



CITY OF PALM SPRINGS, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2010

Lance Soll & Lunghard, LLP

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CITY OF PALM SPRINGS, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2010

CITY OF PALM SPRINGS

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CERTIFIED PUBLIC ACCOUNTANTS

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- Donald L. Parker, CPA
- Michael K. Chu, CPA
- David E. Hale, CPA, CFP
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

We have audited the 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, (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 15, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Lingham, LLP

November 15, 2010



CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

Compliance

We have audited the compliance of the City of Palm Springs (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on timely basis by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider material weaknesses as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. Our audit was performed for the purpose of forming an opinion of the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Lance, Solt & Lughard, LLP

November 15, 2010

CITY OF PALM SPRINGS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation:</u>			
Direct Assistance:			
Airport Improvement	20.106	3-06-0181-42	\$ 132,069
	20.106	3-06-0181-43	99,741
	20.106	3-06-0181-45	8,266
Program Total	20.106		<u>240,076</u>
Passed through the State of California:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	AL1021	112,415
	20.601	AL0938	35,570
	20.601	CT10303	10,089
	20.601	CT09303	13,428
	20.601	SC10303	38,642
Program Total	20.601		<u>210,144</u>
Passed through from the State of California and the Department of Transportation:			
Highway Planning and Construction *	20.205	BHLO-5282	207,304
	20.205	BRLO-5282	24,842
	20.205	BRLO-5282	5,136
	20.205	BR-NBIL	107,680
	20.205	STPL-5282	847
	20.205	STPL-5282	390,914
	20.205	STPL-5283	226,345
	20.205	STPL-5284	15,169
	20.205	STPL-5285	24,902
	20.205	STPL-5286	14,000
	20.205	STPL-5287	2,812,668
(ARRA)	20.205	STPL-5288	1,109,492
Program Total	20.205		<u>4,939,299</u>
Total U.S. Department of Transportation			<u>5,389,519</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Direct Assistance:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant *			
Program Year 2009	14.218	B-08-MC-06-0562	47,000
Program Year 2010	14.218	B-09-MC-06-0562	464,858
Program Total	14.218		<u>511,858</u>
Community Development Block Grant Recovery (ARRA) *			
Program Year 2010	14.253	B-09-MY-06-0561	126,681
Neighborhood Stabilization Program	14.256	09-NSP1-6300	260,143
Total U.S. Department of Housing and Urban Development			<u>898,682</u>
<u>U.S. Department of Justice:</u>			
Direct Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0962	6,117
Public Safety Partnership			
Youth Academy	16.710	2009-DJ-BX-0773	2,856
COPS Hiring Recovery Program (ARRA)	16.710	2009RKWX0142	19,122
Program Total	16.710		<u>21,978</u>
Total U.S. Department of Justice			<u>28,095</u>

CITY OF PALM SPRINGS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Homeland Security:</u>			
Direct Assistance:			
Homeland Security Grant Program - Fire (Safer Grant)	97.067	2006-DJ-BX-0962	370,490
Homeland Security Grant Program - Fire 2009	97.067	2009-SS-T9-0019	28,112
Homeland Security Grant Program - Fire (Safer Grant)	97.067	2008-DJ-BX-0560	<u>244,782</u>
Program Total	97.067		<u>643,384</u>
LETPP 2008 SHSG	97.074	2008-GE-T8-0006	247,846
Emergency Management Performance Grant	97.042	0AP-09-ALRT	74,757
	97.042	2009-EP-E9-0015	<u>23,997</u>
Program Total	97.042		<u>98,754</u>
Total U.S. Department of Homeland Security			<u>989,984</u>
<u>U.S. Department of Energy:</u>			
Direct Assistance:			
Energy Efficiency Community Block Grant (ARRA)	81.128	DE-EE0002156	<u>19,688</u>
Total U.S. Department of Energy			<u>19,688</u>
Total Federal Expenditures			<u>\$ 7,325,968</u>

* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used in preparing this schedule.

Note b: There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: Total amount provided to subrecipients during the year was \$0.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Palm Springs, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

CITY OF PALM SPRINGS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? yes no
- Significant deficiencies identified that are considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? yes no
- Significant deficiencies identified that are considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.253	Community Development Block Grant Recovery
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B program \$300,000

Auditee qualified as low-risk auditee? yes no

CITY OF PALM SPRINGS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CITY OF PALM SPRINGS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

SECTION I - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



CITY OF PALM SPRINGS, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared By:
Finance Department

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Director of Finance and Treasurer

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CITY OF PALM SPRINGS, CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2010

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JUNE 30, 2010

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JUNE 30, 2010

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City of Palm Springs

Department of Finance & Treasury

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December 6, 2010

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, 2010, 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 47,653 increases substantially in the tourist 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 most of our revenue categories.

Sales Tax collections decreased about 6.8%. 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 6.8% 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 the bright spot this year, with collections up 4.7% 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 greatly enhanced 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 \$70.9 million in Fiscal Year 2008-2009, to \$65.8 million in Fiscal Year 2009-2010, a decrease of about 7.2%.

Fortunately, in anticipation of the decrease in revenues, the City implemented an aggressive Budget Reduction Plan that resulted in decreases 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 \$7.7 million, the City Council adopted a budget for 2010-2011 that reduced expenditures by \$7.7 million which balanced the City budget.

This is the second Budget Reduction Plan in two straight fiscal years. It included the temporary closure of our City jail and one fire station and the reduction of 60 FTE positions through an Incentive to Leave Service program, the elimination of vacancies, and 15 positions through layoffs. Instead of mothballing the fire station, it is being leased out to AMR ambulance service, giving them a second location to operate from, which has improved their access to the overall City. Budget reductions also included the scaling back or elimination of many capital outlay projects including the second year of the suspension of the motor vehicle replacement program. Also, all departments are continuing their 10% reduction in nonpersonnel budgets. Other previously made reductions were continued 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. The police and fire departments budgets were reduced by a total of \$3.5 million.

In an effort to bolster our local economy, the City implemented a \$1 million Economic Development Program to jump-start tourism and to assist local businesses. Also, the Palm Springs International Airport implemented a \$1 million marketing support program as an incentive for airlines to add new routes or extend the current length of existing routes. Two such marketing incentives have already been approved – for the extension of WestJet's Calgary summer service and the initiation of service to and from Toronto by WestJet next February.

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.

FOR THE FUTURE

As revenues are expected to stay relatively constant while expenses such as employees CalPERS retirement obligations continue to rise, the City Council continues to seek ways to reduce expenses even further through measures such as compensation and retirement concessions through the collective bargaining process with our employee unions. Also, the Council is continuing the implementation of the Economic Development Program begun in the 2009-2010 fiscal year. Finally, the City Council has begun consideration of the possible purchase and redevelopment of the 40-year old Desert Fashion Plaza which is located in the heart of the City's downtown and was closed eighteen years ago in 1992.

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, 2010 provided no instances of material weaknesses in the internal control structure or significant 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 2009-2010 expenditures was calculated at \$119,324,757. Appropriations subject to limitation totaled \$58,738,748, or \$60,586,009 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, 2010, the total remaining principal on the long-term debt of the City and its related entities is \$229,928,026.

Cash Management. The City had \$103,907,766 available for investment on June 30, 2010 compared to \$110,124,699 as of June 30, 2009. The current year amount does not include \$21,324,840 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 Lance Soll & Lunghard was selected by the City Council with the recommendation of the Finance Director and a Review Committee after a formal Request for Proposal process. Subsequently, a contract was entered into with Lance Soll & Lunghard, LLP to perform audit services for the City and Redevelopment Agency. 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 the 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. The City's independent auditors, Lance Soll & Lunghard, LLP, 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

21st 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, Lance, Soll, & Lunghard, 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, 2010

CITY COUNCIL

Stephen P. Pougnet, Mayor
Rick Hutcheson, Mayor Pro Tem
Ginny Foat
Christopher S. Mills
Lee Weigel

