3) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function and 4) other miscellaneous revenues that directly benefit a particular function and do not fit into any other category. 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 operations. The principal operating revenues of the airport, wastewater and golf enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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Notes to Financial Statements (Continued)
June 30, 2009

Private sector standards of accounting and financial reporting issued by Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the business-type activities in the government-wide financial statements and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

(d) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus the increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. City property tax revenues are recognized when levied on the government-wide statements, and to the extent that they result in current receivables within 60 days in the governmental funds financial statements.

The property tax calendar is as follows:

Lien Date	January 1
Levy Date:	July 1
Due Date:	November 1, February 1
Delinquent Date	December 11, April 11

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

December 14-17	30% Advance
January 20-26	Collection No. 1
April 12-15	10% Advance
May 19-25	Collection No. 2
August 9-12	Collection No. 3

(e) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City of Palm Springs.

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Notes to Financial Statements (Continued)
June 30, 2009

(f) Cash and Investments

Investments are reported at fair value, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

(g) Inventories

Inventories are stated at average cost. Physical counts of inventory are taken on a cyclical basis during each fiscal year with perpetual records adjusted to actual at that time.

(h) Capital Assets

Capital assets (including infrastructure) greater than \$5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets include property, plant, equipment, infrastructure assets (roads, bridges, curbs and gutters, streets and sidewalks, medians, sewer and storm drains). Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The following schedule summarizes capital asset useful lives:

Buildings and Improvements	3-60 Years
Machinery, Furniture and Equipment	3-20 Years
Motor Vehicles	5-30 Years
Meters, Metering vaults, Subsurface lines	50 Years
Infrastructure:	
Pavement	25 Years
Curbs and gutters	50 Years
Sidewalks	50 Years
Other	25-75 Years

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

(i) Land Held for Resale

Land held for resale represents land, structures, and their related improvements that were acquired for resale in accordance with the objective of the Redevelopment Project. Land held for resale is valued at the lower of cost or the estimated realizable value determined at the date a disposition and development agreement is executed. A portion of fund balance is reserved for land held for resale to indicate that a portion of fund balance is not available for future expenditures.

(j) Compensated Absences

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

If material, a proprietary fund liability is accrued for all leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year end.

All other amounts will be recorded in the government-wide financial statements. These noncurrent amounts will be recorded as fund expenditures in the year in which they paid or become due on demand to terminated employees.

(k) Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including incurred but not reported) has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self insurance activities.

(l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary Control and Accounting

The adopted budget of the City consists of a resolution specifying the total appropriation for each departmental activity, (e.g., Police Administration, Airport Administration, Street Maintenance, etc.).

Total appropriations for each fund may only be increased or decreased by the City Council by passage of a resolution amending the budget, with the exception of budget adjustments which involve offsetting revenues and expenditures. In cases involving offsetting revenues and expenditures, the Finance Director is authorized to increase or decrease an appropriation for a specific purpose where said appropriation is offset by unbudgeted revenue which is designated for said specific purpose. During the year, there were supplemental budgetary appropriations amounting to \$12,732,319.

The City Manager and Assistant City Manager have authority to adjust the amounts appropriated between the departments and activities of a fund, objects with each departmental activity and between accounts within the objects, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution.

The level on which expenditures may not legally exceed appropriations is the fund level.

Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types.

(b) Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2009, there were no expenditures that exceeded appropriations.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

(c) Deficit Fund Equity / Net Assets

The following fund reported a deficit in fund balances/net assets as of June 30, 2009:

	Deficit Balance
Major funds:	
Golf Course Fund	\$ 9,253,159

Management's explanations for the resolution of accumulated fund deficits are summarized as follows:

Golf Course Enterprise Fund

The deficit in net assets of \$9,253,159 was a result of prior year's deficit. The course did not open until early 1995 and was closed shortly thereafter due to a series of storms. The course re-opened during 1996 and it is anticipated that the losses will be recovered in future years.

(3) CASH AND INVESTMENTS

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

Statement of net assets:	
Cash and investments	\$ 110,124,699
Cash and investments held by fiscal agent	26,907,121
Fiduciary funds:	
Cash and investments	1,528,977
Total cash and investments	\$ 138,560,797

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

Cash on hand	\$ 23,900
Deposits with financial institutions	10,794,062
Investments	127,742,835
Total cash and investments	\$ 138,560,797

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated quarterly to the funds based on the month-end cash and investment balances. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agents on behalf of the City and invested in the City's name. Interest income on proceeds of debt is credited directly to the related fund, as defined by the Bond Indenture.

Deposits

At June 30, 2009, the carrying amount of the City's demand deposits was \$7,327,334 and the bank balance was \$9,216,810. The \$1,889,476 difference represents outstanding checks, deposits in transit, and other reconciling items.

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

Under provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the types of investments listed in the table below. The table also identifies certain provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>* Authorized by Investment Policy</u>	<u>*Maximum Maturity</u>	<u>* Maximum Percentages of Portfolio</u>	<u>* Maximum Investment in One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	50%	None
Bankers' Acceptances	No	180 Days	40%	20%
Commercial Paper	No	270 Days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 Year	None	30%
Reverse Purchase Agreements	No	92 Days	20% of base value	None
Medium-Term Notes	Yes	5 years	20%	None
Mutual Funds investing in eligible securities	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	10%	10%
Mortgage Pass-Through Securities	Yes	5 years	10%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on State Law requirements or investment policy requirements, whichever is more restrictive.

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Notes to Financial Statements (Continued)
June 30, 2009

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Bankers' Acceptances	30 Days
Commercial Paper	180 Days
Money Market Mutual Funds	None
Investment Agreements	None
Local Agency Bonds	None
Corporate Notes	None
Medium Term Notes	None
Repurchase Agreements	None
Financial Futures/Option Contracts	None
California Asset Management Program	None
Negotiable Certificates of Deposit	None
Local Agency Investment Fund (LAIF)	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

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Notes to Financial Statements (Continued)
June 30, 2009

Investment Type	Fair Value	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	25-60 Months
Negotiable Certificates of Deposit	\$ 1,846,500	\$ 1,846,500	\$ -	\$ -
Local Agency Investment Fund	80,146,363	80,146,363	-	-
Federal Agency Securities	19,329,526	1,971,776	3,635,106	13,787,230
Medium Term Notes	2,880,856	2,880,856	-	-
Fiscal agent: Mutual Funds - Money Market	23,539,590	23,539,590	-	-
	<u>\$ 127,742,835</u>	<u>\$ 110,385,085</u>	<u>\$ 3,635,106</u>	<u>\$ 13,787,230</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, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Fair Value	Minimum Credit Rating	Rating as of Year End			
			AAA	AA	A	Not Rated
Negotiable Certificates of Deposit	\$ 1,846,500	N/A	\$ 1,846,500	\$ -	\$ -	\$ -
Local Agency Investment Fund	80,146,363	N/A	-	-	-	80,146,363
Federal Agency Securities	19,329,526	N/A	19,394,112	-	-	-
Medium Term Notes	2,880,856	A	-	1,842,646	1,038,210	-
Fiscal agent: Mutual Funds - Money Market	23,539,590	AAA	23,539,590	-	-	-
Total	<u>\$ 127,742,835</u>		<u>\$ 44,780,202</u>	<u>\$ 1,842,646</u>	<u>\$ 1,038,210</u>	<u>\$ 80,146,363</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

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 total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 9,544,132

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by 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 the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

The total amount invested by all public agencies in LAIF as of June 30, 2009 was \$25.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2009 had a balance of \$50.7 billion, of that amount, 14.71% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 235 days as of June 30, 2009.

(4) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To/Due From

Interfund receivable and payable balances at June 30, 2009 are as follows:

	Due from Other Funds	Due to Other Funds
Nonmajor governmental funds	\$ 1,924,732	\$ 96,049
Proprietary funds:		
Golf Course Enterprise Fund	-	1,828,683
Totals	\$ 1,924,732	\$ 1,924,732

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2009.

Advances

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2009 the outstanding advances are:

	Advances to Other Funds	Advances from Other Funds
General fund	\$ 3,221,785 (a) (c)	\$ 49,950 (f)
Debt service fund:		
Community Redevelopment Agency	-	4,990,675 (c) (d) (e)
Internal service fund:		
Employee Benefits	1,430,000 (b)	-
Enterprise fund:		
Wastewater	1,227,000 (e)	-
Golf Course	-	2,640,000 (a) (b)
Nonmajor special revenue fund:		
Low/Mod Housing Fund	1,801,840 (d) (f)	-
Totals	\$ 7,680,625	\$ 7,680,625

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

- (a) The Golf Course Fund initially received \$2,000,000 from the General Fund at 6% over 20 years. At June 30, 2009, the outstanding balance is \$1,210,000.
- (b) The Employee Benefits Internal Service Fund advanced \$1,430,000 to the Golf Course Fund to provide funds for the operation and debt service of the Golf Course. There are no stipulated interest rates or repayment dates.
- (c) The General Fund advanced \$2,011,785 to the Community Redevelopment Agency Debt Service Fund at interest rates of 6%.
- (d) The Low and Moderate Housing Special Revenue Fund advanced \$1,751,890 to the Community Redevelopment Agency Debt Service Fund.
- (e) The Wastewater Fund advanced \$1,227,000 to the Community Redevelopment Agency Debt Service Fund.
- (f) The Low and Moderate Housing Special Revenue Fund advanced \$49,950 to the General Fund for the purchase of two pieces of land held for resale.

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Special Revenue Fund	\$ 600,000 (a)
	Internal Service Fund	50,000 (b)
	CRA Debt Service Fund	3,605,000 (l)
Special Assessment Debt Service Fund	General Fund	120,000 (c)
Nonmajor General Debt Service Fund	General Fund	4,227,696 (d)
	Nonmajor Special Revenue Funds	652,080 (e)
Community Redevelopment Agency Debt Service Fund	Community Redevelopment Agency Capital Projects Fund	5,905,590 (f)
Community Redevelopment Agency Capital Projects Fund	Community Redevelopment Agency Debt Service Fund	2,011,785 (m)
Nonmajor Special Revenue Fund	General Fund	1,215,267 (g)
	Nonmajor Special Revenue Funds	500,000 (h)
Nonmajor Capital Project Funds	General Fund	2,621,194 (i)
Golf Course Enterprise Fund	General Fund	2,140,000 (j)
Internal Service Funds	General Fund	900,000 (k)
		<u>\$ 24,548,612</u>

- (a) The Gas Tax nonmajor special revenue fund transferred \$600,000 to the General Fund for reimbursement for street and traffic related costs.
- (b) The Cogeneration Plant Internal Service fund transferred \$50,000 to the General Fund for additional nuisance abatement activities.
- (c) The General Fund transferred \$120,000 to Special Assessment Debt Service to cover Series B debt service.
- (d) The General Fund transferred \$4,227,696 to the General Debt Service nonmajor fund for various debt service costs.
- (e) The Community Promotion nonmajor special revenue fund transferred \$652,080 to the General Debt Service nonmajor fund for the Convention Center debt service payment.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

- (f) The Community Redevelopment Capital Projects fund transferred \$5,905,590 to the Community Redevelopment Debt Service fund to provide funding for partial advance call on land purchase note for Visitor's Center and Village Green in the amount of \$3,605,000 and also for June 2009 fiscal agent activity in the amount of \$928,838, and \$1,371,752 to cover cash shortfalls.
- (g) The General Fund transferred \$1,215,267 to various nonmajor special revenue funds to cover operating costs, debt service costs and additional costs due to Indian casinos in the area.
- (h) The Recycling nonmajor special revenue fund transferred \$500,000 to the Energy Efficiency Loans nonmajor special revenue fund to adopt AB811 and fund the program.
- (i) The General Fund transferred \$2,621,194 to Capital Projects nonmajor capital projects fund to cover operations, fund Measure Y, establish funding for partial advance call on land purchase note for Village Green, and to buy the Village Green property.
- (j) The General Fund transferred \$2,140,000 to the Golf Course Enterprise Fund to establish funding for payment of current Golf Course lease agreement termination and for operating advance to Management Company.
- (k) The General Fund transferred \$900,000 to the Retiree Health Insurance Internal Service Fund to cover retiree health insurance costs.
- (l) The Community Redevelopment Debt Service fund transferred \$3,605,000 to the General Fund for repayment of the promissory notes issued in the fiscal year end June 30, 2008.
- (m) The Community Redevelopment Debt Service fund transferred \$2,011,785 to the Community Redevelopment Capital Projects fund for repayment of the promissory notes.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

(5) CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2009 is as follows:

<u>Governmental Activities</u>	<u>Balance at June 30, 2008 (1)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 23,767,140	\$ 755,321	\$ -	\$ 24,522,461
Construction in progress	5,396,823	7,959,511	(68,400)	13,287,934
Right-of-way	14,614,496	-	-	14,614,496
Total capital assets, not being depreciated	<u>43,778,459</u>	<u>8,714,832</u>	<u>(68,400)</u>	<u>52,424,891</u>
Capital assets being depreciated:				
Buildings	67,352,737	658,752	-	68,011,489
Improvements	69,364,537	344,252	-	69,708,789
Furniture and equipment	7,905,455	176,758	-	8,082,213
Vehicles	11,639,422	228,009	(704,040)	11,163,391
Infrastructure:				
Pavement	96,113,252	-	-	96,113,252
Curbs and gutters	36,781,050	-	-	36,781,050
Sidewalks	17,429,964	-	-	17,429,964
Other	22,612,421	-	-	22,612,421
Total capital assets, being depreciated	<u>329,198,838</u>	<u>1,407,771</u>	<u>(704,040)</u>	<u>329,902,569</u>
Less accumulated depreciation for:				
Buildings	(32,000,343)	(1,329,760)	-	(33,330,103)
Improvements	(20,347,417)	(3,145,754)	-	(23,493,171)
Furniture and equipment	(5,451,774)	(444,883)	-	(5,896,657)
Vehicles	(7,221,787)	(817,185)	704,040	(7,334,932)
Infrastructure:				
Pavement	(62,096,528)	(3,755,171)	-	(65,851,699)
Curbs and gutters	(11,493,939)	(681,275)	-	(12,175,214)
Sidewalks	(5,515,928)	(352,525)	-	(5,868,453)
Other	(7,461,702)	(891,399)	-	(8,353,101)
Total accumulated depreciation	<u>(151,589,419)</u>	<u>(11,417,952)</u>	<u>704,040</u>	<u>(162,303,331)</u>
Total capital assets, being depreciated, net	<u>177,609,419</u>	<u>(10,010,181)</u>	<u>-</u>	<u>167,599,238</u>
Governmental activities capital assets, net	<u>\$ 221,387,878</u>	<u>\$ (1,295,349)</u>	<u>\$ (68,400)</u>	<u>\$ 220,024,129</u>

- (1) The beginning balance at July 1, 2008 of Construction in progress, Buildings, Improvements and Infrastructure assets were reclassified to properly reflect the Construction in progress balances. There was no effect on the total net governmental activities capital assets.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

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

General government	\$ 256,969
Cultural and convention center	3,137,937
Public safety	1,147,319
Public works	6,604,100
Parks and recreation	199,100
Library	<u>72,527</u>
Total depreciation	<u><u>\$ 11,417,952</u></u>

Business-type Activities	Balance at June 30, 2008	Increases	Decreases	Balance at June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 36,737,608	\$ -	\$ -	\$ 36,737,608
Capital assets being depreciated:				
Buildings	37,854,574	248,993	-	38,103,567
Improvements	161,757,315	11,865,691	-	173,623,006
Machinery and equipment	2,225,974	887,090	-	3,113,064
Motor vehicles	2,422,428	-	(36,817)	2,385,611
Subsurface lines	28,095,712	447,829	-	28,543,541
Total capital assets being depreciated	<u>232,356,003</u>	<u>13,449,603</u>	<u>(36,817)</u>	<u>245,768,789</u>
Less accumulated depreciation for:				
Buildings	(24,279,216)	(981,480)	-	(25,260,696)
Improvements	(89,812,029)	(8,449,359)	-	(98,261,388)
Machinery and equipment	(1,503,836)	(157,603)	-	(1,661,439)
Motor vehicles	(835,557)	(153,128)	36,817	(951,868)
Subsurface lines	(15,854,274)	(525,823)	-	(16,380,097)
Total accumulated depreciation	<u>(132,284,912)</u>	<u>(10,267,393)</u>	<u>36,817</u>	<u>(142,515,488)</u>
Total capital assets, being depreciated, net	<u>100,071,091</u>	<u>3,182,210</u>	<u>-</u>	<u>103,253,301</u>
Business-type activities, capital assets, net	<u><u>\$ 136,808,699</u></u>	<u><u>\$ 3,182,210</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 139,990,909</u></u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Depreciation expense was charged in the following programs of the primary government:

Airport	\$ 8,533,439
Wastewater	1,257,310
Golf course	<u>476,644</u>
Total depreciation	<u><u>\$ 10,267,393</u></u>

(6) LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2009 (including unamortized discounts and refunding costs) are as follows:

Governmental Activities	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009	Due within One Year
Compensated absences payable	\$ 6,565,527	\$ 4,025,731	\$ (3,998,188)	\$ 6,593,070	\$ 3,240,782
Special assessment debt with government commitment	11,255,000	-	(960,000)	10,295,000	1,065,000
Capital lease obligations-CaLease	174,107	-	(137,765)	36,342	36,342
Capital lease obligations-Motorola	-	3,366,478	-	3,366,478	275,878
Notes payable	101,641	-	(17,999)	83,642	19,096
Bonds Payable:					
2001 Housing Tax Allocation Bonds	4,545,000	-	(235,000)	4,310,000	245,000
2004 Tax Allocation Bonds, Series A	12,520,000	-	(395,000)	12,125,000	410,000
2004 Tax Allocation Bonds, Series B	8,400,000	-	(150,000)	8,250,000	160,000
2007 Tax Allocation Bonds, Series A,B,C	21,175,000	-	-	21,175,000	-
1991 Lease Revenue Bonds	1,220,263	69,737	(1,290,000)	-	-
2001 Lease Revenue Bonds	26,230,000	-	-	26,230,000	860,000
2004 Lease Revenue Bonds	57,105,000	-	(480,000)	56,625,000	635,000
2007 Refunding Lease Revenue Bonds	7,313,944	-	(501,114)	6,812,830	517,911
Unamortized discount	(41,256)	-	2,171	(39,085)	-
2007 Pension Obligation Bonds	19,832,588	617,196	(121,165)	20,328,619	153,529
Certificates of Participation:					
2002A Taxable Variable Rate Certificates of Participation	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>	<u>-</u>
Total governmental long-term liabilities, net	<u><u>\$ 184,396,814</u></u>	<u><u>\$ 8,079,142</u></u>	<u><u>\$ (8,284,060)</u></u>	<u><u>\$ 184,191,896</u></u>	<u><u>\$ 7,618,538</u></u>

The above schedule includes \$36,342 of capital lease obligations, \$185,747 of compensated absences payable, \$3,592,884 of Lease Revenue Bonds and \$20,328,619 of pension obligation bonds recorded in the City's internal service funds. Government compensated absences are generally liquidated by the general fund.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

<u>Business-type Activities</u>	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>	<u>Due in One Year</u>
Compensated absences	\$ 746,575	\$ 241,193	\$ (237,016)	\$ 750,752	\$ 382,464
Airport Revenue bonds payable:					
1998 Airport PFC Revenue Bonds	10,395,000	-	(305,000)	10,090,000	320,000
2006 Airport PFC Revenue Bonds	11,805,000	-	(825,000)	10,980,000	340,000
2008 Airport PFC Revenue Bonds	6,895,000	-	-	6,895,000	175,000
	29,095,000	-	(1,130,000)	27,965,000	835,000
Unamortized discount	(691,950)	-	35,145	(656,805)	-
Unamortized refund charge	(578,582)	-	44,506	(534,076)	-
Airport Revenue bonds payable, net	27,824,468	-	(1,050,349)	26,774,119	835,000
2007 Refunding Lease	11,846,056	-	(423,886)	11,422,170	442,089
Unamortized refund charge	(644,013)	-	33,895	(610,118)	-
2007 Refunding Lease, net	11,202,043	-	(389,991)	10,812,052	442,089
Total business-type long-term liabilities	<u>\$ 39,773,086</u>	<u>\$ 241,193</u>	<u>\$ (1,677,356)</u>	<u>\$ 38,336,923</u>	<u>\$ 1,659,553</u>

Special Assessment Debt with Government Commitment

At June 30, 2009, the City of Palm Springs has five outstanding Assessment District (A.D.) Improvement Bonds ("Bonds") issued in the aggregate amount of \$10,295,000 pursuant to the Improvement Bond Act of 1915. The proceeds of the Bonds were used to fund construction of street improvements, sewage collection systems, and other public improvements within the A.D. If a delinquency occurs in the payment of any assessment installment, the City, at or before the end of the fiscal year of delinquency, has a duty to transfer into the redemption fund the amount of the delinquency out of available funds of the City.