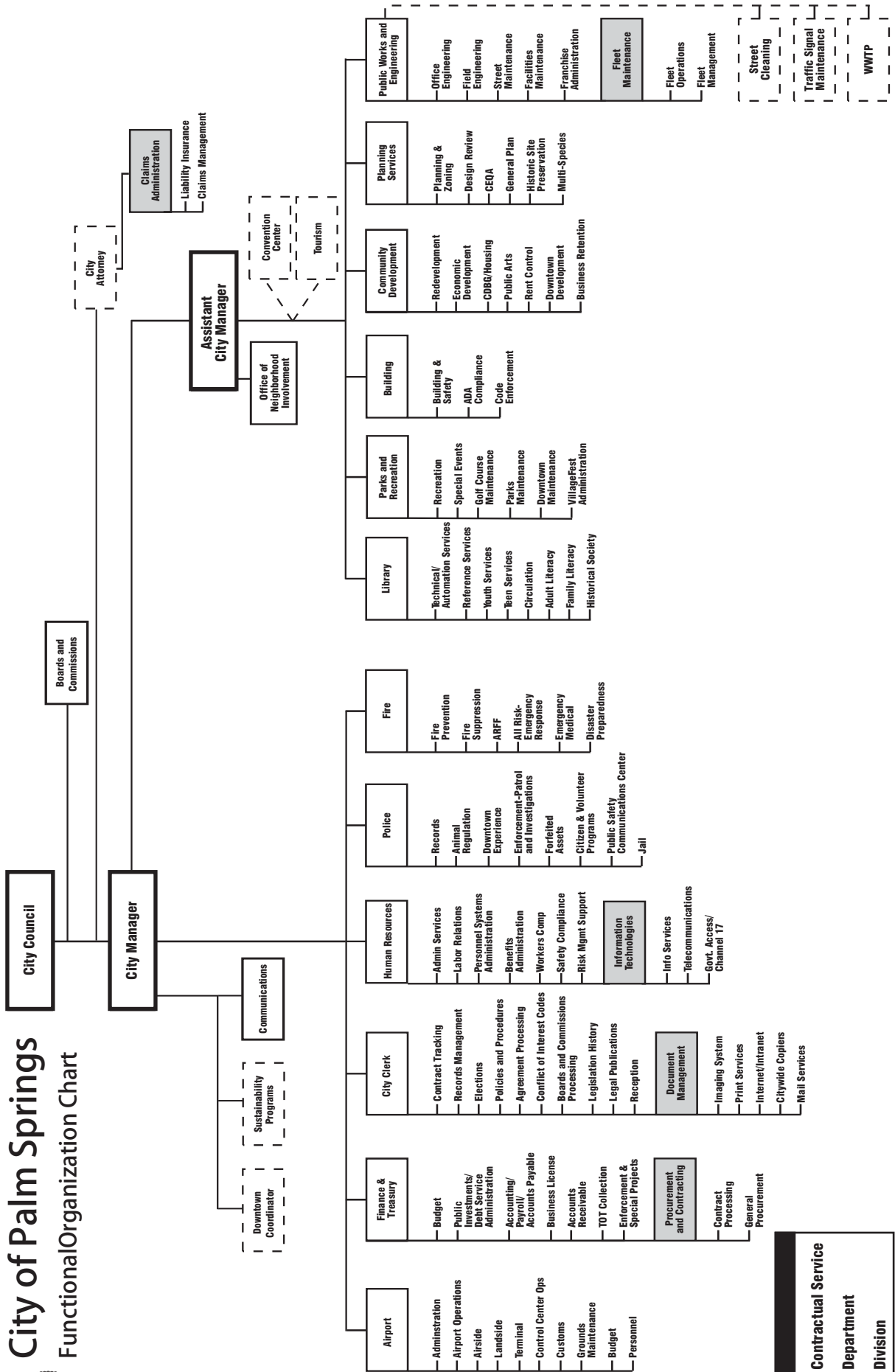
EXECUTIVE MANAGEMENT

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	Vacant
Director of Finance and Treasurer	Geoffrey S. Kiehl
Director of Human Resources	Susan E. Mills
Director of Parks, Recreation and Facilities	Vicki Oltean
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, 2009

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 stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- Donald L. Parker, CPA
- Michael K. Chu, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

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, 2010, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Palm Springs' management. Our responsibility is to express an opinion 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 misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Low and Moderate Income Housing Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010, on our consideration of the City of Palm Springs' internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, 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 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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.



To the Honorable Mayor and Members of the City Council
City of Palm Springs, California

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 combining and individual fund statements, schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 accompanying introductory section and statistical tables 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.

Lance, Soll & Luyhard, LLP

November 15, 2010

CITY OF PALM SPRINGS
Management's Discussion and Analysis
June 30, 2010

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, 2010. 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 three parts – *management's discussion and analysis* (this section), the *basic financial statements*, 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.

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, 2010

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, 2010

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, 2010

- *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, 2010

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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 143,499	\$ 158,998	\$ 36,041	\$ 33,887	179,540	192,885
Capital assets	218,188	220,024	131,055	139,991	349,243	360,015
Total assets	<u>361,687</u>	<u>379,022</u>	<u>167,096</u>	<u>173,878</u>	<u>528,783</u>	<u>552,900</u>
Long-term debt outstanding	184,468	176,573	35,154	36,877	219,622	213,450
Other liabilities	20,204	28,858	5,949	6,226	26,153	35,084
Total liabilities	<u>204,672</u>	<u>205,431</u>	<u>41,103</u>	<u>43,103</u>	<u>245,775</u>	<u>248,534</u>
Net assets:						
Invested in capital assets (net of debt)	73,198	73,049	94,458	102,405	167,656	175,454
Restricted	63,883	64,450	4,288	3,633	68,171	68,083
Unrestricted	19,934	36,093	27,248	24,737	47,182	60,830
Total net assets	<u>\$ 157,015</u>	<u>\$ 173,592</u>	<u>\$ 125,994</u>	<u>\$ 130,775</u>	<u>\$ 283,009</u>	<u>\$ 304,367</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2010

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

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 10,888	\$ 9,348	\$ 29,615	\$ 28,602	\$ 40,503	\$ 37,950
Operating contributions & grant	6,425	9,481	0	0	6,425	9,481
Capital contributions & grants	3,212	6,270	523	10,052	3,735	16,322
General revenues						
Property taxes & tax increment	24,548	30,747	0	0	24,548	30,747
Sales taxes	8,222	8,797	0	0	8,222	8,797
Transient occupancy taxes	13,371	12,753	0	0	13,371	12,753
Other taxes	12,185	14,890	0	0	12,185	14,890
Gain on sale of capital asset	0	0	0	0	0	0
Other general revenues	9,508	8,851	447	902	9,955	9,753
Total revenues	<u>\$ 88,359</u>	<u>\$ 101,137</u>	<u>\$ 30,585</u>	<u>\$ 39,556</u>	<u>\$ 118,944</u>	<u>\$ 140,693</u>
Program expenses						
General government	\$ 11,785	\$ 15,701	\$ 0	\$ 0	\$ 11,785	\$ 15,701
Culture and convention center	5,590	7,693	0	0	5,590	7,693
Public safety	39,310	38,383	0	0	39,310	38,383
Public Works	25,469	21,959	0	0	25,469	21,959
Parks and recreation	7,053	9,532	0	0	7,053	9,532
Library	2,042	2,937	0	0	2,042	2,937
Interest	13,747	14,637	0	0	13,747	14,637
Airport	0	0	24,586	24,638	24,586	24,638
Wastewater	0	0	6,127	5,855	6,127	5,855
Golf Course	0	0	5,154	5,374	5,154	5,374
Total expenses	<u>\$ 104,996</u>	<u>\$ 110,842</u>	<u>\$ 35,867</u>	<u>\$ 35,867</u>	<u>\$ 140,863</u>	<u>\$ 146,709</u>
Excess (deficiency) before special items and transfers	(16,637)	(9,705)	(5,282)	3,689	(21,919)	(6,016)
Transfers	(500)	(2,140)	500	2,140	0	0
Increase (decrease) in net assets	(17,137)	(11,845)	(4,782)	5,829	(21,919)	(6,016)
Beginning net assets	173,592	185,437	130,775	124,946	304,367	310,383
Restatement of net assets	560	0	0	0	560	0
Ending net assets	<u>\$ 157,015</u>	<u>\$ 173,592</u>	<u>\$ 125,993</u>	<u>\$ 130,775</u>	<u>\$ 283,008</u>	<u>\$ 304,367</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2010

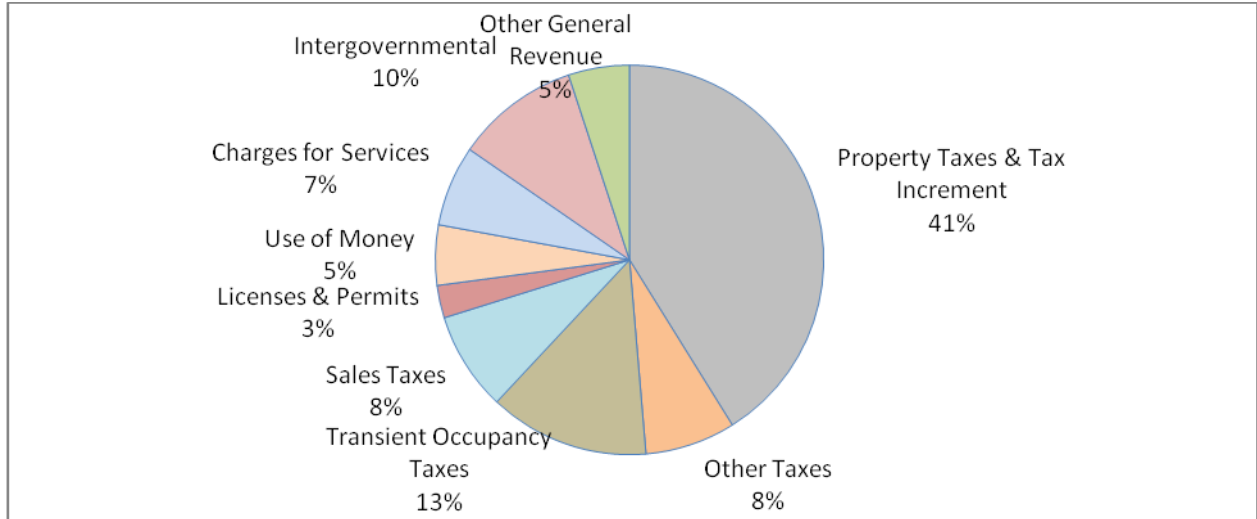
The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities decreased by about 10.6% (\$157.0 million compared to \$173.6 million for the 2008-2009 fiscal year and \$185.7 million for the 2007-2008 fiscal year).

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

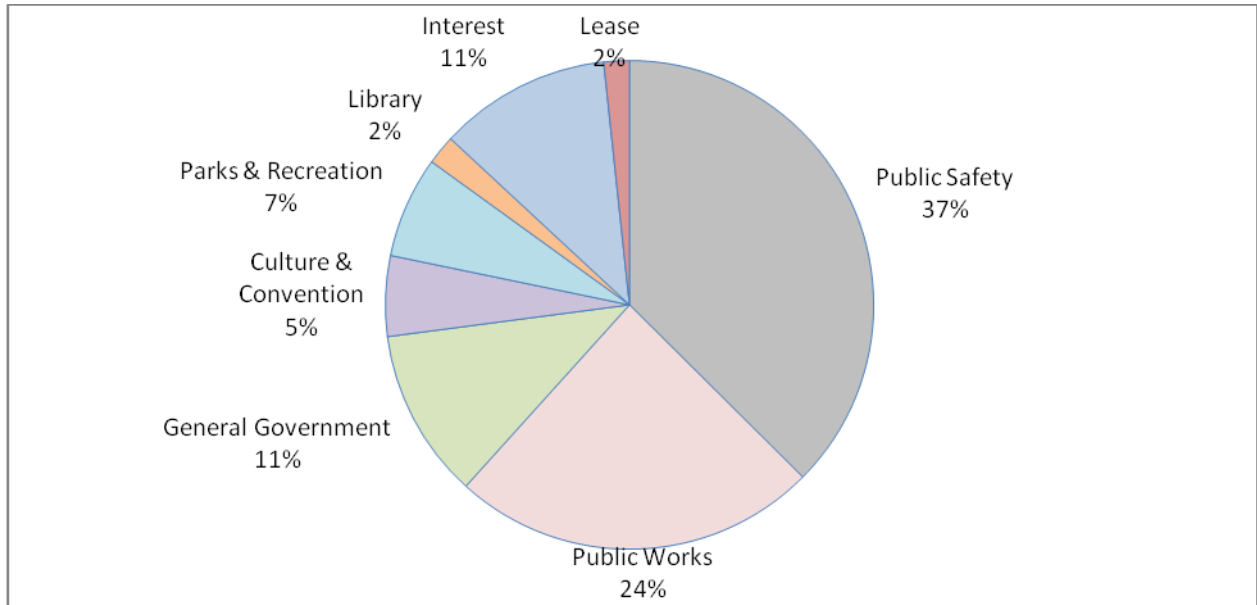
- The City's property tax and tax increment collections decreased by 25.3% over the previous year. The decrease was attributable the widespread reassessment of commercial parcels and a second wave of residential parcel reassessments by the County Assessor's Office. These decreases are expected to continue to a lesser extent in the current fiscal year, as residential and commercial property values continue to slump.
- The Transient Occupancy Tax (TOT) collections were up 4.6% compared to the prior year but were down 9% compared with the 2007-2008 fiscal year.
- Program expenses were up decreased in all categories except Public Safety and Public Works as part of the City's planned \$11.5 million budget reduction plan. Another \$7.7 million budget reduction plan was 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, 2010

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2010

Business-Type Activities

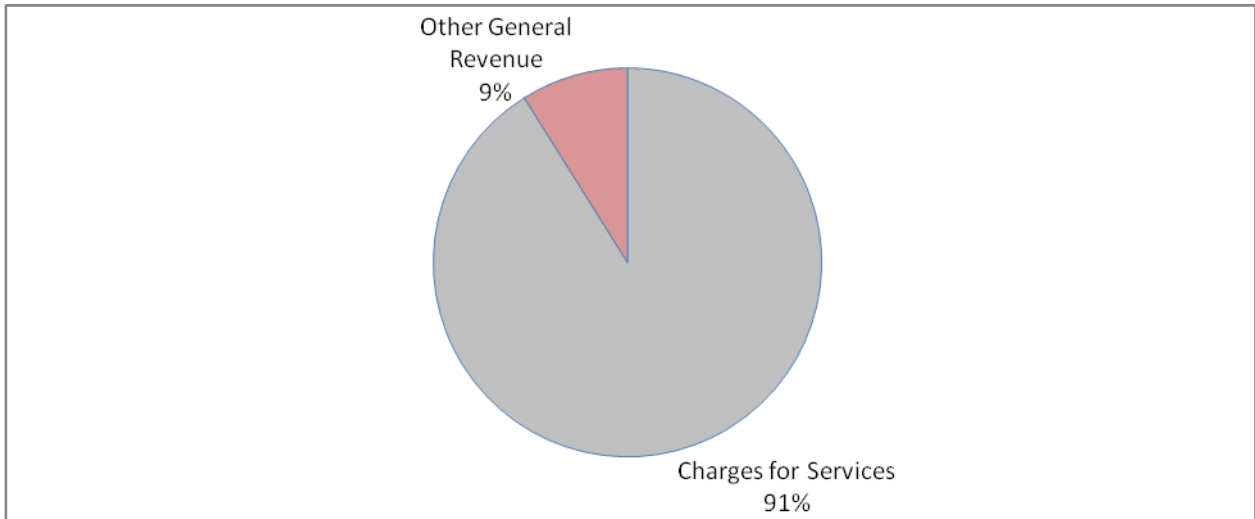
Revenues of the City's business-type activities (see Table 2) were lower than the previous year, decreasing from \$39.6 million to \$30.6 million. Expenses were unchanged overall at \$35.9 million.

The primary reasons for the changes in revenue:

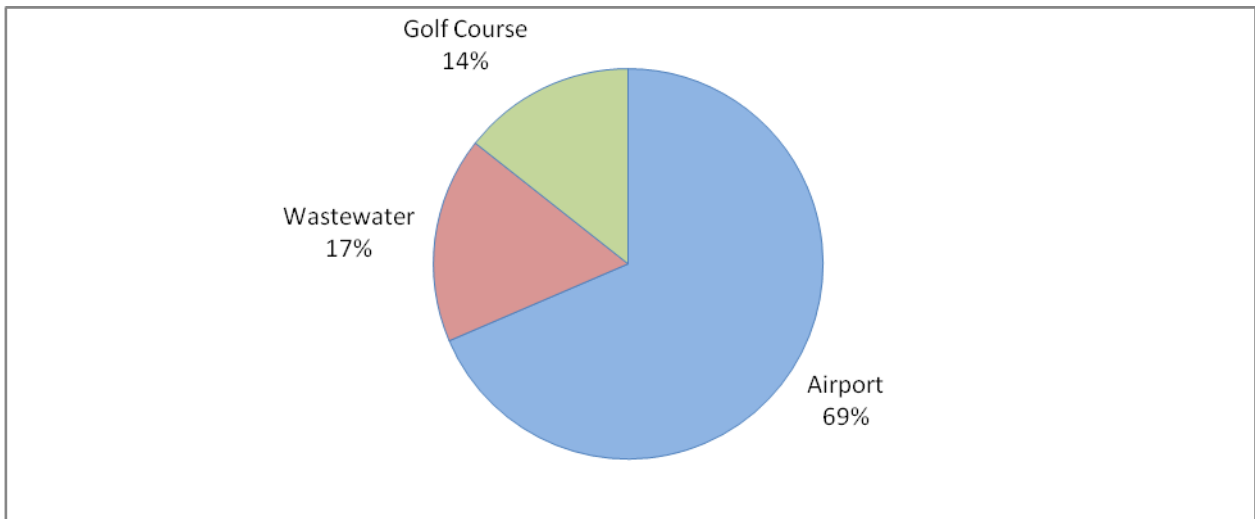
- Revenue from capital grants in the Airport decreased from \$10.1 million to \$0.5 million. This reflected federal grant revenue for various remodeling projects in the concourse and the main terminal which were completed in the 2008-2009 fiscal year.
- Operating revenues increased \$0.5 million due to increased income from passenger facility charges, landing fees, rental car fees and parking fees.
- Airport operating expenses were down \$0.2 million due to lower personnel costs, especially for salary costs, health insurance and workers' comp insurance.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2010

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2010

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 \$6.7 million, while total fund balance reached \$10.6 million. As a measure of the general fund's liquidity, unreserved fund balance represents 12.2% of total general fund expenditures, while total fund balance represents 19.3% of that same amount.

Total General Fund revenue decreased from \$63.5 million to \$58.1 million. Among the more significant changes:

- Property taxes decreased from \$19.1 million to \$17.8 million
- Sales taxes decreased from \$8.8 million to \$8.2 million
- Licenses and permits (Building and other) decreased from \$2.5 million to \$2.2 million
- Charges for services (primarily plan checking fees) decreased from \$4.2 million to \$4.1 million
- Utility user taxes increased from \$6.4 million to \$6.5 million
- Transient Occupancy Tax (TOT) increased from \$5.5 million to \$5.8 million. Total TOT in both the General Fund & Community Promotion Fund increased from \$12.8 million to \$13.4 million
- Investment income decreased from \$5.4 million to \$3.1 million

The decreases reflect the continuation of 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 and commercial 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 and 2009-2010 fiscal years and these normal increases are not likely to be experienced in the 2010-2011 fiscal year. The best news item seems to be with the modest rebound of the Transient Occupancy Tax which was up by about \$600,000 versus the prior fiscal year, but was still \$1.1 million lower than two years ago in the 2007-2008 fiscal year.

Total General Fund expenditures decreased from \$61.1 million to \$54.8 million. This is reflective of the City's planned \$11.5 million budget reduction plan which impacted most major categories and functions.

The other Major Governmental Funds include the **Special Assessments Debt Service**, the **Community Redevelopment Agency Debt Service**, and **Low and Moderate Income Housing**.

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

The Community Redevelopment Agency Debt Service has decreased in revenue from \$16.2 million to \$15.5 million. This was due primarily to decreases property tax increment. Its expenditures increased

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2010

from \$17.2 million to \$19.6 million, most significantly due to additional pass-through payments required to be made for SERAF (Supplemental Education Augmentation Funds).

Major Enterprise Funds. The Unrestricted net assets of the **Airport, Wastewater and Golf Course Funds** total \$27.2 million, an increase of \$2.5 million from last year's total of \$24.7 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 \$0.3 million with exception to transfers.

On the expenditure side, the overall budget increased by about \$3.4 million with exception to transfers, mostly due to the establishment of an Economic Recovery Plan, an anticipated additional employee leave cashouts, and a deficit holding account associated with additional revenue shortfalls anticipated mid-fiscal year. The final expenditures were about \$1 million under budget.

Mostly due to the continued decline in assessed valuations and property collections there was a \$1.3 million shortfall between the final budget for revenues and actual revenues received in the General Fund. This recession is deep and persistent, and is expected to continue through 2010-2011 and probably longer.

All categories of expenditures, except for Public Safety, showed a positive variance compared to the final budget, with the actual total \$2.4 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, 2010

CAPITAL ASSETS

There was modest 3.1% decrease in total capital assets from one fiscal year to the next fiscal year representing a net decrease of \$10.8 million to \$349.2 million.