A.D. 155

\$5,100,000 Bonds issued March 2, 1998; Bonds mature between September 2, 1998 and September 2, 2009 in amounts ranging from \$405,000 through \$585,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, plus a premium; secured by tax bills sent to property owners; interest rates range between 4.0% and 5.4%; reserve of \$283,300 is required which is fully funded at June 30, 2009.

\$585,000

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

A.D. 157/158

\$2,345,000 Bonds issued August 9, 2001; Bonds mature between September 2, 2002 September 2, 2012 in amounts ranging from \$95,000 through \$290,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by tax bills sent to property owners; interest rates range between 3.80% and 5.70%; reserve of \$160,000 is required which is fully funded at June 30, 2009. 620,000

A.D. 161

\$4,752,500 Bonds issued February 5, 2004; Bonds mature between September 2, 2005 and September 2, 2024 in amounts ranging from \$117,500 through \$245,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by tax bills sent to property owners; interest rates range between 1.65% and 5.65%; reserve of \$349,988 is required which is fully funded at June 30, 2009. 4,275,000

A.D. 162

\$1,300,000 bonds issued November 10, 2004; bonds mature between September 2, 2006 and September 2, 2022 in amounts ranging from \$39,000 through \$65,000; bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by tax bills sent to property owners; interest rates range between 2.60% and 5.60%; reserve of \$99,298 is required which is fully funded at June 30, 2009. 1,200,000

A.D. 164

\$3,806,000 bonds issued July 12, 2005; bonds mature between September 2, 2007 and September 2, 2030 in amounts ranging from \$95,000 through \$215,000; bonds maturing on any September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 103% of principal amount; secured by tax bills sent to property owners; interest rates range between 3.00% and 5.15%; reserve of \$277,144 is required which is fully funded at June 30, 2009. 3,615,000

Total Special Assessment Debt with Government Commitment \$10,295,000

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Annual requirements to amortize outstanding special assessment debt as of June 30, 2009 are as follows:

June 30	A.D. 155		A.D. 157/158		A.D. 161		A.D. 162		A.D. 164	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 585,000	\$ 15,795	\$ 220,000	\$ 28,200	\$ 125,000	\$ 218,505	\$ 35,000	\$ 61,275	\$ 100,000	\$ 173,279
2011	-	-	230,000	15,935	130,000	214,102	35,000	59,971	105,000	169,381
2012	-	-	80,000	7,370	135,000	209,130	40,000	58,478	105,000	165,208
2013	-	-	90,000	2,565	135,000	203,697	40,000	56,798	110,000	160,771
2014	-	-	-	-	145,000	197,706	40,000	55,048	115,000	155,986
2015-2019	-	-	-	-	830,000	876,998	230,000	244,679	660,000	695,833
2020-2024	-	-	-	-	1,065,000	634,330	300,000	176,950	835,000	516,239
2025-2029	-	-	-	-	1,385,000	296,703	390,000	81,760	1,075,000	274,755
2030-2031	-	-	-	-	325,000	9,181	90,000	2,520	510,000	26,523
Total	\$ 585,000	\$ 15,795	\$ 620,000	\$ 54,070	\$ 4,275,000	\$ 2,860,352	\$ 1,200,000	\$ 797,479	\$ 3,615,000	\$ 2,337,975

Capital Lease Obligations

Fire Equipment Lease (Master Lease #1)

In November 1998, the City entered into a lease agreement for the financing of the acquisition of two aerial fire apparatuses. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The assets acquired under this lease agreement are recorded in the Motor Vehicle Replacement Fund.

The financing was obtained from CaLease Public Funding Corporation during November 1999 for \$1,091,953 with an interest rate of 4.78% and semi-annual payments of \$69,724 through the end of the lease (December 2008). The lease was fully paid and therefore had zero outstanding balance at June 30, 2009.

Fire Vehicles Lease (Master Lease #4)

In September 1999, the City entered into a lease agreement for the financing of the acquisition of one paramedic unit and two fire trucks. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The vehicles were acquired under this lease agreement are recorded in the Motor Vehicle Replacement Fund, as motor vehicles for total cost of \$614,000.

The financing was obtained from CaLease Public Funding Corporation in September 1999 for \$614,572 with an interest rate of 5.58% and semi-annual payments ranging from \$41,542 to \$37,342 through the end of the lease (September 2009). The outstanding balance at June 30, 2009 is \$36,342.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

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

Year Ending June 30	Master Lease # 4
2010	\$ 37,342
Subtotal	37,342
Less: Amount representing interest	(1,000)
Total	\$ 36,342

Motorola Communications Equipment

In December 2008, the City entered into a lease agreement for the financing of the acquisition of Motorola communications equipment. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The total cost of the equipment acquired under the lease agreement was \$3,366,478. At June 30, 2009, the City recorded the proceeds from lease in Capital Projects major governmental fund.

The financing was obtained from Municipal Finance Corporation in December 2008 for \$3,366,478 with an interest rate of 4.35% and annual payments of \$422,319 through the end of the lease (December 2018). The outstanding balance at June 30, 2009 is \$3,366,478.

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

Year Ending June 30	Principal	Interest	Total
2010	\$ 275,878	\$ 146,442	\$ 422,320
2011	287,878	134,441	422,319
2012	300,401	121,918	422,319
2013	313,469	108,851	422,320
2014	327,104	95,215	422,319
2015-2019	1,861,748	249,850	2,111,598
Total	\$ 3,366,478	\$ 856,717	\$ 4,223,195

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Notes Payable

The City entered into an agreement in November 2001 with the California Energy Commission to borrow \$183,763. The note accrues interest at 6% per annum. Semi-annual payments of \$11,916 are required through the end of the note in June 2013.

\$83,642

Annual requirements to amortize outstanding notes payable as of June 30, 2009 is as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 19,096	\$ 4,737	\$ 23,833
2011	20,258	3,575	23,833
2012	21,487	2,346	23,833
2013	22,801	1,031	23,832
Total	<u>\$ 83,642</u>	<u>\$ 11,689</u>	<u>\$ 95,331</u>

Bonds Payable

Governmental Activities:

2001 Housing Tax Allocation Bonds

On July 19, 2001, the Redevelopment Agency issued \$5,805,000 of 2001 Housing Tax Allocation Bonds to provide funds to refund the 1991 Series B Tax Allocation Bonds issued by the Palm Springs Financing Authority. Proceeds from the 1991 bonds were used to make six loans to the Agency. The refunding met the requirements of an in-substance defeasance, and, consequently, the old debt has been removed from the financial statements. The new bonds consist of \$4,550,000 of serial bonds and \$1,255,000 of term bonds. The serial bonds accrue interest at rates between 3.50% and 5.375% and mature between August 1, 2002 and August 1, 2018. The term bonds accrue interest at a rate of 5.50% and mature on August 1, 2021.

The required reserve for the 2001 Housing Tax Allocation Bonds is \$468,105 and as of June 30, 2009 the reserve was fully funded. The amount of bonds outstanding at June 30, 2009 is \$4,310,000.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

2004 Tax Allocation Bonds, Series A and B

The Redevelopment Agency issued \$14,240,000 of Tax Allocation Bonds, 2004 Series A and \$9,075,000 of Tax Allocation Bonds, 2004 Series B on June 4, 2004. The bond proceeds were used to advance refund the 1994 Tax Allocation Bonds, Series A and B of the Palm Springs Financing Authority (a component unit of the City of Palm Springs) and to finance additional redevelopment activities of the Agency.

The 2004 Series A bonds consist of \$9,200,000 of serial bonds and \$5,040,000 of term bonds. The serial bonds accrue interest at rates between 3% and 5.30% and mature between September 1, 2004 and September 1, 2021. The first portion of term bonds with principal of \$1,560,000 accrues interest at a rate of 5.50% and matures on September 1, 2023. The second portion of term bonds with principal of \$3,480,000 accrues interest at a rate of 5.50% and matures on September 1, 2034.

The 2004 Series B bonds consist of \$4,195,000 of serial bonds and \$4,880,000 of term bonds. The serial bonds accrue interest at rates between 2% and 5.60% and mature between September 1, 2004 and September 1, 2023. The term bond accrues interest at a rate of 5.75% and matures through September 1, 2034.

The required reserve for the 2004 Series A and B bonds is \$1,037,200 and \$614,256, respectively. As of June 30, 2009, both reserves were fully funded. The amount of bonds outstanding at June 30, 2009 for the 2004 Series A and B bonds is \$12,125,000 and \$8,250,000, respectively.

Future requirements to amortize as of June 30, 2009 are as follows:

Fiscal Year	Ending	2004 Series A and B			
		2001 Housing Bond		Revenue Bonds	
		Principal	Interest	Principal	Interest
	June 30				
2010	\$	245,000	\$ 214,094	\$ 570,000	\$ 1,068,834
2011		255,000	203,278	590,000	1,045,634
2012		270,000	191,593	610,000	1,020,509
2013		280,000	178,868	640,000	991,184
2014		295,000	165,027	675,000	958,309
2015-2019		1,710,000	578,790	3,905,000	4,235,787
2020-2024		1,255,000	106,013	5,025,000	3,074,090
2025-2029		-	-	3,185,000	1,930,244
2030-2034		-	-	4,185,000	896,205
2035-2036		-	-	990,000	27,950
Total		\$ 4,310,000	\$ 1,637,663	\$ 20,375,000	\$ 15,248,746

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

2007 Tax Allocation Bonds Series A, B, C

On September 7, 2007, the Community Redevelopment Agency issued \$12,770,000 TAB Series A, \$1,910,000 TAB Series B, and \$6,495,000 Series C. The Bonds are being issued to finance redevelopment activities of the Agency within, or of benefit to, the Agency's Merged Project Area No. 1, capitalize interest in the Series A Bonds, satisfy a portion of the reserve requirement for the Bonds, and provide for the costs of issuing the Bonds.

The Series A Bonds consist of \$2,715,000 of serial bonds and \$10,055,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 4.50% and mature between September 1, 2017 and September 1, 2025 in amounts ranging from \$150,000 to \$615,000. The first portion of the term bonds with principal of \$5,000,000 accrues interest at a rate of 5.00% and matures on September 1, 2030. The second portion of the term bonds with principal of \$5,055,000 accrues interest at a rate of 5.00% and matures on September 1, 2034.

The Series B Bonds consist of \$1,910,000 in term bonds. The first portion of the term bonds with principal of \$1,910,000 accrues interest at a rate of 6.141% and matures on September 1, 2034.

The Series C Bonds consist of \$6,495,000 in term bonds. The term bonds with principal of \$1,140,000 accrues interest at a rate of 5.59% and matures on September 1, 2017. The second portion of the term bonds with principal of \$5,355,000 accrues interest at a rate of 6.411% and matures on September 1, 2034.

The Series A, B and C Bonds shall also be subject to redemption, in part by lot, on September 1 in each year, from Sinking Account payments made by the Agency pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the Indenture.

The balance outstanding as of June 30, 2009 is \$21,175,000. Future requirements to amortize are as follows:

Fiscal Year Ending June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ -	\$ 619,225	\$ -	\$ 117,293	\$ -	\$ 407,035
2011	-	619,225	-	117,293	120,000	403,681
2012	-	619,225	-	117,293	125,000	396,833
2013	-	619,225	-	117,293	130,000	389,706
2014	-	619,225	-	117,293	135,000	382,299
2015-2019	690,000	3,068,113	125,000	578,943	815,000	1,783,285
2020-2024	1,260,000	2,800,513	390,000	490,359	1,110,000	1,487,993
2025-2029	3,615,000	2,328,963	520,000	352,186	1,505,000	1,072,400
2030-2034	5,850,000	1,101,250	705,000	165,961	2,065,000	504,385
2035	1,355,000	33,875	170,000	5,220	490,000	15,707
Total	<u>\$ 12,770,000</u>	<u>\$ 12,428,839</u>	<u>\$ 1,910,000</u>	<u>\$ 2,179,134</u>	<u>\$ 6,495,000</u>	<u>\$ 6,843,324</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Pledged revenues-Tax increment

The City has pledged a portion of future property tax increment revenues to repay \$45,860,000 in various tax allocation bonds issued between July 2001 and September 2007. The bonds were issued to finance construction and acquisition of capital improvements in the Agency's redevelopment project areas. The bonds are payable solely from the incremental property taxes generated by increased property values in the project areas. Although the incremental property taxes were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, certain conditions could have a material, adverse impact on revenues allocated to the Agency. These include future decreases in the assessed valuation of the project areas, decreases in the applicable tax rates or collection rates, general decline in the economic condition of the project areas, or a change in the law reducing the tax increment received by the Agency. The Housing tax revenues are pledged to the payment of principal and interest on the 2001 Housing Bonds until the Bonds have been paid or moneys have been set-aside irrevocable for that purpose. Total principal and interest remaining on the various bonds is \$84,197,706, payable through September 2034. For the current year, principal and interest paid and total incremental property tax revenues were \$3,238,687 and \$19,042,897, respectively.

Convention Center Lease Revenue Bonds

On April 1, 1991, the Palm Springs Financing Authority (a component unit of the City of Palm Springs) issued \$50,668,512 of Lease Revenue Bonds, 1991 Series A, to provide funds for the advance refunding of the 1988 refunding issue of certificates of participation and to finance the construction and acquisition of certain additional improvements and land relating to the convention center facilities.

The 1991 issue was partially refunded twice (in 1997 and 2001) by the issuance of two subsequent lease revenue bonds. On October 1, 1997, the Authority issued \$12,300,000 of Lease Revenue Refunding Bonds, 1997 Series A, to refinance a portion of the 1991 Lease Revenue Bonds. On September 20, 2001, the Authority issued \$28,540,000 of Lease Refunding Bonds, 2001 Series A, to provide for the advance refunding of \$28,650,000 of the 1991 Series A Lease Revenue Bonds. On May 13, 2004, the Authority issued \$62,395,000 of Lease Revenue Bonds, 2004 Series A to provide for the advance refunding of the outstanding 1997 Lease Revenue Bonds and to finance certain Convention Center improvements.

1991 Convention Center Lease Revenue Bonds

The remaining 1991 lease revenue bonds only consist of capital appreciation bonds, which have a face value of \$6,140,000. By their nature, there are no regular interest payments associated with capital appreciation bonds. The "interest" on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. The \$6,140,000 of face value capital appreciation bonds were initially recorded at the amount of proceeds received, \$2,125,540. Each year, the outstanding balance is increased for the accretion of interest associated with the bonds. At June 30, 2009, these bonds were fully matured and therefore had zero outstanding balance.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

2001 Convention Center Lease Revenue Bonds

The 2001 bonds consist of \$14,315,000 of serial bonds and \$14,225,000 of term bonds. The serial bonds accrue interest at rates between 3.50% and 5.25% and mature between November 1, 2002 and November 1, 2019. The first portion of term bonds with principal of \$5,600,000 accrue interest at a rate of 5.00% and mature on November 1, 2022. The second portion of term bonds with principal of \$2,735,000 accrue interest at 4.75% and mature on November 1, 2023. The third portion of term bonds with principal of \$5,890,000 accrue interest at a rate of 5.00% and mature on November 1, 2025. The amount of bonds outstanding at June 30, 2009 is \$26,230,000.

2004 A Convention Center Lease Revenue Bonds

On May 13, 2004, the Palm Springs Financing Authority issued \$62,395,000 Lease Revenue Bonds, 2004 Series A to finance the Convention Center Expansion Project and to provide funds for the advance refunding of the 1997 Convention Center Bonds. The bonds accrue interest at rates between 3.00% and 5.25%. The principal amounts mature between November 1, 2004 and November 1, 2036 in amounts ranging from \$450,000 to \$5,565,000. The required reserve for the 1991, 2001 and 2004 Convention Center Lease Revenue Bonds is \$5,871,080. At June 30, 2009, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2009 is \$56,625,000.

The total convention center bonds outstanding at June 30, 2009 was \$82,855,000.

Future requirements to amortize outstanding convention center bonds as of June 30, 2009 are as follows:

Fiscal Year	Convention Center	
Ending	Lease Revenue Bonds	
June 30	Principal	Interest
2010	\$ 1,495,000	\$ 4,320,913
2011	1,555,000	4,256,612
2012	1,625,000	4,186,263
2013	1,700,000	4,112,662
2014	1,795,000	4,032,713
2015-2019	10,495,000	18,651,538
2020-2024	13,535,000	15,544,618
2025-2029	17,305,000	11,615,738
2030-2034	22,515,000	6,207,987
2035-2036	10,835,000	604,038
Total	<u>\$ 82,855,000</u>	<u>\$ 73,533,082</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

2007 Refunding Lease Revenue Bonds

On July 25, 2007, the Palm Springs Financing Authority issued \$20,365,000 Refunding Lease Revenue Bonds, Series 2007 to defease the remaining \$19,095,000 and \$1,930,000 of 1996 Multiple Capital Facilities Refunding Certificates of Participation and 1998 Multiple Capital Facilities Refunding Certificates of Participation respectively.