Capital Assets
(in thousands, net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Buildings	\$ 34,121	\$ 34,681	\$ 12,199	\$ 12,843	\$ 46,320	\$ 47,524
Improvements	45,286	46,216	66,522	75,362	111,808	121,578
Furniture and equipment	2,316	2,186	2,061	1,451	4,377	3,637
Vehicles	5,147	3,828	1,280	1,434	6,427	5,262
Infrastructure	87,830	80,689	12,255	12,163	100,085	92,852
Right-of-way	16,544	14,614	-	-	16,544	14,614
Land	24,522	24,522	36,738	36,738	61,260	61,260
Construction in progress	2,422	13,288	-	-	2,422	13,288
Total	\$ 218,188	\$ 220,024	\$ 131,055	\$ 139,991	\$ 349,243	\$ 360,015

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, 2010

LONG-TERM DEBT

As of June 30, 2010, the City had bonded and certificates of participation debt outstanding of \$206.5 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	
	2010	2009	2010	2009	2010	2009
Certificates of participation (COPS)	\$ 8,000	\$ 8,000	\$ 26,194	\$ 26,774	\$ 34,194 0	\$ 34,774 0
Tax Allocation Bonds	45,045	45,860	0	0	45,045	45,860
Lease Revenue Bonds	87,618	89,629	10,404	10,812	98,022	100,441
Special Assessment Bonds	8,910	10,295	0	0	8,910	10,295
Pension Obligation Bonds	20,350	20,328	0	0	20,350	20,328
Total	\$ 169,923	\$ 174,112	\$ 36,598	\$ 37,586	\$ 206,521	\$ 211,698

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 \$365 million and the legal debt margin is \$269 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, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 72,004,122	\$ 31,903,644	\$ 103,907,766
Receivables:			
Accounts	7,663,986	1,387,071	9,051,057
Notes and loans	5,700,473	-	5,700,473
Accrued interest	1,211,653	67,980	1,279,633
Special assessments	9,038,774	-	9,038,774
Internal balances	3,016,176	(3,016,176)	-
Deposits	200,000	-	200,000
Due from other governments	-	346,965	346,965
Inventories	115,862	16,468	132,330
Deferred charges	1,521,735	816,603	2,338,338
Land held for resale	5,797,450	-	5,797,450
Restricted assets:			
Cash with fiscal agent	16,806,710	4,518,130	21,324,840
Net pension asset	20,421,753	-	20,421,753
Capital assets not being depreciated	43,489,283	36,737,608	80,226,891
Capital assets, net of depreciation	174,699,199	94,317,759	269,016,958
Total Assets	361,687,176	167,096,052	528,783,228
Liabilities:			
Accounts payable	7,502,173	834,368	8,336,541
Accrued liabilities	1,904,155	536,409	2,440,564
Accrued interest	1,809,777	1,968,703	3,778,480
Deposits payable	498,246	500,000	998,246
Due to other governments	92,678	-	92,678
Notes payable	200,000	-	200,000
Noncurrent liabilities:			
Due within one year	8,196,852	2,109,264	10,306,116
Due in more than one year	184,468,023	35,153,887	219,621,910
Total Liabilities	204,671,904	41,102,631	245,774,535
Net Assets:			
Invested in capital assets, net of related debt	73,197,631	94,457,741	167,655,372
Restricted for:			
Public safety	1,071,881	-	1,071,881
Public works	15,515,122	-	15,515,122
Debt service	9,624,578	4,288,145	13,912,723
Redevelopment agency projects	37,672,036	-	37,672,036
Unrestricted	19,934,024	27,247,535	47,181,559
Total Net Assets	\$ 157,015,272	\$ 125,993,421	\$ 283,008,693

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 11,784,609	\$ 3,904,814	\$ 1,618,393	\$ -
Public safety	39,310,585	3,072,280	1,371,317	469,808
Cultural and convention center	5,589,972	-	830,175	-
Parks and recreation	7,052,825	1,223,793	-	-
Public works	25,469,426	2,644,951	2,481,275	2,742,527
Lease	1,779,463	-	-	-
Library	2,041,643	42,126	123,857	-
Interest on long-term debt	11,967,641	-	-	-
Total Governmental Activities	104,996,164	10,887,964	6,425,017	3,212,335
Business-Type Activities:				
Airport	24,586,610	18,998,409	-	523,239
Wastewater	6,126,747	5,928,827	-	-
Golf Course	5,153,882	4,687,694	-	-
Total Business-Type Activities	35,867,239	29,614,930	-	523,239
Total Primary Government	\$ 140,863,403	\$ 40,502,894	\$ 6,425,017	\$ 3,735,574

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Tax increment
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Utility users tax
- Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Transfers

**Total General Revenues, Contributions,
Special Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net

Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (6,261,402)	\$ -	\$ (6,261,402)
(34,397,180)	-	(34,397,180)
(4,759,797)	-	(4,759,797)
(5,829,032)	-	(5,829,032)
(17,600,673)	-	(17,600,673)
(1,779,463)	-	(1,779,463)
(1,875,660)	-	(1,875,660)
(11,967,641)	-	(11,967,641)
(84,470,848)	-	(84,470,848)
-	(5,064,962)	(5,064,962)
-	(197,920)	(197,920)
-	(466,188)	(466,188)
-	(5,729,070)	(5,729,070)
(84,470,848)	(5,729,070)	(90,199,918)
18,199,284	-	18,199,284
6,348,372	-	6,348,372
13,370,831	-	13,370,831
8,221,763	-	8,221,763
2,906,018	-	2,906,018
6,575,901	-	6,575,901
2,703,931	-	2,703,931
3,942,507	-	3,942,507
5,537,407	436,926	5,974,333
28,328	10,402	38,730
(500,000)	500,000	-
67,334,342	947,328	68,281,670
(17,136,506)	(4,781,742)	(21,918,248)
173,591,778	130,775,163	304,366,941
560,000	-	560,000
\$ 157,015,272	\$ 125,993,421	\$ 283,008,693

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Special Revenue Fund Low and Moderate Housing</u>	<u>Capital Projects Funds Community Redevelopment Agency</u>	<u>Debt Service Funds Special Assessments</u>
Assets:				
Pooled cash and investments	\$ 6,863,687	\$ 7,713,068	\$ 5,430,328	\$ 1,686,573
Receivables:				
Accounts	4,417,412	-	5,687	51,664
Notes and loans	-	5,700,473	-	-
Accrued interest	793,259	15,313	32,555	3,063
Special assessments	-	-	-	9,038,774
Deposits	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	3,221,785	5,945,598	-	-
Land held for resale	49,950	672,479	5,075,021	-
Restricted assets:				
Cash and investments with fiscal agents	-	470,872	6,935,376	1,280,816
Total Assets	\$ 15,346,093	\$ 20,517,803	\$ 17,478,967	\$ 12,060,890
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,013,376	\$ 31,247	\$ 186,879	\$ 4,975
Accrued liabilities	1,572,805	4,457	9,473	-
Deferred revenues	2,065,622	-	-	9,038,774
Deposits payable	-	-	-	-
Due to other governments	-	92,678	-	-
Due to other funds	-	-	-	-
Advances from other funds	49,950	-	-	-
Notes payable	-	-	-	-
Total Liabilities	4,701,753	128,382	196,352	9,043,749
Fund Balances:				
Reserved:				
Reserved for encumbrances	271,508	31,292	4,030,108	7,682
Reserved for land held for resale	49,950	672,479	5,075,021	-
Reserved for notes and loans	-	5,700,473	-	-
Reserved for advances to other funds	3,221,785	5,945,598	-	-
Reserved for low income programs	-	4,096,434	-	-
Reserved for continuing appropriations	370,536	3,943,145	6,101,160	869,195
Reserved for debt service	-	-	-	2,140,264
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Designated for capital improvement projects	-	-	2,076,326	-
Undesignated	6,730,561	-	-	-
Total Fund Balances	10,644,340	20,389,421	17,282,615	3,017,141
Total Liabilities and Fund Balances	\$ 15,346,093	\$ 20,517,803	\$ 17,478,967	\$ 12,060,890

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Debt Service Funds		Total Governmental Funds
	Community Redevelopment Agency	Other Governmental Funds	
Assets:			
Pooled cash and investments	\$ 7,669,916	\$ 29,316,466	\$ 58,680,038
Receivables:			
Accounts	103,820	3,044,360	7,622,943
Notes and loans	-	-	5,700,473
Accrued interest	-	51,035	895,225
Special assessments	-	-	9,038,774
Deposits	-	200,000	200,000
Due from other funds	-	1,919,290	1,919,290
Advances to other funds	-	1,139,871	10,307,254
Land held for resale	-	-	5,797,450
Restricted assets:			
Cash and investments with fiscal agents	1,986,162	6,133,482	16,806,708
Total Assets	\$ 9,759,898	\$ 41,804,504	\$ 116,968,155
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 4,225,647	\$ 1,586,454	\$ 7,048,578
Accrued liabilities	-	98,670	1,685,405
Deferred revenues	-	887,678	11,992,074
Deposits payable	-	498,246	498,246
Due to other governments	-	-	92,678
Due to other funds	-	316,114	316,114
Advances from other funds	10,274,304	-	10,324,254
Notes payable	-	200,000	200,000
Total Liabilities	14,499,951	3,587,162	32,157,349
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	9,726,930	14,067,520
Reserved for land held for resale	-	-	5,797,450
Reserved for notes and loans	-	-	5,700,473
Reserved for advances to other funds	-	-	9,167,383
Reserved for low income programs	-	-	4,096,434
Reserved for continuing appropriations	-	11,628,930	22,912,966
Reserved for debt service	-	6,606,610	8,746,874
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	10,968,840	10,968,840
Capital projects funds	-	(713,968)	(713,968)
Designated for capital improvement projects	-	-	2,076,326
Undesignated	(4,740,053)	-	1,990,508
Total Fund Balances	(4,740,053)	38,217,342	84,810,806
Total Liabilities and Fund Balances	\$ 9,759,898	\$ 41,804,504	\$ 116,968,155

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CITY OF PALM SPRINGS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund balances of governmental funds		\$ 84,810,806
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity		
Capital assets	\$ 369,711,411	
Accumulated depreciation	<u>(159,322,177)</u>	210,389,234
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets		
		1,025,983
Post-employment benefits other than pension on a pay-as-you-go basis are not due and payable in the current period and therefore are not reported in the funds		
		(10,108,157)
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term liabilities		(149,376,937)
Compensated Absences		(5,495,749)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds		
		(1,772,726)
Revenues that are measure but not available are recorded as deferred revenue under the modified accrual basis of accounting		
		11,992,074
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets		
		<u>15,550,744</u>
Net assets of governmental activities		<u>\$ 157,015,272</u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Special Revenue Funds Low and Moderate Housing	Capital Projects Funds Community Redevelopment Agency	Debt Service Funds Special Assessments
Revenues:				
Taxes	\$ 42,303,836	\$ 3,682,430	\$ -	\$ -
Assessments	-	-	-	1,243,228
Licenses and permits	2,185,432	-	-	-
Intergovernmental	5,328,699	-	-	-
Charges for services	4,547,430	-	-	-
Use of money and property	3,081,817	102,032	236,250	24,440
Fines and forfeitures	-	-	-	-
Contributions	108,402	-	404,925	-
Miscellaneous	549,213	2,339	-	115,400
Total Revenues	58,104,829	3,786,801	641,175	1,383,068
Expenditures:				
Current:				
General government	8,359,253	246,383	595,632	21,331
Public safety	31,374,847	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	5,726,043	-	-	-
Public works	7,318,516	237,075	2,556,651	34,741
Lease	-	-	-	-
Library	2,057,261	-	-	-
Debt service:				
Principal retirement	-	245,000	-	1,385,000
Interest and fiscal charges	-	214,094	-	506,204
Pass-through agreement payments	-	-	-	-
Total Expenditures	54,835,920	942,552	3,152,283	1,947,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,268,909	2,844,249	(2,511,108)	(564,208)
Other Financing Sources (Uses):				
Transfers in	5,570,356	-	2,047,925	-
Transfers out	(11,475,540)	-	(4,192,640)	(35,947)
Total Other Financing Sources (Uses)	(5,905,184)	-	(2,144,715)	(35,947)
Net Change in Fund Balances	(2,636,275)	2,844,249	(4,655,823)	(600,155)
Fund Balances, Beginning of Year, as previously reported	12,720,615	17,545,172	21,938,438	3,617,296
Restatements	560,000	-	-	-
Fund Balances, Beginning of Year, as restated	13,280,615	17,545,172	21,938,438	3,617,296
Fund Balances, End of Year	\$ 10,644,340	\$ 20,389,421	\$ 17,282,615	\$ 3,017,141

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Debt Service Funds Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 14,693,573	\$ 9,673,892	\$ 70,353,731
Assessments	-	656,147	1,899,375
Licenses and permits	-	528,907	2,714,339
Intergovernmental	-	5,009,352	10,338,051
Charges for services	-	2,168,210	6,715,640
Use of money and property	800	1,558,742	5,004,081
Fines and forfeitures	-	270,853	270,853
Contributions	-	417,878	931,205
Miscellaneous	830,175	501,166	1,998,293
Total Revenues	15,524,548	20,785,147	100,225,568
Expenditures:			
Current:			
General government	11,045	2,129,149	11,362,793
Public safety	-	7,097,699	38,472,546
Cultural and convention center	-	2,455,668	2,455,668
Parks and recreation	-	1,999,662	7,725,705
Public works	-	13,326,791	23,473,774
Lease	110,000	1,669,463	1,779,463
Library	-	120,645	2,177,906
Debt service:			
Principal retirement	570,000	2,064,044	4,264,044
Interest and fiscal charges	6,909,561	3,080,832	10,710,691
Pass-through agreement payments	12,027,631	-	12,027,631
Total Expenditures	19,628,237	33,943,953	114,450,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,103,689)	(13,158,806)	(14,224,653)
Other Financing Sources (Uses):			
Transfers in	4,192,640	16,487,834	28,298,755
Transfers out	(6,933,925)	(6,460,703)	(29,098,755)
Total Other Financing Sources (Uses)	(2,741,285)	10,027,131	(800,000)
Net Change in Fund Balances	(6,844,974)	(3,131,675)	(15,024,653)
Fund Balances, Beginning of Year, as previously reported	2,104,921	41,349,017	99,275,459
Restatements	-	-	560,000
Fund Balances, Beginning of Year, as restated	2,104,921	41,349,017	99,835,459
Fund Balances, End of Year	\$ (4,740,053)	\$ 38,217,342	\$ 84,810,806

CITY OF PALM SPRINGS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds \$ (15,024,653)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay	\$ 7,895,886	
Depreciation expense	<u>(10,896,051)</u>	(3,000,165)

Change in post-employment benefits other than pension on a pay-as-you-go basis (4,991,872)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 4,264,044

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets (35,936)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (26,471)

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds 911,574

Deferred revenue is recognized as revenue in government-wide financial statements as it has been earned on the accrual basis. This amount represents the change in deferred revenue from prior year (706,824)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities 1,473,797

Change in net assets of governmental activities \$ (17,136,506)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,280,615	\$ 13,280,615	\$ 13,280,615	\$ -
Resources (Inflows):				
Taxes	43,583,248	43,583,248	42,303,836	(1,279,412)
Licenses and permits	2,285,900	2,335,974	2,185,432	(150,542)
Intergovernmental	5,437,739	5,511,031	5,328,699	(182,332)
Charges for services	4,889,568	4,920,116	4,547,430	(372,686)
Use of money and property	2,375,863	2,375,863	3,081,817	705,954
Contributions	-	108,402	108,402	-
Miscellaneous	610,321	648,080	549,213	(98,867)
Transfers in	600,000	5,486,000	5,570,356	84,356
Amounts Available for Appropriation	73,063,254	78,249,329	76,955,800	(1,293,529)
Charges to Appropriation (Outflow):				
General government	8,864,329	10,460,404	8,359,253	2,101,151
Public safety	29,076,165	30,492,862	31,374,847	(881,985)
Parks and recreation	5,674,466	5,817,346	5,726,043	91,303
Public works	8,123,294	8,304,286	7,318,516	985,770
Library	2,069,030	2,146,197	2,057,261	88,936
Transfers out	6,503,525	11,525,540	11,475,540	50,000
Total Charges to Appropriations	60,310,809	68,746,635	66,311,460	2,435,175
Budgetary Fund Balance, June 30	\$ 12,752,445	\$ 9,502,694	\$ 10,644,340	\$ 1,141,646

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CITY OF PALM SPRINGS

**BUDGETARY COMPARISON STATEMENT
 LOW AND MODERATE HOUSING - SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$17,545,172	\$17,545,172	\$17,545,172	\$ -
Resources (Inflows):				
Taxes	3,513,200	3,513,200	3,682,430	169,230
Use of money and property	175,000	175,000	102,032	(72,968)
Miscellaneous	50,000	50,000	2,339	(47,661)
Amounts Available for Appropriation	21,283,372	21,283,372	21,331,973	48,601
Charges to Appropriation (Outflow):				
General government	330,097	331,085	246,383	84,702
Public works	2,150,000	5,129,646	237,075	4,892,571
Debt service:				
Principal retirement	245,000	245,000	245,000	-
Interest and fiscal charges	214,094	214,094	214,094	-
Total Charges to Appropriations	2,939,191	5,919,825	942,552	4,977,273
Budgetary Fund Balance, June 30	\$18,344,181	\$15,363,547	\$20,389,421	\$5,025,874

CITY OF PALM SPRINGS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			
	Airport	Wastewater	Golf Course	Totals
Assets:				
Current:				
Cash and investments	\$ 18,394,704	\$ 13,508,940	\$ -	\$ 31,903,644
Receivables:				
Accounts	1,142,556	13,656	230,859	1,387,071
Accrued interest	39,693	28,287	-	67,980
Due from other governments	-	346,965	-	346,965
Inventories	16,468	-	-	16,468
Deferred Charges	536,147	-	280,456	816,603
Net pension asset	-	-	-	-
Restricted:				
Cash with fiscal agent	4,518,125	-	5	4,518,130
Total Current Assets	24,647,693	13,897,848	511,320	39,056,861
Noncurrent:				
Advances to other funds	-	1,227,000	-	1,227,000
Capital assets - net of accumulated depreciation	89,883,998	34,306,144	6,865,225	131,055,367
Total Noncurrent Assets	89,883,998	35,533,144	6,865,225	132,282,367
Total Assets	\$ 114,531,691	\$ 49,430,992	\$ 7,376,545	\$ 171,339,228
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 201,493	\$ 383,898	\$ 248,977	\$ 834,368
Accrued liabilities	535,683	726	-	536,409
Accrued interest	760,988	-	1,207,715	1,968,703
Deposits payable	-	-	500,000	500,000
Due to other funds	-	-	1,603,176	1,603,176
Accrued compensated absences	382,464	-	-	382,464
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	1,090,000	-	636,800	1,726,800
Total Current Liabilities	2,970,628	384,624	4,196,668	7,551,920
Noncurrent:				
Advances from other funds	-	-	2,640,000	2,640,000
Accrued compensated absences	283,060	-	-	283,060
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	25,103,769	-	9,767,058	34,870,827
Total Noncurrent Liabilities	25,386,829	-	12,407,058	37,793,887
Total Liabilities	28,357,457	384,624	16,603,726	45,345,807
Net Assets:				
Invested in capital assets, net of related debt	63,690,229	34,306,144	(3,538,632)	94,457,741
Restricted for debt service	4,288,145	-	-	4,288,145
Unrestricted	18,195,860	14,740,224	(5,688,549)	27,247,535
Total Net Assets	86,174,234	49,046,368	(9,227,181)	125,993,421
Total Liabilities and Net Assets	\$ 114,531,691	\$ 49,430,992	\$ 7,376,545	\$ 171,339,228