The Bonds consist of \$17,840,000 of serial bonds and \$2,525,000 of term bonds. The serial bonds accrue interest at rates between 4.00% and 5.00% and mature between April 1, 2008 and April 1, 2027 in amounts ranging from \$795,000 and \$1,205,000. The only portion of the term bonds with principal of \$2,525,000 accrues interest at a rate of 4.50% and matures on April 1, 2017.

The Bonds maturing on April 1, 2017 (Term Bonds) are subject to mandatory redemption, in part by lot, from sinking fund payments commencing on April 1, 2026.

The activities associated with the police building project and cogeneration plant are governmental activities while the activities of the golf course are business-type activities.

The outstanding 2007 Refunding Lease Revenue Bonds at June 30, 2009 are reflected in the accompanying financial statements as follows:

	<u>Balance at June 30, 2009</u>
Governmental activities:	
Police building project & master lease	\$ 3,180,861
Cogeneration plant fund	3,631,969
Less unamortized discount	<u>(39,085)</u>
Total governmental activities	<u>\$ 6,773,745</u>
Business-type activities:	
Golf Course fund	\$ 11,422,170
Less unamortized discount & refund charge	<u>(610,118)</u>
Total business-type activities	<u>\$ 10,812,052</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Future requirements to amortize outstanding 2007 Refunding Lease Revenue Bonds as of June 30, 2009 are as follows:

Fiscal Year Ending June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2010	\$ 960,000	\$ 796,100
2011	995,000	757,700
2012	1,030,000	717,900
2013	1,080,000	676,700
2014	970,000	632,150
2015-2019	4,385,000	2,602,429
2020-2024	5,120,000	1,609,673
2025-2027	3,695,000	343,800
Total	<u>\$ 18,235,000</u>	<u>\$ 8,136,452</u>

2007 Taxable Pension Obligation Bonds

On April 1, 2007, the City of Palm Springs pursuant to an Agreement with the California Statewide Communities Development Authority issued \$19,832,588 of Pension Obligation Bonds. The aggregate total amount of the bonds for all agencies were \$87,475,699 which includes \$65,140,000 of Series A-1 current interest and \$22,335,699 of Series A-2 capital appreciation bonds. The issuance of the bonds provided monies to meet the City's obligation to pay the City's unfunded accrued actuarial liability ("UAAL") to the California Public Employees Retirement System ("PERS"). The City's obligation includes, among others, the requirement to amortize the unfunded accrued liability over a multi-year period. On April 1, 2007, the City contributed \$19,382,434 of the bond proceeds to PERS to fund a portion of the unfunded liability for the Miscellaneous and Safety Plans that provides retirement benefits to the City employees and public safety officers.

Interest on Series A-1 Current Interest Bonds of \$14,790,000, is payable on June 1 and December 1, commencing December 1, 2007. The rate of interest varies from 5.37% to 5.56% per annum. Principal is payable in annual installments ranging from \$605,000 to \$2,430,000 commencing on June 1, 2019 and ending on June 1, 2035.

Optional Redemption: The Series A-1 Current Interest Bonds maturing on or before June 1, 2017 will not be subject to optional redemption. The bonds maturing on June 2, 2021, June 1, 2026 and June 1, 2035 are subject to optional redemption prior to maturity at the option of the Authority, or in part on any date at a redemption price equal to the greater of (1) 100% of principal to be redeemed or (2) present value of the remaining debt service discounted at Treasury Rate plus 12.5 basis points, plus accrued and unpaid interest on the Redeemable Term Bonds being redeemed to the date fixed for redemption.

The balance outstanding as of June 30, 2009 was \$20,328,619, including accreted interest of \$617,196.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Capital Appreciation (Interest)
2010	\$ -	\$ 814,648	\$ 153,529	\$ 309,446
2011	-	814,648	174,273	317,395
2012	-	814,648	200,182	324,029
2013	-	814,648	222,610	328,674
2014	-	814,648	241,808	331,097
2015-2019	605,000	4,073,238	1,128,336	1,596,952
2020-2024	3,210,000	3,597,223	497,090	1,663,765
2025-2029	2,480,000	2,566,631	1,397,232	1,687,323
2030-2034	6,065,000	2,043,317	906,363	276,536
2035	2,430,000	134,962	-	-
Total	\$ 14,790,000	\$ 16,488,608	\$ 4,921,423	\$ 6,835,217

Certificates of Participation:

2002A Taxable Variable Rate Certificates of Participation

On July 29, 2002, the Financing Authority issued \$8,000,000 Taxable Variable Rate Demand Certificates of Participation to provide funds to reimburse the City for the costs of acquisition of the downtown parking projects site and to provide funds to construct, furnish, equip, and improve the site.

The certificates accrue interest at variable rates not to exceed 12%. The variable interest rate may be converted to a fixed rate at the election of the City. Principal amounts mature between August 2010 and August 2027 in amounts ranging from \$190,000 to \$755,000.

The certificates are subject to mandatory sinking account redemption from lease payments made by the City at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium. Under an irrevocable letter of credit issued by Union Bank of California in the amount of \$8,152,548, the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the Demand Certificates delivered to it. The letter of credit is valid through July 31, 2012. The City is required to pay Union Bank an annual commitment fee for the letter of credit of 0.25% of the amount, per annum based on 365 days. The current interest rate on these certificates ranged between 1.35% -2.5%. At June 30, 2009, the outstanding balance is \$8,000,000.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Future requirements to amortize outstanding certificates of participation as of June 30, 2009 are as follows:

Fiscal Year Ending June 30	2002 Taxable Variable Rate	
	Principal	Interest*
2010	\$ -	\$ 112,000
2011	190,000	109,340
2012	205,000	106,470
2013	215,000	103,460
2014	230,000	100,240
2015-2019	1,805,000	431,200
2020-2024	2,600,000	270,340
2025-2028	2,755,000	60,900
Total	<u>\$ 8,000,000</u>	<u>\$ 1,293,950</u>

*Based on an interest rate of 1.4%

Business-type Activities:

Bonds Payable

1998 Airport Passenger Facility Charge Revenue Bonds

On June 1, 1998, the Authority issued \$12,720,000 Airport Passenger Facility Charge Revenue Bonds, Series 1998 (1998 PFC Bonds) to provide funds to finance certain improvements to the airport. These bonds were issued simultaneously with the 1998 Airport Revenue Bonds which were also issued to finance certain improvements to the airport.

The Bonds consist of \$3,640,000 of serial bonds and \$9,080,000 of term bonds. The serial bonds accrue interest at rates between 4.25% and 5.10% and mature between January 1, 2001 and January 1, 2012 in amounts ranging from \$145,000 to \$355,000.

The first portion of term bonds with principal of \$2,550,000 accrue interest at 5.125% and mature on January 1, 2018. The second portion of term bonds with principal of \$2,200,000 accrue interest at a rate of 5.25% and mature on January 1, 2022. The third portion of term bonds with principal of \$4,330,000 accrue interest at a rate of 5.50% and mature on January 1, 2028.

Bonds maturing on January 1, 2018, January 1, 2022, and January 1, 2028 are subject to mandatory redemption, in part by lot, on January 1 in each year commencing January 1, 2013 with respect to bonds maturing January 1, 2018, commencing January 1, 2019 with respect to bonds maturing January 1, 2022, and commencing January 1, 2023 with respect to bonds maturing January 1, 2028, from mandatory sinking account payments at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption in the aggregate respective principal amounts and on January 1 in the respective years; provided, however, that (i) in lieu of redemption thereof, the bonds may be purchased pursuant to the provisions of the Indenture, and (ii) if some but not all of the bonds have been redeemed pursuant to the optional or special redemption provisions, the total amount of sinking accounts

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

payments to be made subsequent to such redemption will be reduced in an amount equal to the principal amount of the bonds so redeemed, by reducing each such future sinking account payment in integral multiples of \$5,000, in a manner designated by the Authority, in the case of an optional redemption, or in inverse order, in the case of a special redemption.

The bonds maturing January 1, 2028 are subject to special mandatory redemption, in part by lot each January 1 from certain excess revenues at a redemption price equal to the principal amount thereof to be redeemed, plus a premium, together with accrued interest thereon to the date fixed for redemption. The redemption price relating to redemption dates January 1, 1999 to January 1, 2007 is 103%; January 1, 2008 is 102%; January 1, 2009 is 101%; and January 1, 2010 and thereafter is 100%.

The required reserve for the 1998 Airport Passenger Facility Charge Revenue Bonds is \$851,908. At June 30, 2009, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2009 is \$9,927,234 net of \$162,766 of unamortized discount.

2006 Airport Passenger Facility Charge Revenue Bonds

On April 19, 2006, the City issued \$12,115,000 Airport Passenger Facility Charge Revenue Bonds, Series 2006 (2006 PFC Bonds) to provide funds to finance certain improvements to the airport.

The Bonds consist of \$3,865,000 of serial bonds and \$8,250,000 of term bonds. The serial bonds accrue interest at rates between 4.40% and 5.40% and mature between July 1, 2007 and July 1, 2016 in amounts ranging from \$310,000 to \$480,000.

The first portion of term bonds with principal of \$2,185,000 accrue interest at 5.45% and mature on July 1, 2020. The second portion of term bonds with principal of \$6,065,000 accrue interest at a rate of 5.55% and mature on July 1, 2028.

Bonds maturing on July 1, 2028 are subject to mandatory redemption, in part by lot, on July 1 of each year commencing July 1, 2007 from certain excess PFC Revenues at a redemption price equal to the principal amount thereof to be redeemed, plus a premium and accrued interest thereon to the date fixed for redemption as follows:

Redemption Dates	Redemption Prices
Each July 1 prior to July 1, 2014	103%
July 1, 2014	102%
July 1, 2015	101%
July 1, 2016 and thereafter	100%

The bonds are subject to special mandatory redemption, in whole, on any date as a result of actions taken by the Federal Aviation Administration (FAA) to reduce the City's authority to collect passenger facility charges under the special agreement with the FAA from proceeds of refunding obligations of from any available funds of the Airport at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Bonds maturing on or after July 1, 2015 are subject to redemption prior to maturity on any date on or after July 1, 2014, in whole or in part, in a manner determined by the City, from prepayments made at the option of the City pursuant to the at a redemption price equal to the principal amount thereof to be redeemed, plus a premium and accrued interest thereon to the date fixed for redemption as follows:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
July 1, 2014 through June 30, 2015	102%
July 1, 2015 through June 30, 2016	101%
July 1, 2016 and thereafter	100%

The required reserve for the 2006 Airport Passenger Facility Charge Revenue Bonds is \$962,168. At June 30, 2009, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2009 is \$10,249,101 net of \$196,823 of unamortized discount and \$534,076 deferred refunding charges.

2008 Airport Passenger Facility Charge Revenue Bonds

On May 14, 2008, the City issued \$6,895,000 Airport Passenger Facility Charge Revenue Bonds, to refund in their entirety the remaining \$7,125,000 of the Authority Airport Revenue Bonds, Series 1998 (1998 GAR Bonds), issued to finance certain improvements to the Airport.

The Bonds consist of \$6,895,000 of term bonds. The first portion of term bonds with principal of \$1,145,000 accrues interest at 5.30% and matures on July 1, 2013. The second portion of term bonds with principal of \$1,540,000 accrues interest of 6.00% and matures on July 1, 2018. The third portion of term bonds with principal of \$2,050,000 accrues interest at 6.40% and matures on July 1, 2023. The fourth portion of the term bonds with principal of \$2,160,000 accrues interest of 6.50% and matures on July 1, 2027.

The Bonds are subject to special mandatory redemption, in part by lot each July 1, beginning July 1, 2009, from certain excess PFC Revenues, defined herein as “Remaining Revenues”, in inverse order of maturity, pro-rata with the 2006 PFC Bonds, at a redemption price equal to the principal amount thereof to be redeemed, plus a premium together with accrued interest thereon to the date fixed for redemption as follows:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
Each July 1 prior to July 1, 2014	103.0%
July 1, 2014	102.0%
July 1, 2015	101.0%
July 1, 2016 and each July 1 thereafter	100.0%

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

The Bonds maturing on or after July 1, 2018 are subject to redemption prior to maturity on any date on or after July 1, 2014, in whole or in part, in a manner determined by the City, from prepayments made at the option of the City pursuant to the Indenture at a redemption price equal to the principal amount thereof to be redeemed, plus a premium, together with accrued interest thereon to the date fixed for redemption as follows:

<u>Redemption Periods</u>	<u>Redemption Prices</u>
July 1, 2014 through June 30, 2015	102.0%
July 1, 2015 through June 30, 2016	101.0%
July 1, 2016 and thereafter	100.0%

The required reserve for the 2008 Airport Passenger Facility Charge Revenue Bonds is \$644,000. At June 30, 2009, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2009 is \$6,597,784 net of \$297,216 unamortized discount.

Future requirements to amortize outstanding business-type bonds payable (excluding \$656,805 of unamortized discounts and \$534,076 of deferred refunding charges) as of June 30, 2009 are as follows:

Fiscal Year Ending June 30	<u>1998 PFC Airport Bonds</u>		<u>2006 PFC Airport Bonds</u>		<u>2008 PFC Airport Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 320,000	\$ 535,193	\$ 340,000	\$ 586,258	\$ 175,000	\$ 420,048
2011	335,000	519,193	355,000	569,400	225,000	409,448
2012	355,000	502,443	370,000	551,453	240,000	397,125
2013	375,000	484,338	390,000	532,258	245,000	384,273
2014	390,000	465,119	410,000	511,653	260,000	370,890
2015-2019	2,290,000	2,002,463	2,400,000	2,196,683	1,540,000	1,599,200
2020-2024	2,980,000	1,337,501	3,125,000	1,447,246	2,050,000	1,045,360
2025-2029	3,045,000	430,100	3,590,000	467,310	2,160,000	291,200
Total	<u>\$ 10,090,000</u>	<u>\$ 6,276,350</u>	<u>\$ 10,980,000</u>	<u>\$ 6,862,261</u>	<u>\$ 6,895,000</u>	<u>\$ 4,917,544</u>

Pledged revenues

The PFC Bonds are payable from the revenues pledged under the Indenture consisting primarily of Installment Payments to be made by the City of Palm Springs. The City's obligation to make installment payments is payable solely from Passenger Facilities charges ("PFC Revenues") imposed by the City under the authority of its Federal Aviation Act and regulation. As of June 30, 2009 principal and interest remaining on the PFC bonds was \$46,021,155. For the current year, principal and interest paid and total PFC revenues were \$2,547,482 and \$2,674,410, respectively.

(7) CLAIMS AND JUDGMENTS

The City is exposed to various risks of loss related to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The City's Internal Service

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Risk Management Fund is used to account for and finance its uninsured risks of loss. The City purchases commercial insurance from The Everest National Insurance Company (ENIC) for general liability claims. Under this policy, ENIC covers claims in excess of the City's self-insured retention of \$300,000 per occurrence and provides general liability coverage up to \$10,000,000 per claim.

The City of Palm Springs purchases commercial workers' compensation insurance from Safety National Casualty Corporation. Under this policy, employers recover claims in excess of the City's self insured retention of \$1,000,000 and provides employer's liability coverage up to \$50,000,000 in addition to workers' compensation statutory limits.

The claims and judgments liability reported in the Internal Service Risk Management Fund is based on the requirements of Governmental Accounting Standards Board Statements No. 10 and 30, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2009, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$3,237,502, of which \$647,500 represents the current portion.

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

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2008 and 2009 for the Risk Management Fund are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Beginning of</u> <u>Fiscal Year</u> <u>Liability</u>	<u>Current Year</u> <u>Claims and</u> <u>Change in</u> <u>Estimates</u>	<u>Claims</u> <u>Payments</u>	<u>Balance at</u> <u>Fiscal Year</u> <u>End</u>
2007-2008	\$ 5,182,681	\$ 2,968,302	\$ (4,229,764)	\$ 3,921,219
2008-2009	3,921,219	960,241	(1,643,958)	3,237,502

(8) DEFINED BENEFIT PENSION PLAN (PERS)

(a) California Public Employees' Retirement System Plan Description

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento, CA 95814.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 14.91% for non-safety employees, and 24.63% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

For fiscal year 2008-2009, the City's annual pension cost was \$8,903,910 and the City actually contributed \$9,251,280. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on a closed basis. The amortization period was 27 years for miscellaneous plan and 30 years for safety plan, based on a 15 year smoothed market asset valuation method.

The City's change in net pension asset for the year ended June 30, 2009 were as follows (amounts in thousands):

Annual required contribution	\$ (9,251)
Interest on beginning net pension asset	1,530
Adjustment to the annual required contribution	<u>(1,183)</u>
Annual pension cost	(8,904)
Contributions made	<u>9,251</u>
Change in net pension asset	347
Net pension asset, beginning of year	<u>19,744</u>
Net pension asset, end of year	<u><u>\$ 20,091</u></u>

The City's contribution to the plan in the fiscal year ended June 30, 2007 included \$19,382,434 from the proceeds of the Pension Obligation Refunding Bonds Series 2007. The City's contributions for 2009 was equal to the annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

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Notes to Financial Statements (Continued)
June 30, 2009

TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Asset
06/30/07	\$ 8,557	\$ 8,557	227%	\$ 19,382
06/30/08	8,089	8,451	104%	19,744
06/30/09	8,904	9,251	104%	20,091

Schedule of Funding Progress (\$ Amount in Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (b)	Actuarial Asset Value (a)	Unfunded AAL (UAAL) [(b) - (a)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
06/30/08						
Misc.	\$ 135,906	\$ 124,863	\$ 11,043	91.9%	\$ 20,006	55.2%
Safety	159,721	141,960	17,761	88.9%	13,411	132.4%
Total	<u>\$ 295,627</u>	<u>\$ 266,823</u>	<u>\$ 28,804</u>	<u>91.4%</u>	<u>\$ 33,417</u>	<u>86.2%</u>

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(9) OTHER POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description:

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

Eligibility:

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 446 eligible active employees and 118 enrolled eligible retirees at June 30, 2009. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The actual contribution is based on projected pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

As of June 30, 2009, the most recent actuarial valuation date, the City did not use the trust fund to administer the financing and payment of benefits for its OPEB. Instead the City paid \$882,768 in benefits on a pay-as-you-go basis during the fiscal year. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2009
Annual required contribution	\$ 5,999,053
Contributions made	882,768
Increase in net OPEB obligation	5,116,285
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	\$ 5,116,285

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

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

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 5,999,053	14.7%	\$ 5,116,285

Funding Status and Progress:

As of June 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$77 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$77 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent. The annual covered payroll was \$31,245,000 and UAAL as a % of covered payroll was 246.52%.

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

Actuarial Methods and Assumptions:

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

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 4.5% investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 9.5% graded down by .5% per year with an ultimate rate of 4.5%. The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period. It is assumed the City's payroll will increase 3.25% per year.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

(10) LEASEHOLD INTEREST

SENCA Palm Springs, Inc., a California Corporation, was the lessee under Business Lease No. PSL-315 and a certain letter dated May 1, 1984, which are collectively referred to as the "Master Lease," which totaled 30.85 acres. Under this Master Lease, the Agua Caliente (Palm Springs) Reservation was the "lessor" while SENCA was the "lessee."

On September 28, 1989 the City of Palm Springs entered into an agreement with SENCA to assume SENCA's lease. The agreement provided for, among other things, the assignment by SENCA to the City of all of SENCA's right, title and interest in and to the Master Lease and the three subleases in exchange for \$3,000,000. In addition, the City subleased to SENCA the remainder of the Master Lease Property (the "New Sublease Property"). The swap saved the City hundreds of thousands of dollars per year in lease payments and allowed SENCA to not have to make any lease payments on the undeveloped portion of land until it developed. The City assumed the responsibility of collecting the rent of the three remaining subleases: Wyndham Hotel, Convention Center and Voss Properties. However, SENCA's interest in that sublease was eventually sold to Tom and Jacqueline Suitt. Until the site is developed, the rent was \$1 per year, with a percentage lease calculated in the original 1989 lease amendment applied once the property developed. It was anticipated in the original (1984) and amended (1989) leases that the allottees would be entitled to rental income from the property once developed. Voss Properties eventually went into foreclosure, and the sublease was turned into a direct lease with the Bureau of Indian Affairs. The basic rent of \$470,450 for the Wyndham Hotel has been adjusted by increases in the Consumer Price Index to \$855,000. The Convention Center's basic rent of \$225,000 is now \$401,000. The rents paid to the City are due each December 20th for the succeeding calendar year. The next CPI adjustment will affect the December 20, 2009 payment for the fiscal year ending June 30, 2010. The subleases expire in 2059.

Subsequently, the City pays the lessor in accordance with the Master Lease. Basic rent is adjusted every five years using the "Base Index" (Price Index of December, 1984) issued by the Bureau of Labor Statistics of the United States Department of Labor. The current annual rent is \$1,200,000. In April 2004, the City and the Indian allottees approved a Settlement Agreement and new lease amendment that changed how the overall lease was calculated. These actions were intended to settle potential litigation brought by the allottees against the City for an alleged underpayment of rent as it related to the calculation of the percentage rent. The 2004 amendment reduced or eliminated most or all of the rent percentages in favor of a higher Guaranteed Annual Rent (GAR) of \$1,200,000 in 2004, and traded a substantial immediate increase in the GAR in return for receiving no additional rent from the Suitt parcel when it developed.

The pre-amendment rent for the whole 30 acres would have been about \$900,000. Just as in the 1989 amendment, the rent should be adjusted in five years (2010) by CPI in an amount not to exceed 30%. Most importantly, the new lease requires a reappraisal of the property (as defined in Addendum 2 and referenced in Article 2 of the original and amended leases) in the year 2014, with the new GAR to be calculated at 8% of the new value.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

In late 2004, Suitt entered negotiations with Enterprise California (“Enterprise”) for Enterprise to acquire Suitt’s position in the sublease and negotiate a new sublease with the City. Enterprise and Suitt then approached the City regarding a lease assumption. Suitt was not a party to any of the 2003-04 negotiations between the allottees and the City that resulted in the Master Lease amendment and their original negotiations with Enterprise were based on their understanding of the terms of the controlling Master Lease (essentially, the 1989 lease) and their sublease.

The City and PS Venture Caballeros/Amado, LLC (a partnership including Enterprise) entered into an Amended and Restated Sublease, dated February 9, 2006, where the City as the Master Lessee and sublandlord subleased to PS Venture the Suitt portion of the Master Lease Property, specifically a 9.62 acre parcel of land (“Sublease Land”) located at the southeast corner of Avenida Caballeros and Amado Road. Enterprise proposed to construct 234 mid-rise condominiums and town homes on the site and spent over \$7,600,000 on acquisition of the lease and entitlement over the previous two years.

At its June 27, 2007 meeting, the Community Redevelopment Agency of the City of Palm Springs approved acquiring the sublease of a 9.62 acre parcel for future development of public and/or private facilities and paid \$7,804,000 for the parcel, which was the fair market value of the land. The transaction was finalized prior to the deadline of October 4, 2007 using 2007 Community Redevelopment Agency bonds. The Agency now leases the parcel from the City of Palm Springs.

The Master Lease and subleases are considered for accounting purposes to be operating leases.

(11) RESTATEMENT

The beginning fund balance at July 1, 2008 of the Library fund was restated to reflect the overstatement of Library cash as follows:

	Library Fund	Government-wide Governmental Activities
Beginning fund balance/ net assets, July 1, 2008	\$ 2,701,247	\$ 185,687,405
Restatement	(250,000)	(250,000)
Beginning fund balance/ net assets, July 1, 2008, restated	\$ 2,451,247	\$ 185,437,405

(12) INTERAGENCY LONG-TERM DEBT

During the fiscal year ended June 30, 2008, the City of Palm Springs transferred land, building equipment and improvements in exchange for promissory notes totaling \$65,260,000 to the Community Redevelopment Agency. The carrying value of these assets were \$8,140,572. These capital assets consisted of the Convention Center parking lot, Frank Stevens Park, Visitors Center, Village Green and Sunrise Park. These assets will be used for further redevelopment housing projects. Interest will be paid on June 30 each year at 6% to 10% determined by the City Council on or before April 15 of each year. This intraentity obligation has been eliminated from both the government-wide financial statements and the fund financial statements because repayment of

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2009

amounts excess of the carrying value is contingent upon future revenues of the Agency. In the fiscal year ended June 30, 2009, the Agency paid \$5,000,000 interest and \$3,605,000 principal to the City.

(13) SUBSEQUENT EVENTS

(a) SERAF

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift is approximately \$4,201,075 in fiscal year 2009-2010 and \$864,927 in fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to AB 26 4x, the Agency has until March 1, 2010 to notify the County as to the funding method.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 26 4x, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed its lawsuit on October 20, 2009. The lawsuit asserts that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserts impairment of contract and gift of public funds arguments. While the State made adjustments in AB 26 4x to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.

(b) Capital Lease

The City entered into a nine years capital lease arrangement with Oshkosh Capital, to lease two Pierce Quantum fire apparatus at the purchase price of \$951,950. The first lease payment commences in October 2009 with \$130,725 annual installments. Funding for these engines will be available from the Motor Vehicle Replacement Internal Service Fund. These two new engines will replace the two existing engines which have exceeded their maximum service life and need to be removed from the fleet.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

CITY OF PALM SPRINGS
Required Supplementary Information (Unaudited)
June 30, 2009

1. California Public Employees' Retirement System (PERS): - most recent data available

Schedule of Funding Progress (\$ Amount in Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded AAL (UAAL) [(a) - (b)]	Funded Ratio [(b)/(a)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
06/30/06						
Misc.	\$ 117,385	\$ 99,789	\$ 17,596	85.0%	\$ 16,733	105.2%
Safety	<u>138,621</u>	<u>115,168</u>	<u>23,453</u>	<u>83.1%</u>	<u>11,006</u>	<u>213.1%</u>
Total	<u>\$ 256,006</u>	<u>\$ 214,957</u>	<u>\$ 41,049</u>	<u>83.97%</u>	<u>\$ 27,739</u>	<u>148.0%</u>
06/30/07						
Misc.	\$ 124,338	\$ 116,642	\$ 7,696	93.8%	\$ 18,180	12.3%
Safety	<u>150,805</u>	<u>134,772</u>	<u>16,033</u>	<u>89.4%</u>	<u>12,123</u>	<u>132.3%</u>
Total	<u>\$ 275,143</u>	<u>\$ 251,414</u>	<u>\$ 23,729</u>	<u>91.4%</u>	<u>\$ 30,303</u>	<u>78.3%</u>
06/30/08						
Misc.	\$ 135,906	124,863	\$ 11,043	91.9%	\$ 20,006	55.2%
Safety	<u>159,721</u>	<u>141,960</u>	<u>17,761</u>	<u>88.9%</u>	<u>13,411</u>	<u>132.4%</u>
Total	<u>\$ 295,627</u>	<u>\$ 266,823</u>	<u>\$ 28,804</u>	<u>90.3%</u>	<u>\$ 33,417</u>	<u>86.2%</u>

2. Other Postemployment Benefit Plan (OPEB)

Schedule of Funding Progress (\$ Amount in Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded AAL (UAAL) [(a) - (b)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
06/30/09	\$ 77,025	\$ -	\$ 77,025	0.0%	\$ 31,245	246.52%

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2009

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Taxes	\$ 41,608,000	\$ 41,608,000	\$ 38,407,322	\$ (3,200,678)
Licenses and permits	2,751,500	2,848,567	2,486,344	(362,223)
Fines and penalties	455,000	455,000	537,607	82,607
Investment income	5,400,000	5,400,000	5,380,023	(19,977)
Rental income	282,000	291,850	105,624	(186,226)
Intergovernmental	5,501,560	5,777,729	6,416,391	638,662
Charges for services	4,285,835	4,310,593	4,245,170	(65,423)
Transient occupancy taxes	6,300,000	6,300,000	5,549,063	(750,937)
Donations and contributions	-	77,859	77,859	-
Miscellaneous	273,000	278,520	297,353	18,833
Total revenues	<u>66,856,895</u>	<u>67,348,118</u>	<u>63,502,756</u>	<u>(3,845,362)</u>
Expenditures:				
Current:				
General government	9,304,351	9,100,711	9,600,391	(499,680)
Public safety	33,397,478	34,480,491	33,961,616	518,875
Public works	9,497,098	9,846,282	8,379,925	1,466,357
Parks and recreation	6,234,335	6,313,310	6,344,562	(31,252)
Library	2,739,206	2,835,746	2,811,349	24,397
Total expenditures	<u>61,172,468</u>	<u>62,576,540</u>	<u>61,097,843</u>	<u>1,478,697</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>5,684,427</u>	<u>4,771,578</u>	<u>2,404,913</u>	<u>(2,366,665)</u>
Other Financing Sources (Uses):				
Transfers in	600,000	650,000	4,255,000	3,605,000
Transfers out	<u>(3,481,471)</u>	<u>(7,553,126)</u>	<u>(11,224,157)</u>	<u>(3,671,031)</u>
Total other financing sources (uses)	<u>(2,881,471)</u>	<u>(6,903,126)</u>	<u>(6,969,157)</u>	<u>(66,031)</u>
Net change in fund balance	2,802,956	(2,131,548)	(4,564,244)	(2,432,696)
Fund balance, beginning	<u>17,284,859</u>	<u>17,284,859</u>	<u>17,284,859</u>	<u>-</u>
Fund balance, ending	<u>\$ 20,087,815</u>	<u>\$ 15,153,311</u>	<u>\$ 12,720,615</u>	<u>\$ (2,432,696)</u>

See Accompanying Note to Required Supplementary Information.

CITY OF PALM SPRINGS
Note to Required Supplementary Information
June 30, 2009

(1) BUDGETARY CONTROL AND ACCOUNTING

The adopted budget of the City consists of a resolution specifying the total appropriation for each departmental activity, (e.g., Police Administration, Airport Administration, Street Maintenance, etc.).

Total appropriations for each fund may only be increased or decreased by the City Council by passage of a resolution amending the budget, with the exception of budget adjustments which involve offsetting revenues and expenditures. In cases, involving offsetting revenues and expenditures, the Finance Director is authorized to increase or decrease an appropriation for a specific purpose where said appropriation is offset by unbudgeted revenue which is designated for said specific purpose.

The City Manager and Assistant City Manager have authority to adjust the amounts appropriated between the departments and activities of a fund, objects with each departmental activity and between accounts within the objects, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution.

The level on which expenditures may not legally exceed appropriations is the fund level.

Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types.

SUPPLEMENTARY INFORMATION

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Special Assessment Debt Service Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 33,608	\$ 55,714	\$ 22,106
Special assessments	1,408,757	1,448,527	39,770
Miscellaneous	115,400	115,400	-
	<u>1,557,765</u>	<u>1,619,641</u>	<u>61,876</u>
Expenditures:			
Current:			
General government	19,300	11,873	7,427
Public works	348,899	59,017	289,882
Debt service:			
Principal	960,000	960,000	-
Interest	593,280	582,267	11,013
	<u>1,921,479</u>	<u>1,613,157</u>	<u>308,322</u>
Excess (deficiency) of revenues over expenditures	<u>(363,714)</u>	<u>6,484</u>	<u>370,198</u>
Other financing sources (uses):			
Transfers in	120,000	120,000	-
Transfers out	-	-	-
	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net change in fund balance	(243,714)	126,484	370,198
Fund balance, beginning	<u>3,490,812</u>	<u>3,490,812</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,247,098</u>	<u>\$ 3,617,296</u>	<u>\$ 370,198</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Redevelopment Agency Debt Service Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 19,820,000	\$ 15,241,548	\$ (4,578,452)
Investment income	285,000	79,967	(205,033)
Miscellaneous	970,000	854,443	(115,557)
	<u>21,075,000</u>	<u>16,175,958</u>	<u>(4,899,042)</u>
Expenditures:			
Current:			
General government	8,000	10,600	(2,600)
Lease	110,000	110,000	-
Debt service:			
Principal	583,106	545,000	38,106
Interest	14,806,212	9,106,724	5,699,488
Pass-through payments	14,620,917	7,440,446	7,180,471
	<u>30,128,235</u>	<u>17,212,770</u>	<u>12,915,465</u>
Excess (deficiency) of revenues over expenditures	(9,053,235)	(1,036,812)	8,016,423
Other financing sources (uses):			
Transfers In	2,750,000	5,905,590	3,155,590
Transfers out	-	(5,616,785)	(5,616,785)
	<u>2,750,000</u>	<u>288,805</u>	<u>(2,461,195)</u>
Net change in fund balance	(6,303,235)	(748,007)	5,555,228
Fund balance, beginning	<u>2,852,928</u>	<u>2,852,928</u>	<u>-</u>
Fund balance, ending	<u><u>\$ (3,450,307)</u></u>	<u><u>\$ 2,104,921</u></u>	<u><u>\$ 5,555,228</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Redevelopment Agency Capital Projects Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 559,707	\$ 642,311	\$ 82,604
Rental income	254,000	135,235	(118,765)
	<u>813,707</u>	<u>777,546</u>	<u>(36,161)</u>
Expenditures:			
Current:			
General government	1,234,256	989,136	245,120
Public works	12,421,783	2,053,626	10,368,157
	<u>13,656,039</u>	<u>3,042,762</u>	<u>10,613,277</u>
Deficiency of revenues over expenditures	<u>(12,842,332)</u>	<u>(2,265,216)</u>	<u>10,577,116</u>
Other financing sources (uses):			
Transfers in	2,011,785	2,011,785	-
Transfers out	(2,750,000)	(5,905,590)	(3,155,590)
	<u>(738,215)</u>	<u>(3,893,805)</u>	<u>(3,155,590)</u>
Net change in fund balance	(13,580,547)	(6,159,021)	7,421,526
Fund balance, beginning	<u>28,097,459</u>	<u>28,097,459</u>	<u>-</u>
Fund balance, ending	<u>\$ 14,516,912</u>	<u>\$ 21,938,438</u>	<u>\$ 7,421,526</u>

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The City of Palm Springs has the following Nonmajor Special Revenue Funds:

Community Promotion Fund – To account for revenues and costs related to the promotional effects of the City with regards to tourism and related activities.

Forfeiture Fund – To account for revenues and costs related to special narcotics investigations and seizure of assets as a result of these investigations.

Safety Augmentation Fund – To account for revenues and costs related to Proposition 172, which authorized a special ½ % sales tax to used for safety purposes only.

Indian Gaming Special Distribution Fund – To account for revenues and costs related to SB621 Grant Awards. This grant is funded by payments from the Indian Casinos into a statewide fund to mitigate the impact on City services from the Indian Casinos.

Special Development Fund – To account for revenues and costs related to special building fees assessed on tracts in Specific Plan I in the South Palm Canyon areas.

CSA 152 Fund – To account for revenues and costs related to the implementation of the National Pollutant Discharge Elimination System. This program is designed to reduce pollutants entering the various storm channels and washes throughout the community.

Recycling – AB 939 Fund – To account for revenues and costs related to the operations of the City's recycling activities.

Villagefest Fund – To account for revenues and costs related to the Palm Springs Villagefest.

Neighborhood Involvements – To account for revenues and costs related to specific neighborhood improvement groups.

Parking Fund – To account for revenues and costs related to the parking lot facilities located within the City.

Gas Tax Fund – To account for revenues received from the State of California and other sources to be used for street maintenance and improvements only.

Measure A Improvements Fund – To account for revenue received from the State of California from a special ½ % sales tax to be used for street maintenance and improvements only.

Drainage Construction Fund – To account for revenue received from fees assessed on new construction for the purposes of building and maintaining a drainage and flood control system within the City.

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS

Community Development Block Grant Fund – To account for revenue and costs related to the activities approved and funded by the Block Grant Program.

Master Lease Fund – To account for revenue and expenditures related to the Master Lease held by the City on land adjacent to the Convention Center.

Air Quality Management Fund – To account for revenue received from the County for enacting air quality improvement policies.

Public Arts Fund – To account for revenue and expenditures related to fees collected on new construction for the purpose of procuring art objects for public benefit.

Library Fund – To account for revenues received for various purposes related to the library activities.

Quimby Act Fees – To account for revenues and costs related to the Quimby Act Park Fees which are intended to pay for future parks and recreational activities.

Special Projects Fund – To account for revenue and expenditures of deposits received from developers on a project specific basis.

Low and Moderate Housing Fund – To account for revenue and expenditures related to the development of facilities within the City for citizens of low or moderate means.

CFD Public Safety #1 – To account for revenues and related costs pertaining to special taxes levied in a community facilities district within the City.

Business Improvements – The Business District was established as a “special benefit assessment district” which allows the City to assess businesses within a defined geographic area for specific purpose. The BID program, originally initiated by the downtown and uptown business association & Main Street Palm Springs, to improve the quality of life and economic vitality of the area.

Energy Efficiency Loan – To account for costs of the Energy Efficient Loan Program 811.

Park Maintenance District – To account for revenues and related costs pertaining to special assessments levied for the various Landscape, Lighting and Parkway Maintenance Districts within the City.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Debt Service Fund – To account for the payment of principal and interest on the City’s long-term debt issues.

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds or Trust Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment, and other relatively minor or comparatively short-lived capital assets.

Capital Projects Fund – To account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Parking Projects Fund – To account for payments into the Fund from In Lieu parking fees charges, and to account for the Capital expenditures for parking improvements.