CITY OF PALM SPRINGS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010

	Governmental Activities- Internal Service Funds
Assets:	
Current:	
Cash and investments	\$ 13,324,084
Receivables:	
Accounts	41,043
Accrued interest	316,428
Due from other governments	-
Inventories	115,862
Deferred Charges	495,752
Net pension asset	20,421,753
Restricted:	
Cash with fiscal agent	2
	<u>34,714,924</u>
Total Current Assets	34,714,924
Noncurrent:	
Advances to other funds	1,430,000
Capital assets - net of accumulated depreciat	7,799,248
	<u>9,229,248</u>
Total Noncurrent Assets	9,229,248
Total Assets	\$ 43,944,172
	<u><u>\$ 43,944,172</u></u>
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	\$ 453,595
Accrued liabilities	218,750
Accrued interest	37,051
Deposits payable	-
Due to other funds	-
Accrued compensated absences	90,114
Accrued claims and judgments	740,000
Bonds, notes, and capital leases	538,733
	<u>2,078,243</u>
Total Current Liabilities	2,078,243
Noncurrent:	
Advances from other funds	-
Accrued compensated absences	67,073
Accrued claims and judgments	1,913,395
Bonds, notes, and capital leases	24,334,717
	<u>26,315,185</u>
Total Noncurrent Liabilities	26,315,185
Total Liabilities	28,393,428
Net Assets:	
Invested in capital assets, net of related debt	3,275,334
Restricted for debt service	-
Unrestricted	12,275,410
	<u>15,550,744</u>
Total Net Assets	15,550,744
Total Liabilities and Net Assets	\$ 43,944,172
	<u><u>\$ 43,944,172</u></u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Wastewater</u>	<u>Golf Course</u>	<u>Totals</u>
Operating Revenues:				
Sales and service charges	\$ -	\$ 5,928,827	\$ -	\$ 5,928,827
Landing fees	1,708,491	-	-	1,708,491
Miscellaneous	2,236,355	-	10,402	2,246,757
Sale of electricity	-	-	-	-
Green fees and cart rentals	-	-	4,687,694	4,687,694
Rentals	11,819,949	-	-	11,819,949
Concessions	423,672	-	-	423,672
Passenger facility charge	2,809,942	-	-	2,809,942
Total Operating Revenues	18,998,409	5,928,827	4,698,096	29,625,332
Operating Expenses:				
Administration and general	1,313,195	4,126	16,249	1,333,570
Personnel services	7,483,394	38,585	-	7,521,979
Materials and supplies	143,788	-	-	143,788
Maintenance shop operations	-	-	-	-
Facilities maintenance	-	-	-	-
Retirement	-	-	-	-
Other claims and insurance	-	-	-	-
Depreciation expense	8,700,909	1,300,353	485,598	10,486,860
Heat, light and power	1,620,753	213,087	-	1,833,840
Other charges and services	3,684,663	4,570,596	4,103,157	12,358,416
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	-
Workers compensation	-	-	-	-
Total Operating Expenses	22,946,702	6,126,747	4,605,004	33,678,453
Operating Income (Loss)	(3,948,293)	(197,920)	93,092	(4,053,121)
Nonoperating Revenues (Expenses):				
Interest revenue	247,416	207,746	(18,236)	436,926
Interest expense	(1,639,908)	-	(548,878)	(2,188,786)
Total Nonoperating Revenues (Expenses)	(1,392,492)	207,746	(567,114)	(1,751,860)
Income (Loss) Before Contributions and transfers	(5,340,785)	9,826	(474,022)	(5,804,981)
Capital contributions	523,239	-	-	523,239
Transfers in	-	-	500,000	500,000
Transfers out	-	-	-	-
Changes in Net Assets	(4,817,546)	9,826	25,978	(4,781,742)
Net Assets:				
Beginning of Year	90,991,780	49,036,542	(9,253,159)	130,775,163
End of Fiscal Year	\$ 86,174,234	\$ 49,046,368	\$ (9,227,181)	\$ 125,993,421

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Sales and service charges	\$ 30,634,894
Landing fees	-
Miscellaneous	24,776
Sale of electricity	99,357
Green fees and cart rentals	-
Rentals	-
Concessions	-
Passenger facility charge	-
	<hr/>
Total Operating Revenues	30,759,027
	<hr/>
Operating Expenses:	
Administration and general	1,304,259
Personnel services	-
Materials and supplies	-
Maintenance shop operations	2,259,498
Facilities maintenance	3,471,877
Retirement	8,399,058
Other claims and insurance	3,173,812
Depreciation expense	1,178,438
Heat, light and power	1,704,044
Other charges and services	2,186
Cogeneration	755,868
Medical, health, and life insurance	6,454,203
Workers compensation	460,511
	<hr/>
Total Operating Expenses	29,163,754
	<hr/>
Operating Income (Loss)	1,595,273
	<hr/>
Nonoperating Revenues (Expenses):	
Interest revenue	118,326
Interest expense	(1,290,021)
	<hr/>
Total Nonoperating Revenues (Expenses)	(1,171,695)
	<hr/>
Income (Loss) Before Contributions and transfers	423,578
	<hr/>
Capital contributions	750,219
Transfers in	1,300,000
Transfers out	(1,000,000)
	<hr/>
Changes in Net Assets	1,473,797
	<hr/>
Net Assets:	
Beginning of Year	14,076,947
	<hr/>
End of Fiscal Year	\$ 15,550,744
	<hr/> <hr/>

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Wastewater</u>	<u>Golf Course</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 18,817,820	\$ 5,907,279	\$ 4,722,507	\$ 29,447,606
Cash received from/(paid to) interfund service provided	-	-	-	-
Cash paid to suppliers for goods and services	(6,902,692)	(5,680,515)	(4,052,024)	(16,635,231)
Cash paid to employees for services	(7,509,944)	(37,990)	-	(7,547,934)
Net Cash Provided (Used) by Operating Activities	4,405,184	188,774	670,483	5,264,441
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	500,000	500,000
Cash transfers in	-	-	-	-
Repayment received from other funds	-	-	(225,507)	(225,507)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	274,493	274,493
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital debt	-	-	-	-
Capital contributions	523,239	-	-	523,239
Acquisition and construction of capital assets	(341,467)	(1,209,851)	-	(1,551,318)
Principal paid on capital debt	(660,000)	-	(442,089)	(1,102,089)
Interest paid on capital debt	(1,546,137)	-	(502,904)	(2,049,041)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,024,365)	(1,209,851)	(944,993)	(4,179,209)
Cash Flows from Investing Activities:				
Interest received	276,801	241,954	3	518,758
Net Cash Provided (Used) by Investing Activities	276,801	241,954	3	518,758
Net Increase (Decrease) in Cash and Cash Equivalents	2,657,620	(779,123)	(14)	1,878,483
Cash and Cash Equivalents at Beginning of Year	20,255,209	14,288,063	19	34,543,291
Cash and Cash Equivalents at End of Year	\$ 22,912,829	\$ 13,508,940	\$ 5	\$ 36,421,774
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (3,948,293)	\$ (197,920)	\$ 93,092	\$ (4,053,121)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	8,700,909	1,300,353	485,598	10,486,860
(Increase) decrease in accounts receivable	(175,376)	(7,831)	24,411	(158,796)
(Increase) decrease in due from other governments	-	(13,717)	-	(13,717)
(Increase) decrease in inventories	(5,213)	-	-	(5,213)
(Increase) decrease in net pension asset	-	-	-	-
Increase (decrease) in accounts payable	(140,293)	(892,706)	67,382	(965,617)
Increase (decrease) in accrued liabilities	58,678	595	-	59,273
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	(85,228)	-	-	(85,228)
Total Adjustments	8,353,477	386,694	577,391	9,317,562
Net Cash Provided (Used) by Operating Activities	\$ 4,405,184	\$ 188,774	\$ 670,483	\$ 5,264,441

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2010

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ -
Cash received from/(paid to) interfund service provided	30,768,980
Cash paid to suppliers for goods and services	(27,243,571)
Cash paid to employees for services	(1,459,208)
	<u>2,066,201</u>
Net Cash Provided (Used) by Operating Activities	2,066,201
Cash Flows from Non-Capital Financing Activities:	
Cash transfers out	(1,000,000)
Cash transfers in	1,300,000
Repayment received from other funds	-
	<u>300,000</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	300,000
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital debt	1,330,275
Capital contributions	750,219
Acquisition and construction of capital assets	(2,342,957)
Principal paid on capital debt	(591,287)
Interest paid on capital debt	(1,094,923)
	<u>(1,948,673)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,948,673)
Cash Flows from Investing Activities:	
Interest received	152,195
	<u>152,195</u>
Net Cash Provided (Used) by Investing Activities	152,195
Net Increase (Decrease) in Cash and Cash Equivalents	569,723
Cash and Cash Equivalents at Beginning of Year	12,754,363
Cash and Cash Equivalents at End of Year	\$ 13,324,086
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,595,273
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	1,178,438
(Increase) decrease in accounts receivable	9,953
(Increase) decrease in due from other governments	-
(Increase) decrease in inventories	(573)
(Increase) decrease in net pension asset	(330,249)
Increase (decrease) in accounts payable	73,311
Increase (decrease) in accrued liabilities	152,715
Increase (decrease) in claims and judgments	(584,107)
Increase (decrease) in compensated absences	(28,560)
	<u>470,928</u>
Total Adjustments	470,928
Net Cash Provided (Used) by Operating Activities	\$ 2,066,201

CITY OF PALM SPRINGS

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2010

	<u>Agency Funds</u>	<u>Historical Society</u>
Assets:		
Pooled cash and investments	\$ 2,133,859	\$ 302,555
Total Assets	<u>\$ 2,133,859</u>	<u>\$ 302,555</u>
Liabilities and Net Assets:		
Liabilities:		
Deposits payable	\$ 2,133,859	\$ -
Total Liabilities	<u>\$ 2,133,859</u>	<u>\$ -</u>
Net Assets:		
Restricted for historical society	\$ -	\$ 302,555
Total Net Assets	<u>-</u>	<u>302,555</u>
Total Liabilities and Net Assets	<u>\$ 2,133,859</u>	<u>\$ 302,555</u>

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Historical Society</u>
Additions	
Investment earnings:	
Interest and change in fair value of investments	\$ 1,986
Total Additions	<u>1,986</u>
Changes in Net Assets	1,986
Net Assets - Beginning of the Year	<u>300,569</u>
Net Assets - End of the Year	<u><u>\$ 302,555</u></u>

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 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 component 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 is the governing board and has financial accountability over the operations of the Agency. 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 non-fiduciary 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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 income means.

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.

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.

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Note 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.

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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 2: Stewardship, Compliance, and Accountability (Continued)

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, 2010, there were not expenditures that exceeded appropriation at the fund level for the General Fund and Major Special Revenue Funds.

c. Deficit Fund Equity /Net Assets

The following fund reported a deficit in fund balances/net assets as of June 30, 2010:

	<u>Deficit Balance</u>
Major funds Governmental Funds:	
Community Redevelopment Agency – Debt Service	\$ (4,740,053)
Major Enterprise Funds:	
Golf Course Fund	(9,227,181)
Non-major funds:	
Special Grants Fund	(39,557)

The deficits will be recovered through future revenues and transfers.

Note 3: Cash and Investments

Cash and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 103,907,766
Cash and investments held by fiscal agent	21,324,840

Fiduciary funds:

Cash and investments	2,436,414
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Total cash and investments	<u>\$ 127,669,020</u>
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Cash and investments as of June 30, 2010, consist of the following:

Cash on hand	\$ 4,150
Deposits with financial institutions	5,970,906
Investments	<u>121,693,964</u>
Total cash and investments	<u>\$ 127,669,020</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 3: Cash and Investments (Continued)

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, 2010, the carrying amount of the City's demand deposits was \$5,970,906 and the bank balance was \$7,368,016. The \$1,397,110 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.