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

	Special Revenue Funds		
	Community Promotion	Forfeiture	Safety Augmentation
Assets:			
Cash and investments	\$ -	\$ 770,264	\$ 812,720
Cash and investments with fiscal agent	-	-	-
Deposits	200,000	-	-
Receivables:			
Accounts	888,780	-	-
Accrued interest	-	3,287	4,792
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	49,266
Advances to other funds	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 1,088,780</u>	<u>\$ 773,551</u>	<u>\$ 866,778</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 338,516	\$ 225,926	\$ 4,477
Accrued wages payable	-	-	21,720
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	194,406	-	-
Deferred revenue	-	7,814	137,938
Total liabilities	<u>532,922</u>	<u>233,740</u>	<u>164,135</u>
Fund balances:			
Reserved for:			
Encumbrances	-	-	9,876
Deposits	200,000	-	-
Notes receivable	-	-	-
Advances to other funds	-	-	-
Land held for resale	-	-	-
Debt service requirements	-	-	-
Low and moderate housing	-	-	-
Continuing appropriations	193,563	434,672	218,362
Unreserved-designated for:			
Special purposes	-	105,139	474,405
Capital projects	-	-	-
Unreserved-undesignated	162,295	-	-
Total fund balances	<u>555,858</u>	<u>539,811</u>	<u>702,643</u>
Total liabilities and fund balances	<u>\$ 1,088,780</u>	<u>\$ 773,551</u>	<u>\$ 866,778</u>

Special Revenue Funds

Indian Gaming Special Distribution	Special Development	CSA 152	Recycling AB 939	Villagefest	Neighborhood Involvements
\$ 22,035	\$ 721,603	\$ -	\$ 162,460	\$ 77,108	\$ 1,817
-	-	-	-	-	-
-	-	-	-	-	-
-	-	115,900	75,053	-	-
-	3,283	-	9,250	-	21
-	-	-	1,181,883	-	-
-	-	-	1,924,732	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,035</u>	<u>\$ 724,886</u>	<u>\$ 115,900</u>	<u>\$ 3,353,378</u>	<u>\$ 77,108</u>	<u>\$ 1,838</u>
\$ 204	\$ -	\$ 19,039	\$ 16,040	\$ 5,937	\$ -
-	-	3,551	-	7,965	-
-	-	90,937	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>204</u>	<u>-</u>	<u>113,527</u>	<u>16,040</u>	<u>13,902</u>	<u>-</u>
21,828	-	47,830	43,164	-	-
-	-	-	-	-	-
-	-	-	1,181,883	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	547,144	-	311,834	-	417
-	177,742	-	1,800,457	-	-
-	-	-	-	-	-
3	-	(45,457)	-	63,206	1,421
<u>21,831</u>	<u>724,886</u>	<u>2,373</u>	<u>3,337,338</u>	<u>63,206</u>	<u>1,838</u>
<u>\$ 22,035</u>	<u>\$ 724,886</u>	<u>\$ 115,900</u>	<u>\$ 3,353,378</u>	<u>\$ 77,108</u>	<u>\$ 1,838</u>

(Continued)

CITY OF PALM SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2009

	Special Revenue Funds		
	Parking	Gas Tax	Measure A Improvements
Assets:			
Cash and investments	\$ 75,144	\$ 1,440,071	\$ 7,666,956
Cash and investments with fiscal agent	-	-	-
Deposits	-	-	-
Receivables:			
Accounts	-	-	-
Accrued interest	-	4,561	36,162
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	2,082	158,656	402,403
Advances to other funds	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 77,226</u>	<u>\$ 1,603,288</u>	<u>\$ 8,105,521</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 18,044	\$ 12,782	\$ 104,436
Accrued wages payable	223	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>18,267</u>	<u>12,782</u>	<u>104,436</u>
Fund balances:			
Reserved for:			
Encumbrances	3,690	137,921	861,022
Deposits	-	-	-
Notes receivable	-	-	-
Advances to other funds	-	-	-
Land held for resale	-	-	-
Debt service requirements	-	-	-
Low and moderate housing	-	-	-
Continuing appropriations	-	1,447,927	7,140,063
Unreserved-designated for:			
Special purposes	-	4,658	-
Capital projects	-	-	-
Unreserved-undesignated	55,269	-	-
Total fund balances	<u>58,959</u>	<u>1,590,506</u>	<u>8,001,085</u>
Total liabilities and fund balances	<u>\$ 77,226</u>	<u>\$ 1,603,288</u>	<u>\$ 8,105,521</u>

Special Revenue Funds

<u>Drainage Construction</u>	<u>Community Development Block Grant</u>	<u>Master Lease</u>	<u>Air Quality Management</u>	<u>Public Arts</u>	<u>Library</u>
\$ 1,529,121	\$ -	\$ -	\$ 45,880	\$ 777,583	\$ 2,757,562
-	-	3	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,189	-	-	193	3,592	12,654
-	-	-	-	-	-
-	-	-	-	-	-
-	46,271	-	14,772	-	124
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,536,310</u>	<u>\$ 46,271</u>	<u>\$ 3</u>	<u>\$ 60,845</u>	<u>\$ 781,175</u>	<u>\$ 2,770,340</u>
\$ 282,959	\$ 39,377	\$ -	\$ 5,857	\$ 6,865	\$ 1,112
-	1,641	-	-	2,123	-
-	5,111	1	-	-	-
-	-	-	-	-	-
-	-	-	-	-	300,569
-	-	-	-	-	-
<u>282,959</u>	<u>46,129</u>	<u>1</u>	<u>5,857</u>	<u>8,988</u>	<u>301,681</u>
210,416	-	-	-	21,177	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,042,935	142	-	-	330,071	987,116
-	-	-	54,988	-	1,481,543
-	-	-	-	-	-
-	-	2	-	420,939	-
<u>1,253,351</u>	<u>142</u>	<u>2</u>	<u>54,988</u>	<u>772,187</u>	<u>2,468,659</u>
<u>\$ 1,536,310</u>	<u>\$ 46,271</u>	<u>\$ 3</u>	<u>\$ 60,845</u>	<u>\$ 781,175</u>	<u>\$ 2,770,340</u>

(Continued)

CITY OF PALM SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2009

	Special Revenue Funds		
	Quimby Act Fees	Special Projects	Low and Moderate Housing
Assets:			
Cash and investments	\$ 2,587,850	\$ 1,420,537	\$ 9,533,169
Cash and investments with fiscal agent	-	-	472,883
Deposits	-	-	-
Receivables:			
Accounts	-	4,955	-
Accrued interest	11,651	-	36,860
Notes	-	-	5,132,473
Due from other funds	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	1,801,840
Land held for resale	-	-	672,479
Total assets	<u>\$ 2,599,501</u>	<u>\$ 1,425,492</u>	<u>\$ 17,649,704</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 5,117	\$ 36,477	\$ 7,896
Accrued wages payable	-	-	3,994
Due to other funds	-	-	-
Due to other governments	-	-	92,642
Deposits payable	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>5,117</u>	<u>36,477</u>	<u>104,532</u>
Fund balances:			
Reserved for:			
Encumbrances	196,960	40,839	125,666
Deposits	-	-	33,652
Notes receivable	-	-	5,132,473
Advances to other funds	-	-	1,801,840
Land held for resale	-	-	672,479
Debt service requirements	-	-	-
Low and moderate housing	-	-	7,324,094
Continuing appropriations	172,736	1,337,967	2,454,968
Unreserved-designated for:			
Special purposes	2,224,688	-	-
Capital projects	-	-	-
Unreserved-undesignated	-	10,209	-
Total fund balances	<u>2,594,384</u>	<u>1,389,015</u>	<u>17,545,172</u>
Total liabilities and fund balances	<u>\$ 2,599,501</u>	<u>\$ 1,425,492</u>	<u>\$ 17,649,704</u>

Special Revenue Funds				Debt Service Funds
CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan	Park Maintenance District	General Debt Service
\$ 30,228	\$ 46,554	\$ 500,000	\$ 282,688	\$ 289,857
-	-	-	-	5,900,324
-	-	-	-	-
142,675	-	-	585	-
181	227	-	-	2,948
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 173,084</u>	<u>\$ 46,781</u>	<u>\$ 500,000</u>	<u>\$ 283,273</u>	<u>\$ 6,193,129</u>
\$ -	\$ 18,737	\$ -	\$ 24,297	\$ 2,521
12,425	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>12,425</u>	<u>18,737</u>	<u>-</u>	<u>24,297</u>	<u>2,521</u>
7,995	750	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,190,608
-	-	-	-	-
-	27,294	-	-	-
152,664	-	500,000	258,976	-
-	-	-	-	-
-	-	-	-	-
<u>160,659</u>	<u>28,044</u>	<u>500,000</u>	<u>258,976</u>	<u>6,190,608</u>
<u>\$ 173,084</u>	<u>\$ 46,781</u>	<u>\$ 500,000</u>	<u>\$ 283,273</u>	<u>\$ 6,193,129</u>

(Continued)

CITY OF PALM SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2009

	<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>Capital Projects</u>	<u>Parking Projects</u>	
Assets:			
Cash and investments	\$ 6,319,485	\$ 473,378	\$ 38,344,070
Cash and investments with fiscal agent	3,367,531	-	9,740,741
Deposits	-	-	200,000
Receivables:			
Accounts	233,265	-	1,461,213
Accrued interest	-	2,154	139,005
Notes	-	-	6,314,356
Due from other funds	-	-	1,924,732
Due from other governments	-	-	673,574
Advances to other funds	-	-	1,801,840
Land held for resale	-	-	672,479
Total assets	<u>\$ 9,920,281</u>	<u>\$ 475,532</u>	<u>\$ 61,272,010</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 289,707	\$ -	\$ 1,466,323
Accrued wages payable	-	-	53,642
Due to other funds	-	-	96,049
Due to other governments	-	-	92,642
Deposits payable	-	-	494,975
Deferred revenue	28,438	-	174,190
Total liabilities	<u>318,145</u>	<u>-</u>	<u>2,377,821</u>
Fund balances:			
Reserved for:			
Encumbrances	-	-	1,729,134
Deposits	-	-	233,652
Notes receivable	-	-	6,314,356
Advances to other funds	-	-	1,801,840
Land held for resale	-	-	672,479
Debt service requirements	-	-	6,190,608
Low and moderate housing	-	-	7,324,094
Continuing appropriations	-	-	16,647,211
Unreserved-designated for:			
Special purposes	-	-	7,235,260
Capital projects	9,602,136	475,532	10,077,668
Unreserved-undesignated	-	-	667,887
Total fund balances	<u>9,602,136</u>	<u>475,532</u>	<u>58,894,189</u>
Total liabilities and fund balances	<u>\$ 9,920,281</u>	<u>\$ 475,532</u>	<u>\$ 61,272,010</u>

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

	<u>Special Revenue Funds</u>		
	<u>Community Promotion</u>	<u>Forfeiture</u>	<u>Safety Augmentation</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 735,520
Licenses and permits	-	-	-
Fines and penalties	-	204,929	-
Investment income	-	20,623	28,819
Rental income	12,000	-	-
Intergovernmental	-	-	-
Charges for services	-	-	36,833
Transient occupancy taxes	7,204,015	-	-
Special assessments	-	-	-
Donations and contributions	99,432	-	22,067
Master lease	-	-	-
Miscellaneous	66,766	-	-
Total revenues	<u>7,382,213</u>	<u>225,552</u>	<u>823,239</u>
Expenditures:			
Current:			
General government	2,983,557	-	-
Cultural and convention center	2,379,047	-	-
Public safety	-	332,278	928,730
Public works	-	-	-
Parks and recreation	884,981	-	-
Library	-	-	-
Lease	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>6,247,585</u>	<u>332,278</u>	<u>928,730</u>
Excess (deficiency) of revenues over expenditures	<u>1,134,628</u>	<u>(106,726)</u>	<u>(105,491)</u>
Other financing sources (uses):			
Loss on sale of assets	-	-	-
Proceeds from capital lease financing	-	-	-
Transfers in	-	-	-
Transfers out	(652,080)	-	-
Total other financing sources (uses)	<u>(652,080)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	482,548	(106,726)	(105,491)
Fund balances, beginning, restated	<u>73,310</u>	<u>646,537</u>	<u>808,134</u>
Fund balances, ending	<u>\$ 555,858</u>	<u>\$ 539,811</u>	<u>\$ 702,643</u>

Special Revenue Funds

Indian Gaming Special Distribution	Special Development	CSA 152	Recycling AB 939	Villagefest	Neighborhood Involvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	337,933	-
-	-	-	-	-	-
-	20,867	-	106,276	-	210
-	-	-	-	-	-
902,062	-	-	52,342	-	-
-	14,227	-	294,311	-	-
-	-	-	-	-	-
-	-	261,463	-	-	-
-	-	-	500	-	1,737
-	-	-	-	-	-
-	-	-	-	17,109	-
<u>902,062</u>	<u>35,094</u>	<u>261,463</u>	<u>453,429</u>	<u>355,042</u>	<u>1,947</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,309,824	-	-	-	-	-
-	-	261,461	640,786	-	8,601
-	-	-	-	385,862	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,309,824</u>	<u>-</u>	<u>261,461</u>	<u>640,786</u>	<u>385,862</u>	<u>8,601</u>
<u>(407,762)</u>	<u>35,094</u>	<u>2</u>	<u>(187,357)</u>	<u>(30,820)</u>	<u>(6,654)</u>
-	-	-	-	-	-
-	-	-	-	-	-
429,593	-	-	-	-	-
-	-	-	(500,000)	-	-
<u>429,593</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
21,831	35,094	2	(687,357)	(30,820)	(6,654)
-	689,792	2,371	4,024,695	94,026	8,492
<u>\$ 21,831</u>	<u>\$ 724,886</u>	<u>\$ 2,373</u>	<u>\$ 3,337,338</u>	<u>\$ 63,206</u>	<u>\$ 1,838</u>

(Continued)

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2009

	<u>Special Revenue Funds</u>		
	<u>Parking</u>	<u>Gas Tax</u>	<u>Measure A Improvements</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 1,330,779
Licenses and permits	-	-	-
Fines and penalties	81,595	-	-
Investment income	-	26,401	249,902
Rental income	-	-	-
Intergovernmental	-	1,849,597	1,187,442
Charges for services	800	-	-
Transient occupancy taxes	-	-	-
Special assessments	-	-	-
Donations and contributions	-	-	-
Master lease	-	-	-
Miscellaneous	-	-	4,779
Total revenues	<u>82,395</u>	<u>1,875,998</u>	<u>2,772,902</u>
Expenditures:			
Current:			
General government	-	-	-
Cultural and convention center	-	-	-
Public safety	-	-	-
Public works	264,241	962,225	3,168,910
Parks and recreation	-	-	-
Library	-	-	-
Lease	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>264,241</u>	<u>962,225</u>	<u>3,168,910</u>
Excess (deficiency) of revenues over expenditures	<u>(181,846)</u>	<u>913,773</u>	<u>(396,008)</u>
Other financing sources (uses):			
Loss on sale of assets	-	-	-
Proceeds from capital lease financing	-	-	-
Transfers in	130,000	-	-
Transfers out	-	(600,000)	-
Total other financing sources (uses)	<u>130,000</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balances	(51,846)	313,773	(396,008)
Fund balances, beginning, restated	<u>110,805</u>	<u>1,276,733</u>	<u>8,397,093</u>
Fund balances, ending	<u>\$ 58,959</u>	<u>\$ 1,590,506</u>	<u>\$ 8,001,085</u>

Special Revenue Funds

Drainage Construction	Community Development Block Grant	Master Lease	Air Quality Management	Public Arts	Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
147,589	-	-	-	-	-
-	-	-	-	-	-
67,929	780	65	1,217	24,938	29,714
-	-	-	-	-	-
-	456,535	-	54,732	-	-
-	-	-	-	158,550	133
-	-	-	-	-	-
-	-	-	-	-	12,079
-	-	1,146,252	-	-	-
-	-	-	-	-	-
<u>215,518</u>	<u>457,315</u>	<u>1,146,317</u>	<u>55,949</u>	<u>183,488</u>	<u>41,926</u>
-	-	4,589	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,941,331	457,949	-	48,284	333,944	-
-	-	-	-	-	-
-	-	-	-	-	24,514
-	-	1,200,000	-	-	-
-	-	198,679	-	-	-
-	-	61,821	-	-	-
<u>4,941,331</u>	<u>457,949</u>	<u>1,465,089</u>	<u>48,284</u>	<u>333,944</u>	<u>24,514</u>
<u>(4,725,813)</u>	<u>(634)</u>	<u>(318,772)</u>	<u>7,665</u>	<u>(150,456)</u>	<u>17,412</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	114,195	-	-	-
-	-	-	-	-	-
-	-	114,195	-	-	-
<u>(4,725,813)</u>	<u>(634)</u>	<u>(204,577)</u>	<u>7,665</u>	<u>(150,456)</u>	<u>17,412</u>
<u>5,979,164</u>	<u>776</u>	<u>204,579</u>	<u>47,323</u>	<u>922,643</u>	<u>2,451,247</u>
<u>\$ 1,253,351</u>	<u>\$ 142</u>	<u>\$ 2</u>	<u>\$ 54,988</u>	<u>\$ 772,187</u>	<u>\$ 2,468,659</u>

(Continued)

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2009

	Special Revenue Funds		
	Quimby Act Fees	Special Projects	Low and Moderate Housing
Revenues:			
Taxes	\$ -	\$ -	\$ 3,801,349
Licenses and permits	-	-	-
Fines and penalties	-	-	-
Investment income	71,172	-	259,116
Rental income	-	-	-
Intergovernmental	-	-	-
Charges for services	105,115	175,170	-
Transient occupancy taxes	-	-	-
Special assessments	-	-	-
Donations and contributions	-	220,488	1,000
Master lease	-	-	-
Miscellaneous	-	-	178,902
Total revenues	<u>176,287</u>	<u>395,658</u>	<u>4,240,367</u>
Expenditures:			
Current:			
General government	-	-	348,376
Cultural and convention center	-	-	-
Public safety	-	175,170	-
Public works	-	248,571	170,188
Parks and recreation	806,021	23,703	-
Library	-	-	-
Lease	-	-	-
Debt service:			
Principal	-	-	235,000
Interest	-	-	224,000
Total expenditures	<u>806,021</u>	<u>447,444</u>	<u>977,564</u>
Excess (deficiency) of revenues over expenditures	<u>(629,734)</u>	<u>(51,786)</u>	<u>3,262,803</u>
Other financing sources (uses):			
Loss on sale of assets	-	-	(77,303)
Proceeds from capital lease financing	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(77,303)</u>
Net change in fund balances	(629,734)	(51,786)	3,185,500
Fund balances, beginning, restated	<u>3,224,118</u>	<u>1,440,801</u>	<u>14,359,672</u>
Fund balances, ending	<u>\$ 2,594,384</u>	<u>\$ 1,389,015</u>	<u>\$ 17,545,172</u>

Special Revenue Funds				Debt Service Funds
CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan	Park Maintenance District	General Debt Service
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
295	2,114	-	-	138,726
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
379,720	129,398	-	127,485	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>380,015</u>	<u>131,512</u>	<u>-</u>	<u>127,485</u>	<u>138,726</u>
-	-	-	-	14,053
-	-	-	-	-
486,406	-	-	-	-
-	154,977	-	174,988	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	291,000
-	-	-	-	1,854,610
-	-	-	-	3,114,161
<u>486,406</u>	<u>154,977</u>	<u>-</u>	<u>174,988</u>	<u>5,273,824</u>
<u>(106,391)</u>	<u>(23,465)</u>	<u>-</u>	<u>(47,503)</u>	<u>(5,135,098)</u>
-	-	-	-	-
-	-	-	-	-
235,000	-	500,000	306,479	4,879,776
-	-	-	-	-
<u>235,000</u>	<u>-</u>	<u>500,000</u>	<u>306,479</u>	<u>4,879,776</u>
128,609	(23,465)	500,000	258,976	(255,322)
32,050	51,509	-	-	6,445,930
<u>\$ 160,659</u>	<u>\$ 28,044</u>	<u>\$ 500,000</u>	<u>\$ 258,976</u>	<u>\$ 6,190,608</u>

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2009

	<u>Capital Projects Funds</u>		Total
	<u>Capital Projects</u>	<u>Parking Projects</u>	Nonmajor Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 5,867,648
Licenses and permits	96,586	-	582,108
Fines and penalties	-	-	286,524
Investment income	11,407	13,729	1,074,300
Rental income	-	-	12,000
Intergovernmental	4,130,199	-	8,632,909
Charges for services	-	8,580	793,719
Transient occupancy taxes	-	-	7,204,015
Special assessments	-	-	898,066
Donations and contributions	33,500	-	390,803
Master lease	-	-	1,146,252
Miscellaneous	-	-	267,556
Total revenues	<u>4,271,692</u>	<u>22,309</u>	<u>27,155,900</u>
Expenditures:			
Current:			
General government	127,983	-	3,478,558
Cultural and convention center	2,377,330	-	4,756,377
Public safety	922,475	-	4,154,883
Public works	1,456,438	2,573	13,295,467
Parks and recreation	163,585	-	2,264,152
Library	88,988	-	113,502
Lease	-	-	1,491,000
Debt service:			
Principal	-	-	2,288,289
Interest	-	-	3,399,982
Total expenditures	<u>5,136,799</u>	<u>2,573</u>	<u>35,242,210</u>
Excess (deficiency) of revenues over expenditures	<u>(865,107)</u>	<u>19,736</u>	<u>(8,086,310)</u>
Other financing sources (uses):			
Loss on sale of assets	-	-	(77,303)
Proceeds from capital lease financing	3,366,478	-	3,366,478
Transfers in	2,621,194	-	9,216,237
Transfers out	-	-	(1,752,080)
Total other financing sources (uses)	<u>5,987,672</u>	<u>-</u>	<u>10,753,332</u>
Net change in fund balances	5,122,565	19,736	2,667,022
Fund balances, beginning, restated	<u>4,479,571</u>	<u>455,796</u>	<u>56,227,167</u>
Fund balances, ending	<u>\$ 9,602,136</u>	<u>\$ 475,532</u>	<u>\$ 58,894,189</u>

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CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Community Promotion Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Rental income	\$ 10,000	\$ 12,000	\$ 2,000
Charges for services	1,000	-	(1,000)
Transient occupancy taxes	8,701,000	7,204,015	(1,496,985)
Donations and contributions	-	99,432	99,432
Miscellaneous	153,932	66,766	(87,166)
	<u>8,865,932</u>	<u>7,382,213</u>	<u>(1,483,719)</u>
Total revenues			
Expenditures:			
Current:			
General government	3,217,568	2,983,557	234,011
Cultural and convention center	2,538,035	2,379,047	158,988
Parks and recreation	980,842	884,981	95,861
	<u>6,736,445</u>	<u>6,247,585</u>	<u>488,860</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	2,129,487	1,134,628	(994,859)
Other financing uses:			
Transfers out	(5,000,000)	(652,080)	4,347,920
	<u>(2,870,513)</u>	<u>482,548</u>	<u>(994,859)</u>
Net change in fund balance			
Fund balance, beginning	<u>73,310</u>	<u>73,310</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (2,797,203)</u>	<u>\$ 555,858</u>	<u>\$ (994,859)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Forfeiture Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and penalties	\$ 204,929	\$ 204,929	\$ -
Investment income	2,000	20,623	18,623
Total revenues	206,929	225,552	18,623
Expenditures:			
Current:			
Public safety	766,949	332,278	434,671
Net change in fund balance	(560,020)	(106,726)	453,294
Fund balance, beginning	646,537	646,537	-
Fund balance, ending	<u>\$ 86,517</u>	<u>\$ 539,811</u>	<u>\$ 453,294</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Safety Augmentation Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 810,000	\$ 735,520	\$ (74,480)
Investment income	8,000	28,819	20,819
Charges for services	32,563	36,833	4,270
Donations and contributions	22,067	22,067	
	<hr/>	<hr/>	<hr/>
Total revenues	872,630	823,239	(49,391)
Expenditures:			
Current:			
Public safety	1,280,720	928,730	351,990
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(408,090)	(105,491)	302,599
Fund balance, beginning	808,134	808,134	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 400,044</u>	<u>\$ 702,643</u>	<u>\$ 302,599</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Indian Gaming Special Distribution Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 10,000	\$ -	\$ (10,000)
Intergovernmental	<u>1,104,831</u>	<u>902,062</u>	<u>(202,769)</u>
Total revenues	1,114,831	902,062	(212,769)
Expenditures:			
Current:			
Public safety	<u>1,331,655</u>	<u>1,309,824</u>	<u>21,831</u>
Deficiency of revenues under expenditures	(216,824)	(407,762)	(190,938)
Other financing sources:			
Transfers in	<u>1,331,655</u>	<u>429,593</u>	<u>(902,062)</u>
Net change in fund balance	1,114,831	21,831	(190,938)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 1,114,831</u></u>	<u><u>\$ 21,831</u></u>	<u><u>\$ (190,938)</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Special Development Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 20,867	\$ 20,867
Charges for services	14,226	14,227	1
Total revenues	14,226	35,094	20,868
Expenditures:			
Current:			
Public works	547,144	-	547,144
Net change in fund balance	(532,918)	35,094	(526,276)
Fund balance, beginning	689,792	689,792	-
Fund balance, ending	<u>\$ 156,874</u>	<u>\$ 724,886</u>	<u>\$ (526,276)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
CSA 152 Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 380,000	\$ 261,463	\$ (118,537)
Expenditures:			
Current:			
Public works	402,065	261,461	140,604
Net change in fund balance	(22,065)	2	22,067
Fund balance, beginning	2,371	2,371	-
Fund balance (deficit), ending	<u>\$ (19,694)</u>	<u>\$ 2,373</u>	<u>\$ 22,067</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Recycling - AB 939 Special Revenue Fund
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 150,000	\$ 106,276	\$ (43,724)
Intergovernmental	-	52,342	52,342
Charges for services	375,000	294,311	(80,689)
Donations and contributions	-	500	500
	<hr/>	<hr/>	<hr/>
Total revenues	525,000	453,429	(72,071)
Expenditures:			
Current:			
Public works	1,032,048	640,786	391,262
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(507,048)	(187,357)	319,191
Other financing uses:			
Transfers out	(500,000)	(500,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(1,007,048)	(687,357)	319,191
Fund balance, beginning	4,024,695	4,024,695	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 3,017,647</u>	<u>\$ 3,337,338</u>	<u>\$ 319,191</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Villagefest Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses and permits	\$ 400,000	\$ 337,933	\$ (62,067)
Miscellaneous	14,250	17,109	2,859
Total revenues	414,250	355,042	(59,208)
Expenditures:			
Current:			
Parks and recreation	433,456	385,862	47,594
Net change in fund balance	(19,206)	(30,820)	(11,614)
Fund balance, beginning	94,026	94,026	-
Fund balance, ending	<u>\$ 74,820</u>	<u>\$ 63,206</u>	<u>\$ (11,614)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Neighborhood Involvements Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 210	\$ 210
Donations and contributions	-	1,737	1,737
Total revenues	-	1,947	1,947
Expenditures:			
Current:			
Public works	\$ 9,017	8,601	416
Net change in fund balance	(9,017)	(6,654)	626
Fund balance, beginning	8,492	8,492	-
Fund balance, ending	<u>\$ (525)</u>	<u>\$ 1,838</u>	<u>\$ 626</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Parking Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and penalties	\$ 100,000	\$ 81,595	\$ (18,405)
Charges for services	2,000	800	(1,200)
Total revenues	102,000	82,395	(19,605)
Expenditures:			
Current:			
Public works	368,367	264,241	104,126
Excess (deficiency) of revenues over expenditures	(266,367)	(181,846)	84,521
Other financing sources (uses):			
Transfers in	230,000	130,000	(100,000)
Net change in fund balance	(36,367)	(51,846)	(15,479)
Fund balance, beginning	110,805	110,805	-
Fund balance, ending	<u>\$ 74,438</u>	<u>\$ 58,959</u>	<u>\$ (15,479)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 17,000	\$ 26,401	\$ 9,401
Intergovernmental revenues	<u>1,938,506</u>	<u>1,849,597</u>	<u>(88,909)</u>
Total revenues	1,955,506	1,875,998	(79,508)
Expenditures:			
Current:			
Public works	<u>2,547,472</u>	<u>962,225</u>	<u>1,585,247</u>
Excess (deficiency) of revenues over expenditures	(591,966)	913,773	1,505,739
Other financing uses:			
Transfer out	<u>(1,191,966)</u>	<u>(600,000)</u>	<u>591,966</u>
Net change in fund balance	(1,783,932)	313,773	2,097,705
Fund balance, beginning	<u>1,276,733</u>	<u>1,276,733</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ (507,199)</u></u>	<u><u>\$ 1,590,506</u></u>	<u><u>\$ 2,097,705</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Measure A Improvements Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,615,000	\$ 1,330,779	\$ (284,221)
Investment income	200,000	249,902	49,902
Intergovernmental	575,000	1,187,442	612,442
Miscellaneous	-	4,779	4,779
	<hr/>	<hr/>	<hr/>
Total revenues	2,390,000	2,772,902	382,902
Expenditures:			
Current:			
Public works	12,499,270	3,168,910	9,330,360
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(10,109,270)	(396,008)	9,713,262
Fund balance, beginning	8,397,093	8,397,093	-
	<hr/>	<hr/>	<hr/>
Fund balance (deficit), ending	<u>\$ (1,712,177)</u>	<u>\$ 8,001,085</u>	<u>\$ 9,713,262</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Drainage Construction Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 50,000	\$ 147,589	\$ 97,589
Investment income	10,000	67,929	57,929
Total revenues	60,000	215,518	155,518
Expenditures:			
Current:			
Public works	6,658,174	4,941,331	1,716,843
Net change in fund balance	(6,598,174)	(4,725,813)	1,872,361
Fund balance, beginning	5,979,164	5,979,164	-
Fund balance (deficit), ending	<u>\$ (619,010)</u>	<u>\$ 1,253,351</u>	<u>\$ 1,872,361</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 973	\$ 780	\$ (193)
Intergovernmental	<u>500,027</u>	<u>456,535</u>	<u>(43,492)</u>
Total revenues	501,000	457,315	(43,685)
Expenditures:			
Current:			
Public works	<u>947,066</u>	<u>457,949</u>	<u>489,117</u>
Net change in fund balance	(446,066)	(634)	445,432
Fund balance, beginning	<u>776</u>	<u>776</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (445,290)</u>	<u>\$ 142</u>	<u>\$ 445,432</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Master Lease Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 5,000	\$ 65	\$ (4,935)
Master lease	1,257,000	1,146,252	(110,748)
Total revenues	<u>1,262,000</u>	<u>1,146,317</u>	<u>(115,683)</u>
Expenditures:			
Current:			
General government	7,207	4,589	2,618
Lease	1,200,000	1,200,000	-
Debt service:			
Principal	198,680	198,679	1
Interest	61,822	61,821	1
Total expenditures	<u>1,467,709</u>	<u>1,465,089</u>	<u>2,620</u>
Deficiency of revenues over expenditures	(205,709)	(318,772)	(113,063)
Other financing sources:			
Transfers in	100,000	114,195	14,195
Net change in fund balance	(105,709)	(204,577)	(113,063)
Fund balance, beginning	<u>204,579</u>	<u>204,579</u>	<u>-</u>
Fund balance, ending	<u>\$ 98,870</u>	<u>\$ 2</u>	<u>\$ (113,063)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Air Quality Management Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 500	\$ 1,217	\$ 717
Intergovernmental	52,500	54,732	2,232
Total revenues	53,000	55,949	2,949
Expenditures:			
Current:			
Public works	291,261	48,284	242,977
Net change in fund balance	(238,261)	7,665	245,926
Fund balance, beginning	47,323	47,323	-
Fund balance (deficit), ending	<u>\$ (190,938)</u>	<u>\$ 54,988</u>	<u>\$ 245,926</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Public Arts Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 15,000	\$ 24,938	\$ 9,938
Charges for services	56,270	158,550	102,280
	<hr/>	<hr/>	<hr/>
Total revenues	71,270	183,488	112,218
Expenditures:			
Current:			
Public works	770,953	333,944	437,009
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(699,683)	(150,456)	549,227
Fund balance, beginning	922,643	922,643	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 222,960</u>	<u>\$ 772,187</u>	<u>\$ 549,227</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Library Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 100,000	\$ 29,714	\$ (70,286)
Charges for services	11,000	133	(10,867)
Donations and contributions	15,000	12,079	(2,921)
Miscellaneous	2,000	-	(2,000)
	<hr/>	<hr/>	<hr/>
Total revenues	128,000	41,926	(86,074)
Expenditures:			
Current:			
Library	1,011,631	24,514	987,117
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(883,631)	17,412	901,043
Fund balance, beginning, restated	2,451,247	2,451,247	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 1,567,616</u>	<u>\$ 2,468,659</u>	<u>\$ 901,043</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Quimby Act Fees Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 100,000	\$ 71,172	\$ (28,828)
Charges for services	-	105,115	105,115
	<u>100,000</u>	<u>176,287</u>	<u>76,287</u>
Expenditures:			
Current:			
Parks and recreation	<u>1,175,717</u>	<u>806,021</u>	<u>369,696</u>
Net change in fund balance	(1,075,717)	(629,734)	445,983
Fund balance, beginning	<u>3,224,118</u>	<u>3,224,118</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,148,401</u>	<u>\$ 2,594,384</u>	<u>\$ 445,983</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Special Projects Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ -	\$ -
Charges for services	175,170	175,170	-
Donations and contributions	220,488	220,488	-
	<u>395,658</u>	<u>395,658</u>	<u>-</u>
Total revenues	<u>395,658</u>	<u>395,658</u>	<u>-</u>
Expenditures:			
Current:			
Public Safety	175,170	175,170	-
Public works	1,539,923	248,571	1,291,352
Parks and recreation	110,881	23,703	87,178
	<u>1,825,974</u>	<u>447,444</u>	<u>1,378,530</u>
Total expenditures	<u>1,825,974</u>	<u>447,444</u>	<u>1,378,530</u>
Net change in fund balance	(1,430,316)	(51,786)	1,378,530
Fund balance, beginning	<u>1,440,801</u>	<u>1,440,801</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 10,485</u></u>	<u><u>\$ 1,389,015</u></u>	<u><u>\$ 1,378,530</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Low and Moderate Housing Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 3,964,000	\$ 3,801,349	\$ (162,651)
Investment income	218,372	259,116	40,744
Donations and contributions	125,000	1,000	(124,000)
Miscellaneous	50,000	178,902	128,902
	<u>4,357,372</u>	<u>4,240,367</u>	<u>(117,005)</u>
Expenditures:			
Current:			
General government	386,838	348,376	38,462
Public works	4,512,625	170,188	4,342,437
Debt service:			
Principal	235,000	235,000	-
Interest	224,000	224,000	-
	<u>5,358,463</u>	<u>977,564</u>	<u>4,380,899</u>
Excess of revenues over expenditures	(1,001,091)	3,262,803	(4,497,904)
Other financing uses:			
Loss from sale of assets	-	(77,303)	(77,303)
	<u>-</u>	<u>(77,303)</u>	<u>(77,303)</u>
Net change in fund balance	(1,001,091)	3,185,500	(4,575,207)
Fund balance, beginning	<u>14,359,672</u>	<u>14,359,672</u>	<u>-</u>
Fund balance, ending	<u>\$ 13,358,581</u>	<u>\$ 17,545,172</u>	<u>\$ (4,575,207)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
CFD Public Safety #1 Special Revenue Fund
For the Year Ended June 30, 2009

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 295	\$ 295
Special assessments	260,000	379,720	119,720
Total revenues	<u>260,000</u>	<u>380,015</u>	<u>120,015</u>
Expenditures:			
Current:			
Public safety	<u>512,772</u>	<u>486,406</u>	<u>26,366</u>
Deficiency of revenues over expenditures	(252,772)	(106,391)	146,381
Other financing sources:			
Transfer in	<u>235,000</u>	<u>235,000</u>	<u>-</u>
Net change in fund balance	(17,772)	128,609	146,381
Fund balance, beginning	<u>32,050</u>	<u>32,050</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 14,278</u></u>	<u><u>\$ 160,659</u></u>	<u><u>\$ 146,381</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 2,114	\$ 2,114
Special assessments	100,000	129,398	29,398
	<hr/>	<hr/>	<hr/>
Total revenues	100,000	131,512	31,512
Expenditures:			
Current:			
Public works	175,607	154,977	20,630
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(75,607)	(23,465)	52,142
Fund balance, beginning	51,509	51,509	-
	<hr/>	<hr/>	<hr/>
Fund balance (deficit), ending	<u>\$ (24,098)</u>	<u>\$ 28,044</u>	<u>\$ 52,142</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Energy Efficiency Loan Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other financing sources:			
Transfer in	\$ 500,000	\$ 500,000	\$ -
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Park Maintenance District Special Revenue Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 112,808	\$ -	\$ (112,808)
Expenditures:			-
Current:			
Public works	419,287	174,988	244,299
Deficiency of revenues over expenditures	(306,479)	(174,988)	131,491
Other financing sources:			
Transfer in	-	306,479	306,479
Net change in fund balance	(306,479)	131,491	437,970
Fund balance, beginning	-	-	-
Fund balance (deficit), ending	<u>\$ (306,479)</u>	<u>\$ 131,491</u>	<u>\$ 437,970</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Debt Service Debt Service Fund
For the Year Ended June 30, 2009

	<u>Budget Final</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment income	\$ 180,000	\$ 138,726	\$ (41,274)
Total revenues	<u>180,000</u>	<u>138,726</u>	<u>(41,274)</u>
Expenditures:			
Current:			
General government	24,000	14,053	9,947
Lease	291,000	291,000	-
Debt service:			
Principal	1,854,611	1,854,610	1
Interest	<u>3,361,773</u>	<u>3,114,161</u>	<u>247,612</u>
Total expenditures	<u>5,531,384</u>	<u>5,273,824</u>	<u>257,560</u>
Deficiency of revenues over expenditures	(5,351,384)	(5,135,098)	216,286
Other financing sources:			
Transfers in	<u>5,043,971</u>	<u>4,879,776</u>	<u>(164,195)</u>
Net change in fund balance	(307,413)	(255,322)	216,286
Fund balance, beginning	<u>6,445,930</u>	<u>6,445,930</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,138,517</u>	<u>\$ 6,190,608</u>	<u>\$ 216,286</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Capital Project Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 96,586	\$ 96,586	\$ -
Investment income	1,053	11,407	10,354
Intergovernmental	9,380,818	4,130,199	(5,250,619)
Donations and contributions	43,500	33,500	(10,000)
	<u>9,521,957</u>	<u>4,271,692</u>	<u>(5,250,265)</u>
Expenditures:			
Current:			
General government	2,554,293	127,983	176,963
Cultural and convention center	1,134,230	2,377,330	1,006,247
Public safety	4,582,319	922,475	3,659,844
Public works	14,153,308	1,456,438	12,696,870
Parks and recreation	917,899	163,585	754,314
Library	597,717	88,988	508,729
	<u>23,939,766</u>	<u>5,136,799</u>	<u>18,802,967</u>
Excess (deficiency) of revenues over expenditures	<u>(14,417,809)</u>	<u>(865,107)</u>	<u>13,552,702</u>
Other financing sources:			
Proceeds from capital lease financing	3,366,478	3,366,478	-
Transfers in	2,252,500	2,621,194	368,694
	<u>5,618,978</u>	<u>5,987,672</u>	<u>368,694</u>
Net change in fund balance	(8,798,831)	5,122,565	13,921,396
Fund balance, beginning	<u>4,479,571</u>	<u>4,479,571</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (4,319,260)</u>	<u>\$ 9,602,136</u>	<u>\$ 13,921,396</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Parking Projects Capital Project Fund
For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 13,729	\$ 13,729
Charges for services	-	8,580	8,580
Total revenues	-	22,309	22,309
Expenditures:			
Current:			-
Public works	22,572	2,573	19,999
Net change in fund balance	(22,572)	19,736	2,310
Fund balance, beginning of year	455,796	455,796	-
Fund balance, end of year	<u>\$ 433,224</u>	<u>\$ 475,532</u>	<u>\$ 2,310</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis.