Authorized Investment Type	*Authorized by Investment Policy	*Maximum Maturity	*Maximum Percentages of Portfolio	*Maximum Investment in One Issuer
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	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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 3: Cash and Investments (Continued)**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.

Authorized Investment Type	Maximum Maturity
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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 3: Cash and Investments (Continued)

Investment Type	Fair Value	Remaining Maturity (in Months)			More than 60 Months
		12 Months or Less	13-24 Months	25-60 Months	
Negotiable Certificates of Deposit	\$ 940,000	\$ 940,000	\$ -	\$ -	\$ -
Local Agency Investment Fund	79,794,292	79,794,292	-	-	-
Federal Agency Securities	16,082,192	974,402	8,048,550	7,059,240	-
Medium Term Notes	3,552,640	2,837,640	-	-	715,000
Fiscal Agent					
Mutual Funds -Money Market	10,084,112	10,084,112	-	-	-
Negotiable Certificates of Deposit	698,037	-	698,037	-	-
Federal Agency Securities	8,746,698	-	455,962	8,290,736	-
US Treasuries	1,795,993	-	1,795,993	-	-
	<u>\$ 121,693,964</u>	<u>\$ 94,630,446</u>	<u>\$ 10,998,542</u>	<u>\$ 15,349,976</u>	<u>\$ 715,000</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	\$ 940,000	N/A	\$ 940,000	\$ -	\$ -	\$ -
Local Agency Investment Fund	79,794,292	N/A	-	-	-	79,794,292
Federal Agency Securities	16,082,192	AAA	16,082,192	-	-	-
Medium Term Notes	3,552,640	A	715,000	806,560	2,031,080	-
Fiscal Agent						
Mutual Funds -Money Market	10,084,112	AAA	10,084,112	-	-	-
Negotiable Certificates of Deposit	698,037	N/A	698,037	-	-	-
Federal Agency Securities	8,746,698	N/A	8,746,698	-	-	-
US Treasuries	1,795,993	N/A	1,795,993	-	-	-
	<u>\$ 121,693,964</u>					

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 11,878,104
Federal Home Loan Mortgage Corp.	Federal Agency Securities	11,867,449

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, 2010

Note 4: Interfund Receivables, Payables and Transfers

Due to/Due From

Interfund receivable and payable balances at June 30, 2010, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Nonmajor governmental funds	\$ 1,919,290	\$ 316,114
Proprietary funds:		
Golf Course Enterprise Fund	<u>-</u>	<u>1,603,176</u>
Totals	<u>\$ 1,919,290</u>	<u>\$ 1,919,290</u>

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2010.

Advances

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2010, the outstanding advances are:

	<u>Advances to Other Funds</u>		<u>Advances from Other Funds</u>	
General fund	\$ 3,221,785	(a) (c)	\$ 49,950	(f)
Low/Mod Housing Fund	5,945,598	(d) (f)	-	
Debt service fund:				
Community Redevelopment Agency	-		10,274,304	(c) (d) (e) (g)
Internal service fund:				
Employee Benefits	1,430,000	(b)	-	
Enterprise Fund:				
Wastewater	1,227,000		-	
Golf Course	-	(e)	2,640,000	(a) (b)
Nonmajor special revenue fund:				
Sustainability	<u>1,139,871</u>	(g)	<u>-</u>	
Totals	<u>\$ 12,964,254</u>		<u>\$ 12,964,254</u>	

- (a) The Golf Course Fund initially received \$2,000,000 from the General Fund at 6% over 20 years. At June 30, 2010, 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 \$5,895,648 to the Community Redevelopment Agency Debt Service Fund.
- (e) The Wastewater Fund advanced \$1,227,000 to the Community Redevelopment Agency Debt Service Fund.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 4: Interfund Receivables, Payables and Transfers (Continued)

- (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.
- (g) Nonmajor special revenue funds advanced \$1,139,871 to the Community Redevelopment Agency Debt Service Fund.

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	\$ 648,409 (a)
	Community Redevelopment Agency Debt Service Fund	4,886,000 (b)
	Special Assessments Debt Service Fund	35,947 (c)
Community Redevelopment Agency Capital Projects Fund	Community Redevelopment Agency Debt Service Fund	2,047,925 (d)
Community Redevelopment Agency Debt Service Fund	Community Redevelopment Agency Capital Projects Fund	4,192,640 (e)
Nonmajor Governmental Funds	General Fund	10,375,540 (f)
	Nonmajor Governmental Funds	5,112,294 (g)
	Internal Service Funds	1,000,000 (h)
Golf Course Enterprise Fund	Nonmajor Governmental Funds	500,000 (i)
Internal Service Fund	General Fund	1,100,000 (j)
	Nonmajor Governmental Funds	200,000 (j)
		<u>\$ 30,098,755</u>

- (a) Transfers from Nonmajor Governmental Funds to the General Fund were for reimbursement of street and traffic related costs and other transfers.
- (b) Transfers from Redevelopment Agency Debt Service to the General Fund were for repayment of the inter-agency loan.
- (c) Transfers from Special Assessments Debt Service Fund to the General Fund were for excess assistance transfers.
- (d) Transfers from the Redevelopment Agency Debt Service to the Redevelopment Agency Capital Projects were for repayment of promissory note and fiscal agent activity.
- (e) Transfers from the Redevelopment Agency Capital Projects to the Redevelopment Agency Debt Service were transfers in accordance with resolutions.
- (f) Transfers from the General Fund to Nonmajor Governmental Funds were for debt service and operational costs.
- (g) Transfers between Nonmajor Funds were for debt service and operational costs.
- (h) Transfers from Internal Service Funds to Nonmajor Governmental Funds were in accordance with resolutions.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 4: Interfund Receivables, Payables and Transfers (Continued)

- (i) Transfers from Nonmajor Governmental Funds to the Golf Course Enterprise Fund were for operational costs.
- (j) Transfers from the General Fund and Nonmajor Governmental Funds were for retiree health.

Note 5: Capital Assets

<u>Governmental Activities</u>	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 24,522,461	\$ -	\$ -	\$ -	\$ 24,522,461
Construction in progress	13,287,934	(13,080,796)	2,215,230	-	2,422,368
Right-of-way	14,614,496	-	1,929,958	-	16,544,454
Total Capital Assets, Not Being Depreciated	<u>52,424,891</u>	<u>(13,080,796)</u>	<u>4,145,188</u>	<u>-</u>	<u>43,489,283</u>
Capital assets, being depreciated:					
Buildings	68,011,489	88,336	644,161	-	68,743,986
Improvements	69,708,789	269,443	1,956,143	-	71,934,375
Furniture and equipment	8,082,213	-	563,877	-	8,646,090
Vehicles	11,163,391	-	2,342,957	-	13,506,348
Infrastructure	172,936,687	12,723,017	586,517	-	186,246,221
Total capital assets, being depreciated	<u>329,902,569</u>	<u>13,080,796</u>	<u>6,093,655</u>	<u>-</u>	<u>349,077,020</u>
Less accumulated depreciations for:					
Buildings	(33,330,103)	-	(1,292,418)	-	(34,622,521)
Improvements	(23,493,171)	-	(3,155,771)	-	(26,648,942)
Furniture and equipment	(5,896,657)	-	(433,770)	-	(6,330,427)
Vehicles	(7,334,932)	-	(1,024,088)	-	(8,359,020)
Infrastructure	(92,248,468)	-	(6,168,443)	-	(98,416,911)
Total accumulated depreciation	<u>(162,303,331)</u>	<u>-</u>	<u>(12,074,490)</u>	<u>-</u>	<u>(174,377,821)</u>
Total capital assets, being depreciated, net	<u>167,599,238</u>	<u>13,080,796</u>	<u>(5,980,835)</u>	<u>-</u>	<u>174,699,199</u>
Governmental activities capital assets, net	<u>\$ 220,024,129</u>	<u>\$ -</u>	<u>\$ (1,835,647)</u>	<u>\$ -</u>	<u>\$ 218,188,482</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 5: Capital Assets (Continued)

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

General government	\$ 256,089
Cultural and convention center	3,144,819
Public safety	1,272,689
Public works	7,134,971
Parks and recreation	193,404
Library	<u>72,518</u>
Total depreciation	<u>\$ 12,074,490</u>

<u>Business-type Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 36,737,608	\$ -	\$ -	\$ 36,737,608
Capital assets, being depreciated:				
Buildings	38,103,567	-	-	38,103,567
Improvements	173,623,006	259,462	-	173,882,468
Machinery and equipment	3,113,064	643,161	-	3,756,225
Motor vehicles	2,385,611	-	-	2,385,611
Subsurface lines	<u>28,543,541</u>	<u>648,695</u>	<u>-</u>	<u>29,192,236</u>
Total capital assets, being depreciated	<u>245,768,789</u>	<u>1,551,318</u>	<u>-</u>	<u>247,320,107</u>
Less accumulated depreciations for:				
Buildings	(24,923,387)	(981,576)	-	(25,904,963)
Improvements	(98,679,771)	(8,680,310)	-	(107,360,081)
Machinery and equipment	(1,558,240)	(137,066)	-	(1,695,306)
Motor vehicles	(951,862)	(153,128)	-	(1,104,990)
Subsurface lines	<u>(16,402,228)</u>	<u>(534,780)</u>	<u>-</u>	<u>(16,937,008)</u>
Total accumulated depreciation	<u>(142,515,488)</u>	<u>(10,486,860)</u>	<u>-</u>	<u>(153,002,348)</u>
Total capital assets, being depreciated, net	<u>103,253,301</u>	<u>(8,935,542)</u>	<u>-</u>	<u>94,317,759</u>
Business-type activities capital assets, net	<u>\$ 139,990,909</u>	<u>\$ (8,935,542)</u>	<u>\$ -</u>	<u>\$ 131,055,367</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 5: Capital Assets (Continued)

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

Airport	\$ 8,700,909
Wastewater	1,300,353
Golf course	<u>485,598</u>
Total depreciation	<u>\$ 10,486,860</u>