The City of Palm Springs has the following Internal Service Funds:

Motor Vehicle Replacement Fund – To account for costs related to operations of the central garage and fleet maintenance system, which provides vehicles for most of the City departments. Costs are recovered through a monthly user fee charged to City departments.

Facilities Maintenance Fund – To account for costs related to operation and maintenance of City facilities. Costs are recovered through a monthly user fee charged to City departments using the service.

Employee Benefits Fund – To account for costs and liabilities related to public employees' retirement system and federal taxes. Costs are recovered through a monthly employee benefit charge based upon gross payroll.

Risk Management Fund – To account for costs and liabilities related to health, life, dental, disability, and public liability insurance coverage paid by the City on behalf of City employees and the City operating funds. Costs are recovered via monthly charges based upon gross payroll and benefits derived from insurance coverage.

Retiree Health Insurance Fund – To account for the costs of providing health insurance to qualifying retirees.

Cogeneration Plant Fund – To account for costs of the two cogeneration plants located in the City. Costs are recovered through a user fee based upon electrical consumption. These fees are charged to each department on a monthly basis.

CITY OF PALM SPRINGS
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>
Assets:			
Current assets:			
Cash and investments	\$ 3,621,791	\$ 550,433	\$ 493,277
Accounts receivable	-	-	-
Accrued interest	15,977	-	295,442
Due from other governments	4,994	-	-
Inventories	115,289	-	-
Total current assets	<u>3,758,051</u>	<u>550,433</u>	<u>788,719</u>
Noncurrent assets:			
Net pension asset	-	-	20,091,504
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Capital assets, net of accumulated depreciation	4,138,235	2,200	-
Advances to other funds	-	-	1,430,000
Unamortized debt issuance costs	-	-	418,004
Total noncurrent assets	<u>4,138,235</u>	<u>2,200</u>	<u>21,939,508</u>
Total assets	<u>7,896,286</u>	<u>552,633</u>	<u>22,728,227</u>
Liabilities:			
Current liabilities:			
Accounts payable	166,331	87,685	-
Accrued wages payable	19,176	34,332	-
Accrued interest payable	675	-	-
Claims and judgements payable	-	-	-
Capital lease obligations	36,342	-	-
Bonds payable	-	-	153,529
Total current liabilities	<u>222,524</u>	<u>122,017</u>	<u>153,529</u>
Noncurrent liabilities:			
Compensated absences payable	50,350	93,219	-
Claims and judgments payable	-	-	-
Capital lease obligations	-	-	-
Bonds payable	-	-	20,175,090
Total noncurrent liabilities	<u>50,350</u>	<u>93,219</u>	<u>20,175,090</u>
Total liabilities	<u>272,874</u>	<u>215,236</u>	<u>20,328,619</u>
Net assets:			
Invested in capital assets, net of related debt	4,101,893	2,200	-
Unrestricted	3,521,519	335,197	2,399,608
Total net assets (deficits)	<u>\$ 7,623,412</u>	<u>\$ 337,397</u>	<u>\$ 2,399,608</u>

<u>Risk Management</u>	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Total</u>
\$ 6,625,046	\$ 216,899	\$ 1,246,911	\$ 12,754,357
-	8,548	37,454	46,002
31,774	-	7,104	350,297
-	-	-	4,994
-	-	-	115,289
<u>6,656,820</u>	<u>225,447</u>	<u>1,291,469</u>	<u>13,270,939</u>
-	-	-	20,091,504
-	-	6	6
-	-	2,494,295	6,634,730
-	-	-	1,430,000
-	-	99,342	517,346
<u>-</u>	<u>-</u>	<u>2,593,643</u>	<u>28,673,586</u>
<u>6,656,820</u>	<u>225,447</u>	<u>3,885,112</u>	<u>41,944,525</u>
53,241	-	73,027	380,284
12,527	-	-	66,035
-	-	39,490	40,165
647,500	-	-	647,500
-	-	-	36,342
-	-	243,841	397,370
<u>713,268</u>	<u>-</u>	<u>356,358</u>	<u>1,567,696</u>
42,178	-	-	185,747
2,590,002	-	-	2,590,002
-	-	-	-
-	-	3,349,043	23,524,133
<u>2,632,180</u>	<u>-</u>	<u>3,349,043</u>	<u>26,299,882</u>
<u>3,345,448</u>	<u>-</u>	<u>3,705,401</u>	<u>27,867,578</u>
-	-	(1,098,589)	3,005,504
3,311,372	225,447	1,278,300	11,071,443
<u>\$ 3,311,372</u>	<u>\$ 225,447</u>	<u>\$ 179,711</u>	<u>\$ 14,076,947</u>

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits
Operating revenues:			
Charges for services	\$ 3,883,925	\$ 3,967,686	\$ 10,356,726
Sale of electricity	-	-	-
Miscellaneous	9,290	-	-
Total operating revenues	<u>3,893,215</u>	<u>3,967,686</u>	<u>10,356,726</u>
Operating expenses:			
Heat, light and power	-	-	-
Other charges and services	4,040	-	2,500
Administration	102,930	97,322	-
Cogeneration	-	-	-
Retirement	-	-	9,008,962
Medical life and health insurance	-	-	-
Facilities maintenance	-	3,662,604	-
Maintenance shop operations	2,302,209	-	-
Worker's compensation	-	-	-
Other claims and insurance	17,040	39,789	-
Depreciation	849,321	2,589	-
Total operating expenses	<u>3,275,540</u>	<u>3,802,304</u>	<u>9,011,462</u>
Operating income (loss)	<u>617,675</u>	<u>165,382</u>	<u>1,345,264</u>
Nonoperating revenues (expenses):			
Investment income	97,516	-	10,563
Interest expense	(30,405)	-	(1,444,692)
Gain (loss) on sale of assets	21,374	-	-
Total nonoperating revenues (expenses)	<u>88,485</u>	<u>-</u>	<u>(1,434,129)</u>
Income (loss) before transfers and contributions	706,160	165,382	(88,865)
Transfers in	-	-	-
Transfers out	-	-	-
Capital contributions	48,172	-	-
Change in net assets	754,332	165,382	(88,865)
Net assets (deficits), beginning	<u>6,869,080</u>	<u>172,015</u>	<u>2,488,473</u>
Net assets (deficits), ending	<u>\$ 7,623,412</u>	<u>\$ 337,397</u>	<u>\$ 2,399,608</u>

Risk Management	Retiree Health Insurance	Cogeneration Plant	Total
\$ 11,674,849	\$ 178,385	\$ 3,852,515	\$ 33,914,086
-	-	230,690	230,690
-	-	-	9,290
<u>11,674,849</u>	<u>178,385</u>	<u>4,083,205</u>	<u>34,154,066</u>
-	-	2,283,998	2,283,998
16,501	-	-	23,041
1,363,542	-	17,485	1,581,279
-	-	755,868	755,868
-	-	-	9,008,962
-	-	-	-
6,472,652	-	-	6,472,652
-	-	-	3,662,604
-	-	-	2,302,209
484,771	-	-	484,771
2,046,557	1,061,154	45,200	3,209,740
-	-	124,714	976,624
<u>10,384,023</u>	<u>1,061,154</u>	<u>3,227,265</u>	<u>30,761,748</u>
<u>1,290,826</u>	<u>(882,769)</u>	<u>855,940</u>	<u>3,392,318</u>
192,794	-	-	300,873
-	-	(173,435)	(1,648,532)
-	-	-	21,374
<u>192,794</u>	<u>-</u>	<u>(173,435)</u>	<u>(1,326,285)</u>
1,483,620	(882,769)	682,505	2,066,033
-	900,000	-	900,000
-	-	(50,000)	(50,000)
-	-	-	48,172
<u>1,483,620</u>	<u>17,231</u>	<u>632,505</u>	<u>2,964,205</u>
<u>1,827,752</u>	<u>208,216</u>	<u>(452,794)</u>	<u>11,112,742</u>
<u>\$ 3,311,372</u>	<u>\$ 225,447</u>	<u>\$ 179,711</u>	<u>\$ 14,076,947</u>

CITY OF PALM SPRINGS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits
Cash flows from operating activities:			
Cash receipts from interfund services provided	\$ 3,888,221	\$ 3,967,686	\$ 10,356,726
Cash payment to suppliers for goods and services	(2,422,341)	(3,706,297)	(9,011,462)
Cash payment to employees for services	(90,086)	(78,500)	-
Net cash provided by (used for) operating activities	<u>1,375,794</u>	<u>182,889</u>	<u>1,345,264</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	-	-
Cash paid to other funds	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Cash paid for acquisition of capital assets	(228,009)	-	-
Proceeds from sale of capital assets	21,374	-	-
Capital contributions received	48,172	-	-
Principal paid on debt	-	-	(105,090)
Interest paid on debt	(31,702)	-	(1,174,866)
Repayment on obligation under capital lease	(137,765)	-	-
Net cash used for capital and related financing activities	<u>(327,930)</u>	<u>-</u>	<u>(1,279,956)</u>
Cash flows from investing activities:			
Proceeds from sale and maturities of investments	-	-	-
Interest received on investments	99,870	-	10,975
Net cash provided by (used for) investing activities	<u>99,870</u>	<u>-</u>	<u>10,975</u>
Net increase in cash and cash equivalents	1,147,734	182,889	76,283
Cash and cash equivalents, beginning	<u>2,474,057</u>	<u>367,544</u>	<u>416,994</u>
Cash and cash equivalents, ending	<u>\$ 3,621,791</u>	<u>\$ 550,433</u>	<u>\$ 493,277</u>

Risk Management	Retiree Health Insurance	Cogeneration Plant	Total
\$ 11,676,067	\$ 182,402	\$ 4,100,427	\$ 34,171,529
(2,009,661)	(1,061,154)	(3,210,944)	(21,421,859)
(9,000,966)	-	-	(9,169,552)
<u>665,440</u>	<u>(878,752)</u>	<u>889,483</u>	<u>3,580,118</u>
-	900,000	-	900,000
-	-	(50,000)	(50,000)
-	900,000	(50,000)	850,000
-	-	-	(228,009)
-	-	-	21,374
-	-	-	48,172
-	-	(228,134)	(333,224)
-	-	(175,768)	(1,382,336)
-	-	-	(137,765)
-	-	(403,902)	(2,011,788)
-	-	-	-
205,978	-	(25)	316,798
<u>205,978</u>	<u>-</u>	<u>(25)</u>	<u>316,798</u>
871,418	21,248	435,556	2,735,128
<u>5,753,628</u>	<u>195,651</u>	<u>811,361</u>	<u>10,019,235</u>
<u>\$ 6,625,046</u>	<u>\$ 216,899</u>	<u>\$ 1,246,917</u>	<u>\$ 12,754,363</u>

(continued)

CITY OF PALM SPRINGS
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2009

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits
Reconciliation of cash and cash equivalents to amounts reported on statement of net assets:			
Reported on statement of net assets:			
Cash and investments	\$ 3,621,791	550,433	493,277
Cash and investments with fiscal agent	-	-	-
Cash and cash equivalents, ending	\$ 3,621,791	\$ 550,433	\$ 493,277
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 617,675	165,382	1,345,264
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	849,321	2,589	
(Increase) Decrease in accounts receivable	-		
(Increase) Decrease in due from other governments	(4,994)		
(Increase) Decrease in inventory	79		
Increase (Decrease) in accounts payable	(99,131)	(3,904)	
Increase (Decrease) in accrued wages payable	(1,641)	1,428	
Increase (Decrease) in due to other funds			
Increase (Decrease) in compensated absences	14,485	17,394	
Increase (Decrease) in claims and judgments payable			
Total adjustments	758,119	17,507	-
Net cash provided by (used for) operating activities	\$ 1,375,794	\$ 182,889	\$ 1,345,264

<u>Risk Management</u>	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Total</u>
6,625,046	216,899	1,246,911	\$ 12,754,357
-	-	6	6
<u>\$ 6,625,046</u>	<u>\$ 216,899</u>	<u>\$ 1,246,917</u>	<u>\$ 12,754,363</u>
<u>1,290,826</u>	<u>(882,769)</u>	<u>855,940</u>	<u>\$ 3,392,318</u>
-	-	124,714	976,624
1,218	4,017	17,222	22,457
			(4,994)
			79
37,598		(108,393)	(173,830)
4,326			4,113
15,189			47,068
<u>(683,717)</u>			<u>(683,717)</u>
<u>(625,386)</u>	<u>4,017</u>	<u>33,543</u>	<u>187,800</u>
<u>\$ 665,440</u>	<u>\$ (878,752)</u>	<u>\$ 889,483</u>	<u>\$ 3,580,118</u>

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AGENCY FUND

Agency Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

The City of Palm Springs has one Agency Fund.

Special Deposits Agency Fund – To account for monies held in trust by the City for various purposes ranging from bid bonds to donations for animal shelter activities.

CITY OF PALM SPRINGS
Statement of Changes in Assets and Liabilities
Special Deposits Agency Fund
For the Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Assets:				
Cash and investments	\$ 1,362,512	\$ -	\$ 134,104	\$ 1,228,408
Liabilities:				
Deposits payable	\$ 1,362,512	\$ -	\$ 134,104	\$ 1,228,408

STATISTICAL SECTION

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

STATISTICAL SECTION

This part of the City of Palm Springs comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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CITY OF PALM SPRINGS
Net Assets by Component
Last Four Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2008	2007	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 73,048,922	\$ 74,644,178	\$ 68,392,428	\$ 89,544,865
Restricted	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	<u>34,860,168</u>	<u>43,003,704</u>	<u>56,957,112</u>	<u>28,383,927</u>
Total governmental activities net assets	<u>\$ 173,591,778</u>	<u>\$ 185,687,405</u>	<u>\$ 176,811,123</u>	<u>\$ 164,936,961</u>
Business-type activities:				
Invested in capital assets net of related debt	\$ 102,404,738	\$ 98,206,074	\$ 98,785,796	\$ 93,694,049
Restricted	3,633,197	3,517,715	3,836,949	-
Unrestricted	<u>24,737,228</u>	<u>23,222,716</u>	<u>24,572,187</u>	<u>16,849,508</u>
Total business-type activities net assets	<u>\$ 130,775,163</u>	<u>\$ 124,946,505</u>	<u>\$ 127,194,932</u>	<u>\$ 110,543,557</u>
Primary government:				
Invested in capital assets net of related debt	\$ 175,453,660	\$ 173,429,974	\$ 167,178,224	\$ 183,239,514
Restricted	69,315,885	66,557,238	55,298,532	47,008,169
Unrestricted	<u>59,597,396</u>	<u>65,646,342</u>	<u>81,529,299</u>	<u>45,233,435</u>
Total primary government net assets	<u>\$ 304,366,941</u>	<u>\$ 305,633,554</u>	<u>\$ 304,006,055</u>	<u>\$ 275,481,118</u>

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS
Changes in Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2008	2007	2006
Expenses:				
Governmental activities:				
General government	\$ 15,700,926	\$ 10,720,946	\$ 12,278,124	\$ 12,664,186
Cultural and convention center	7,693,125	5,511,222	7,580,033	5,894,286
Public safety	38,382,590	35,442,942	33,968,442	30,377,849
Public works	21,959,270	21,749,956	19,329,974	15,178,234
Parks and recreation	9,532,099	9,433,992	7,275,052	7,056,619
Library	2,937,321	2,772,268	2,332,577	2,562,084
Interest on long-term debt	14,636,613	11,609,448	7,764,472	8,416,117
Total governmental activities expenses	<u>110,841,944</u>	<u>97,240,774</u>	<u>90,528,674</u>	<u>82,149,375</u>
Business-type activities:				
Airport	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	5,854,655	5,191,967	4,658,947	3,617,124
Golf course	5,374,561	4,664,759	3,872,346	3,615,866
Total business-type activities expenses	<u>35,866,799</u>	<u>33,699,020</u>	<u>30,162,831</u>	<u>27,387,361</u>
Total primary government expenses	<u>146,708,743</u>	<u>130,939,794</u>	<u>120,691,505</u>	<u>109,536,736</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,868,359	1,811,973	1,527,808	2,985,457
Cultural and convention center	359,103	402,890	1,644,443	342,570
Public safety	1,922,028	1,922,714	1,614,245	1,387,079
Public works	3,249,898	6,367,211	7,968,799	8,064,647
Parks and recreation	1,823,445	2,033,797	814,512	1,502,694
Library	124,726	222,349	386,807	212,725
Operating grants and contributions	9,480,506	11,559,384	9,595,013	9,148,403
Capital grants and contributions	6,269,961	4,202,582	5,135,785	6,955,885
Total governmental activities program revenues	<u>25,098,026</u>	<u>28,522,900</u>	<u>28,687,412</u>	<u>30,599,460</u>
Business-type activities:				
Charges for services:				
Airport	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	6,006,812	6,007,109	7,456,041	6,428,919
Golf course	4,130,497	2,261,723	3,210,941	2,887,216
Operating grants and contributions	-	-	299,718	283,674
Capital grants and contributions	10,051,905	2,446,831	16,394,397	6,005,185
Total business-type activities program revenues	<u>38,654,335</u>	<u>30,247,481</u>	<u>45,299,885</u>	<u>30,186,448</u>
Total primary government revenues	<u>63,752,361</u>	<u>58,770,381</u>	<u>73,987,297</u>	<u>60,785,908</u>

(Continued)

CITY OF PALM SPRINGS
Changes in Net Assets (Continued)
Last Four Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2008	2007	2006
Net revenues (expenses):				
Governmental activities	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	2,787,536	(3,451,539)	15,137,054	2,799,087
Total net revenues (expenses)	<u>(82,956,382)</u>	<u>(72,169,413)</u>	<u>(46,704,208)</u>	<u>(48,750,828)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	12,753,078	14,464,485	14,465,639	14,677,511
Other taxes	10,709,406	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu	4,180,689	4,056,920	3,640,542	3,398,819
Investment income	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	7,241,006	2,293,329	3,804,702	1,413,164
Transfers	<u>(2,140,000)</u>	<u>(700,000)</u>	<u>(14,730)</u>	<u>(500,000)</u>
Total governmental activities	73,898,291	77,594,156	73,715,424	62,756,057
Business-type activities:				
Investment income	900,328	1,625,626	1,498,991	808,752
Other revenue	1,150	317,450	-	-
Transfers	<u>2,140,000</u>	<u>700,000</u>	<u>14,730</u>	<u>500,000</u>
Total business-type activities	<u>3,041,478</u>	<u>2,643,076</u>	<u>1,513,721</u>	<u>1,308,752</u>
Total primary activities	<u>76,939,769</u>	<u>80,237,232</u>	<u>75,229,145</u>	<u>64,064,809</u>
Change in net assets:				
Governmental activities	(11,845,627)	8,876,282	11,874,162	11,206,142
Business-type activities	5,829,014	(808,463)	16,650,775	4,107,839
Total primary activities	<u>\$ (6,016,613)</u>	<u>\$ 8,067,819</u>	<u>\$ 28,524,937</u>	<u>\$ 15,313,981</u>

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS
Fund Balances of Governmental Funds
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2009	2008	2007	2006
General Fund:				
Reserved	\$ 5,664,944	\$ 5,402,822	\$ 3,972,662	\$ 4,045,302
Unreserved	7,055,671	11,882,037	9,219,367	2,419,770
Total General Fund	\$ 12,720,615	\$ 17,284,859	\$ 13,192,029	\$ 6,465,072
All Other Governmental Funds:				
Reserved	\$ 55,281,667	\$ 71,505,398	\$ 31,258,664	\$ 39,126,531
Unreserved, reported in:				
Debt service	-	-	2,641,321	(433,447)
Special revenue funds	7,903,147	9,168,338	28,090,940	20,109,521
Capital projects funds	23,370,030	10,244,630	12,936,479	21,860,630
Total All Other Governmental Funds	\$ 86,554,844	\$ 90,918,366	\$ 74,927,404	\$ 80,663,235

CITY OF PALM SPRINGS
Changes in Fund Balances of Governmental Funds
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2009	2008	2007	2,006
Revenues:				
Taxes	\$ 72,269,596	\$ 75,916,291	\$ 72,093,648	\$ 67,085,805
Licenses and permits	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	824,131	781,656	1,167,855	944,495
Investment income	7,232,315	6,733,021	3,472,523	2,255,470
Rental income	252,859	504,901	854,909	776,345
Intergovernmental	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	5,038,889	6,190,461	8,138,350	6,486,118
Other	5,496,259	5,849,485	6,027,493	4,181,714
Total revenues	<u>109,231,801</u>	<u>115,770,392</u>	<u>106,450,126</u>	<u>95,676,501</u>
Expenditures:				
Current:				
General government	14,090,558	14,217,987	13,056,812	12,756,285
Cultural and convention center	4,756,377	3,946,989	5,319,373	9,797,133
Public safety	38,116,499	34,720,156	33,438,801	30,153,554
Public works	23,788,035	29,593,755	16,305,743	20,190,731
Parks and recreation	8,608,714	8,023,314	7,242,156	7,096,167
Library	2,924,851	2,744,643	2,232,037	2,481,292
Lease	1,601,000	-	-	-
Debt service:				
Principal retirement	3,793,289	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	13,088,973	9,963,603	7,382,576	7,751,650
Bond issuance costs	-	887,426	-	-
Payment to escrow agent	-	3,661,948	-	-
Pass-through payments	7,440,446	7,087,437	5,505,436	3,973,940
Total expenditures	<u>118,208,742</u>	<u>119,056,636</u>	<u>97,458,928</u>	<u>97,563,328</u>
Excess (deficiency) of revenues over (under) expenditures	(8,976,941)	(3,286,244)	8,991,198	(1,886,827)
Other financing sources (uses):				
Transfers in	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(23,140,156)	(13,538,365)	(12,564,443)	(13,214,342)
Proceeds for debt	3,366,478	24,935,036	-	3,806,000
Proceeds (loss) from sale of assets	(77,303)	35,000	-	-
Total other financing sources (uses)	<u>299,175</u>	<u>23,370,036</u>	<u>(1,535,000)</u>	<u>2,821,600</u>
Net change in fund balances	<u>\$ (8,677,766)</u>	<u>\$ 20,083,792</u>	<u>\$ 7,456,198</u>	<u>\$ 934,773</u>
Debt service as a percentage of noncapital expenditures	15.58%	13.6%	15.5%	11.7%

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

**Assessed Value and Estimated Actual Value of Taxable Property
Last Four Fiscal Years
(in thousands of dollars)**

Fiscal Year Ended June 30	City			RDA			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2006	\$ 7,974,529	\$ 529,786	\$ 8,504,315	\$ 1,298,238	\$ 170,646	\$ 1,468,884	0.275%
2007	9,333,164	505,225	9,838,389	1,587,538	196,463	1,784,001	0.275%
2008	10,715,907	515,524	11,231,431	1,996,316	184,881	2,181,197	0.275%
2009	11,094,733	614,760	11,709,493	2,170,605	150,175	2,320,780	0.275%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. Only four years of information has been presented, prior years are unavailable.

Source: Riverside County Assessor's Office

CITY OF PALM SPRINGS

**Direct and Overlapping Property Tax Rates
Last Four Fiscal Years
(Rate per \$100 of Assessed Value)**

	2009	2008	2007	2006
City Direct Rates:				
City	0.26445	0.26445	0.26445	0.26445
RDA	0.0106	0.0106	0.01060	0.01060
	<hr/>	<hr/>	<hr/>	<hr/>
Total City Direct Rate	0.27505	0.27505	0.27505	0.27505
Overlapping Rates:				
Desert Water Agency	0.09784	0.09784	0.09784	0.07784
County Flood Control	0.04231	0.04232	0.04232	0.04231
Palm Springs Cemetery	0.00148	0.00148	0.00148	0.00148
CV Mosquito Abatement	0.01299	0.01299	0.01299	0.01299
Riverside Co Park and Recreation	0.00404	0.00404	0.00404	0.00404
College of the Desert	0.09131	0.09132	0.09132	0.09131
Desert Hospital	0.01893	0.01893	0.01893	0.01893
Palm Springs Unified School District	0.31008	0.30469	0.30913	0.30013
School Equalization Aid	0.03882	0.03882	0.03882	0.03882
County of Riverside	0.26715	0.26715	0.26715	0.26715
	<hr/>	<hr/>	<hr/>	<hr/>
Total Direct Rate	1.16000	1.15463	1.15907	1.13005
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of certain other bonds. Only four years of information has been presented, prior years are unavailable.

Source: Riverside County Assessor's Office

CITY OF PALM SPRINGS

**Principal Property Tax Payers
Current Year**

Taxpayer	2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Tenet Health System Desert Inc.	\$ 105,173,838	0.75%
Suncal PSV	86,190,155	0.61%
Indigo Generation LLC	70,500,000	0.50%
HH Plam Springs	56,597,760	0.40%
John Wessman	53,764,356	0.38%
San Gorgonio Westwinds II LLC	43,915,000	0.31%
Steven M. & Kathleen Johnson	40,510,212	0.29%
Standard Pacific Corp	35,735,275	0.25%
Skywest Airlines	35,704,234	0.25%
PSMHOP	35,465,776	0.25%
	\$ 563,556,606	4.02%

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: Riverside County Assessor's Office

The statistics for 1999 are not available.

CITY OF PALM SPRINGS

**Property Tax Levies and Collections
Last Four Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	\$ 14,798,548	\$ 13,930,235	94.13%	\$ 591,281	\$ 14,521,516	98.13%
2007	16,810,790	15,325,800	91.17%	756,370	16,082,170	95.67%
2008	17,805,189	(1)	0.00%	(1)	-	0.00%
2009	-	(1)	100%	(1)	-	100%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies. Only four years of information has been presented, prior years are unavailable.

Source: Riverside County Auditor Controller's Office

(1) - County of Reverside was unable to provide this information.

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CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type

Last Four Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Pension Obligation Bond (1)	General Obligation Bonds	Tax Allocation Bonds	Loans	
2006	\$ -	\$ 107,732,568	\$ 26,950,000	\$ 134,583	\$ 134,817,151
2007	19,832,588	102,319,055	26,220,000	118,590	148,490,233
2008	19,832,588	99,938,944	46,640,000	101,641	166,513,173
2009	20,328,619	97,667,830	45,860,000	83,642	163,940,091

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Only four years of information has been presented, prior years are unavailable.

Business-type Activities

	Airport Revenue Bonds	Certificates of Participation	Total Business-type Activities	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
\$	29,113,602	\$ 11,788,191	\$ 40,901,793	\$ 175,718,944	\$ 0.00355	3,784
	28,907,043	11,537,303	40,444,346	188,934,579	0.00382	4,448
	29,095,000	11,846,058	40,941,058	207,454,231	0.00420	4,884
	27,965,000	11,422,169	39,387,169	203,327,260	4,787.21211	4,787

* Personal Income 49,443,185,000

* Total Population 42,473

CITY OF PALM SPRINGS

**Ratio of General Bonded Debt Outstanding
Last Four Fiscal Years
(In Thousands, except Per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value (1)	Per Capita
	Pension Obligation Bond (2)	General Obligation Bonds	Tax Allocation Bonds			
2006	\$ -	\$ 107,733	\$ 26,950	\$ 134,683	1.20%	\$ 3,171
2007	19,832	102,320	26,200	148,352	1.08%	3,493
2008	19,832	99,938	46,640	166,410	1.21%	3,918
2009	20,328	97,667	45,860	163,855	1.19%	3,858

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California. Only four years of information has been presented, prior years are unavailable.

CITY OF PALM SPRINGS

Direct and Overlapping Debt

June 20, 2009

City Assessed Valuation	\$11,709,493
Redevelopment Agency Incremental Valuation	<u>2,320,780</u>
	<u><u>\$14,030,273</u></u>

	Percentage Applicable (1)	Outstanding Debt 6/30/09	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	22.888%	\$ 337,870,330	\$ 74,585,013
Banning Unified School District	22.600%	48,139,000	108,794
Palm Springs Unified School District	54.93%	231,840	127,356,667
San Geronio Memorial Hospital District	0.08%	50,000,000	40,500
City of Palm Springs 1915 Act Bonds	100%	<u>10,295,000</u>	<u>10,295,000</u>
Total overlapping debt repaid with property taxes		<u>\$ 446,536,170</u>	<u>\$ 212,385,974</u>
 Overlapping Other Debt:			
Riverside County General Fund Obligations	4.888%	\$ 761,194,659	\$ 37,207,195
Riverside County Pension Obligations	4.888%	382,090,000	18,676,559
Riverside County Board of Education Certificates of Participation	4.888%	8,270,000	404,238
Mt. San Jacinto Community College District General Fund Obligation	0.007%	12,720,000	890
City of Palm Springs General Fund Obligations	100%	109,090,000	109,090,000
City of Palm Springs Pension Obligations	100%	19,832,588	19,832,588
Coachella Valley County Water District Storm Water Unit	0.204%	<u>5,240,000</u>	<u>10,690</u>
Less: Riverside County Self-Supporting Obligations			799,402
Total overlapping other debt		<u>\$ 1,298,437,247</u>	<u>\$ 184,422,758</u>
City direct debt			<u>166,513,173</u>
Total direct and overlapping debt			<u><u>\$ 350,935,931</u></u>

Notes:

1 For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the porting of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

CITY OF PALM SPRINGS

**Legal Debt Margin Information
Last Four Fiscal Years
(in Thousands of Dollars)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Valuation	\$ 14,030,273	\$ 13,412,628	\$ 11,622,390	\$ 9,973,199
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	3,507,568	3,353,157	2,905,598	2,493,300
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	526,135	502,974	435,840	373,995
Total net debt applicable to limit: General Obligation Bonds	<u>97,667</u>	<u>99,939</u>	<u>102,319</u>	<u>107,733</u>
Legal debt Margin	<u>\$ 428,468</u>	<u>\$ 403,035</u>	<u>\$ 333,521</u>	<u>\$ 266,262</u>
 Total Debt applicable to the limit as a percentage of debt limit	 18.6%	 19.9%	 23.5%	 28.8%

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 value (as of the most recent 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. Only four years of information has been provided, prior years are unavailable.

Source: City Finance Department
Riverside County Tax Assessor's Office

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CITY OF PALM SPRINGS

**Pledged-Revenue Coverage
Last Four Fiscal Years**

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Principal	Debt Service Interest	Coverage
2006	\$ 7,335,285	\$ 710,000	\$ 1,394,621	\$ 3.49
2007	9,580,238	730,000	1,370,994	4.56
2008	12,308,827	755,000	1,862,249	4.70
2009	14,093,345	780,000	2,458,686	4.35

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses. Only four years of information has been presented, prior years are unavailable.

CITY OF PALM SPRINGS

**Pledged-Revenue Coverage
Last Four Fiscal Years**

Airport Revenue Bonds

	Airport Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
\$	21,206,763	\$ 11,467,523	\$ 9,739,240	\$ 888,000	\$ 1,733,111	3.72
	34,659,634	17,493,314	17,166,320	460,000	1,387,562	9.29
	26,418,356	19,854,497	6,563,859	1,310,000	1,616,318	2.24
	28,958,090	16,104,141	12,853,949	1,310,000	1,629,824	4.37

CITY OF PALM SPRINGS

**Demographic and Economic Statistics
Last Four Calendar Years**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
2006	46,437	\$ 49,443,185	\$ 26,448	3.5%
2007	46,858	49,443,185	35,973	3.9%
2008	47,251	49,443,185	28,730	4.9%
2009	42,473	49,443,185	28,730	10.4%

Only four years have been presented, prior years are unavailable.

Sources:

- (1) State Department of Finance
- (2) State of California Employment Development Department - County of Riverside - 2004
- (3) State of California Employment Development Department

CITY OF PALM SPRINGS

**Principal Employers
Current Year**

Employer	2009	
	Number of Employees	Percent of Total Employment
Palm Springs Unified School District	1,751	5.52%
Desert Regional Medical Center	1,189	3.75%
Agua Caliente Gaming Casino	902	2.84%
City of Palm Springs	421	1.33%
Desert Sun	300	0.95%
Walmart	305	0.96%
Ralphs Grocery Company	235	0.74%
Lowe's	185	0.58%
Home Depot	210	0.66%
Target Corporation	152	0.48%

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

Source: State Employment Development Department
City of Palm Springs
Coachella Valley Economic Partnership

* Year 1998 information not available.

CITY OF PALM SPRINGS

**Full - Time Equivalent City Employees By Department
Last Four Fiscal Years**

<u>Department</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Administration	48.75	46.30	44.70	45.90
Growth Management	34.95	34.95	34.85	37.85
Quality of Life	56.25	53.90	52.65	48.90
Public Safety	214.50	215.50	207.50	195.50
Public Works & Engineering	32.75	30.60	30.10	30.10
Airport	69.50	69.65	68.15	67.00
Golf Course	0.50	0.50	0.50	0.50
Motor Vehicle	9.00	9.00	9.00	10.00
Facilities Maintenance	14.50	14.50	14.00	14.00
Risk Management	3.25	3.25	3.25	3.15
Low & Moderate Income Housing	4.55	6.80	6.50	2.35
Wastewater Treatment Plant	0.00	0.05	0.05	0.00
Total	<u>488.50</u>	<u>485.00</u>	<u>471.25</u>	<u>455.25</u>

Only four years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS

**Operating Indicators by Function
Last Four Fiscal Years**

	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2007</u>	<u>Fiscal Year</u> <u>2006</u>
Police:				
Arrests	4319	4908	4,152	3,897
Parking Citations	2896	2987	3,125	2,875
Fire:				
Number of Emergency Calls	7054	6,928	6,876	6,772
Inspections	2907	3,889	2,025	576
Public Works:				
Street resurfacing (sq feet)	3,580,270	3,688,258	4,025,450	2,759,517
Parks and Recreation:				
Number of recreation classes	2001	1,331	1,055	1,423
Number of facility rentals	968	1,138	165	163
Airport:				
Passengers serviced	1,453,921	1,591,458	1,595,417	1,478,616
Flights	68,805	77,859	93,201	92,668
Sewer:				
New Connections	122	166	258	566
Ave Daily sewage treatment	6491	6491	6,491	6,500
Golf Course:				
Golf rounds played	82,966	83,705	83,979	44,039

Only four years of information has been presented, prior years are unavailable.

Source: City of Palm Springs

CITY OF PALM SPRINGS

**Capital Asset Statistics
By Function**

Last Four Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police:				
Stations	1	1	1	1
Fire:				
Fire Stations	5	5	5	5
Public Works:				
Streets (miles)	270	270	270	270
Streetlights	365	360	218	218
Traffic signals	81	81	76	76
Parks and recreation:				
Parks	8	8	8	8
Community centers	2	2	2	2
Airport:				
Runway (feet)	14,952	14,952	14,952	14,952
Gates	16	16	11	11
Wastewater:				
Sanitary sewers (miles)	260	260	260	260
Storm sewers (miles)	50	50	1	1
Maximum daily treatment capacity (thousands of gallons)	10,900	10,900	10,900	10,900
Cogeneration:				
Cogeneration plants	1	1	1	1
Golf Course:				
Municipal golf courses	2	2	2	2
Convention Center:				
Square feet	250,000	250,000	250,000	250,000
Meeting rooms	13	13	13	13

Only four years of information has been presented, prior years are not available.

Source: City of Palm Springs