Note 6: Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010, (including unamortized discounts and refunding costs) are as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences payable	\$ 6,593,070	\$ 4,025,731	\$ (4,965,865)	\$ 5,652,936	\$ 3,240,782
Claims and Judgements payable	3,237,502	317,798	(901,905)	2,653,395	740,000
Net OPEB Obligation	5,116,285	6,152,030	(1,160,158)	10,108,157	-
Special assessment debt with government commitment	10,295,000		(1,385,000)	8,910,000	500,000
Capital lease obligations-CaLease/OshKosh	36,342	1,330,275	(193,917)	1,172,700	165,460
Capital lease obligations-Motorola	3,366,478	-	(275,878)	3,090,600	287,879
Notes payable	83,642	-	(19,096)	64,546	20,258
Bonds Payable:					
2001 Housing Tax Allocation Bonds	4,310,000	-	(245,000)	4,065,000	255,000
2004 Tax Allocation Bonds, Series A	12,125,000	-	(410,000)	11,715,000	425,000
2004 Tax Allocation Bonds, Series B	8,250,000	-	(160,000)	8,090,000	165,000
2007 Tax Allocation Bonds Series A, B, C	21,175,000	-	-	21,175,000	120,000
2001 Lease Revenue Bonds	26,230,000	-	(860,000)	25,370,000	895,000
2004 Lease Revenue Bonds	56,625,000	-	(635,000)	55,990,000	660,000
2007 Refunding Lease Revenue Bonds	6,812,830	-	(517,911)	6,294,919	358,200
Unamortized discount	(39,085)	-	2,171	(36,914)	-
2007 Pension Obligation Bonds	20,328,619	174,446	(153,529)	20,349,536	174,273
Certificates of Participation:					
2001A Taxable Variable Rate Certificates of Participation	8,000,000	-	-	8,000,000	190,000
Total governmental long-term liabilities, net	<u>\$ 192,545,683</u>	<u>\$ 12,000,280</u>	<u>\$ (11,881,088)</u>	<u>\$ 192,664,875</u>	<u>\$ 8,196,852</u>

Government compensated absences are generally liquidated by the general fund.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 750,752	\$ 241,193	\$ (326,421)	\$ 665,524	\$ 382,464
Airport Revenue bonds payable:					
1998 Airport PFC Revenue Bonds	10,090,000	-	(320,000)	9,770,000	335,000
2006 Airport PFC Revenue Bonds	10,980,000	-	(340,000)	10,640,000	355,000
2008 Airport PFC Revenue Bonds	6,895,000	-	-	6,895,000	400,000
Unamortized discount	(656,805)	-	35,144	(621,661)	-
Unamortized refund charge	(534,076)	-	44,506	(489,570)	-
Airport Revenue bonds payable, net	26,774,119	-	(580,350)	26,193,769	1,090,000
2007 Refunding Lease	11,422,170	-	(442,089)	10,980,081	636,800
Unamortized refund charge	(610,118)	-	33,895	(576,223)	-
2007 Refunding Lease, net	10,812,052	-	(408,194)	10,403,858	636,800
Total business-type long-term liabilities	<u>\$ 38,336,923</u>	<u>\$ 241,193</u>	<u>\$ (1,314,965)</u>	<u>\$ 37,263,151</u>	<u>\$ 2,109,264</u>

Special Assessment Debt with Government Commitment

At June 30, 2010, the City of Palm Springs has four outstanding Assessment District (A.D.) Improvement Bonds ("Bonds") issued in the aggregate amount of \$8,910,000 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. 157/158

\$2,345,000 Bonds issued August 9, 2001; Bonds mature between September 2, 2002 and 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, 2010.

\$385,000

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

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, 2010.

\$3,950,000

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, 2010.

\$1,110,000

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, 2010.

\$3,465,000

Total Special Assessment Debt with Government Commitment

\$8,910,000

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

Annual requirements to amortize outstanding special assessment debt as of June 30, 2010, are as follows

June 30	A.D. 157/158		A.D. 161		A.D. 162		A.D. 164	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 230,000	\$ 15,085	\$ 130,000	\$ 203,553	\$ 35,000	\$ 56,951	\$ 105,000	\$ 166,830
2012	75,000	6,660	130,000	198,678	40,000	55,458	105,000	162,656
2013	80,000	2,280	130,000	193,445	40,000	53,778	110,000	158,220
2014	-	-	140,000	187,668	40,000	52,028	115,000	153,438
2015	-	-	140,000	181,368	40,000	50,218	120,000	148,325
2016-2020	-	-	820,000	793,783	240,000	218,048	690,000	651,618
2021-2025	-	-	1,070,000	546,804	290,000	149,841	860,000	462,580
2026-2030	-	-	1,390,000	205,660	385,000	55,860	1,105,000	213,571
2031-2035	-	-	-	-	-	-	255,000	6,566
Total	\$ 385,000	\$ 24,025	\$ 3,950,000	\$ 2,510,959	\$ 1,110,000	\$ 692,182	\$ 3,465,000	\$ 2,123,804

Capital Lease Obligations

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 lease was paid in full and had a zero outstanding balance at June 30, 2010.

Fire Vehicles Lease (OshKosh #1)

In 2006, the City entered into a lease agreement for the financing of the acquisition of two Pierce Quantum fire apparatus. 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 \$821,559.

The financing was obtained from OshKosh Capital, for \$821,559 with an interest rate of 4.6% and annual payments ranging from \$95,169 to \$258,667 through the end of the lease (August 2013). The outstanding balance at June 30, 2010, is \$340,623.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

Fire Vehicles Lease (OshKosh #2)

In 2008, the City entered into a lease agreement for the financing of the acquisition of two Pierce Quantum fire apparatus. 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 \$993,592.

The financing was obtained from OshKosh Capital, for \$913,648 with an interest rate of 5.38% and annual payments of \$130,725 through the end of the lease (October 2017). The outstanding balance at June 30, 2010, is \$832,077

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

<u>Year Ending June 30</u>	<u>OshKosh#1</u>	<u>OshKosh#2</u>
2011	\$ 95,169	\$ 130,725
2012	95,169	130,725
2013	95,169	130,725
2014	95,169	130,725
2015	-	130,725
2016-2020	-	392,175
Subtotal	380,676	1,045,800
Less: Amount representing interest	<u>(40,053)</u>	<u>(213,727)</u>
Total	<u>\$ 340,623</u>	<u>\$ 832,073</u>

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, 2010, 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, 2010, is \$3,090,600. The calculation of the present value of the future lease payments is as follows:

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

Year Ending June 30	Principal	Interest	Total
2011	\$ 287,879	\$ 134,441	\$ 422,320
2012	300,401	121,918	422,319
2013	313,469	108,851	422,320
2014	327,104	95,215	422,319
2015	341,333	80,986	422,319
2016-2020	1,520,414	168,863	1,689,277
Total	<u>\$ 3,090,600</u>	<u>\$ 710,274</u>	<u>\$ 3,800,874</u>

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.

\$64,546

Annual requirements to amortize outstanding notes payable as of June 30, 2010, is as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 20,258	\$ 3,575	\$ 23,833
2012	21,487	2,346	23,833
2013	22,801	1,031	23,832
Total	<u>\$ 64,546</u>	<u>\$ 6,952</u>	<u>\$ 71,498</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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

The required reserve for the 2001 Housing Tax Allocation Bonds is \$468,105 and as of June 30, 2010, the reserve was fully funded. The amount of bonds outstanding at June 30, 2010, is \$4,065,000.

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, 2010, both reserves were fully funded. The amount of bonds outstanding at June 30, 2010, for the 2004 Series A and B bonds is \$11,715,000 and \$8,090,000, respectively.

Future requirements to amortize as of June 30, 2010 are as follows:

June 30	2001 Housing Bond		2004 Series A Revenue Bonds		2004 Series B Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 255,000	\$ 203,278	\$ 425,000	\$ 601,077	\$ 165,000	\$ 444,556
2012	270,000	191,593	440,000	583,503	170,000	437,007
2013	280,000	178,868	460,000	562,927	180,000	428,256
2014	295,000	165,027	485,000	539,302	190,000	419,006
2015	310,000	150,086	510,000	514,428	200,000	409,256
2016-2020	1,795,000	486,867	2,950,000	2,151,230	1,150,000	1,880,554
2021-2025	860,000	47,850	3,205,000	1,284,121	1,485,000	1,526,203
2026-2030	-	-	1,400,000	706,750	1,960,000	1,038,737
2031-2035	-	-	1,840,000	263,725	2,590,000	389,275
Total	<u>\$ 4,065,000</u>	<u>\$ 1,423,569</u>	<u>\$ 11,715,000</u>	<u>\$ 7,207,063</u>	<u>\$ 8,090,000</u>	<u>\$ 6,972,850</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

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, 2010, is \$21,175,000. Future requirements to amortize are as follows:

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	619,225	-	117,293	145,000	374,473
2016-2020	1,035,000	3,032,972	195,000	569,118	865,000	1,734,010
2021-2025	1,530,000	2,739,767	410,000	465,795	1,180,000	1,414,587
2026-2030	4,050,000	2,139,625	555,000	319,179	1,605,000	972,709
2031-2035	6,155,000	801,125	750,000	121,286	2,190,000	367,991
Total	\$ 12,770,000	\$ 11,809,614	\$ 1,910,000	\$ 2,061,843	\$ 6,495,000	\$ 6,436,289

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

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 \$80,956,228, payable through September 2034. For the current year, principal and interest paid and total incremental property tax revenues were \$3,241,481 and \$18,382,614, respectively.

2001 Convention Center Lease Revenue Bonds

In 2001, the Palm Springs Financing Authority issued \$14,315,000 of serial bonds and \$14,225,000 of term bonds to provide for the advance refunding of the 1991 Series A Lease Revenue 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, 2010, is \$25,370,000.

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 2001 and 2004 Convention Center Lease Revenue Bonds is \$5,871,080. At June 30, 2010, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2010 is \$55,990,000.

The total convention center bonds outstanding at June 30, 2010, was \$81,360,000.

Future requirements to amortize outstanding convention center bonds as of June 30, 2010, are as follows:

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

June 30	2001 Convention Center Lease Revenue Bonds		2004 Convention Center Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 895,000	\$ 1,228,900	\$ 660,000	\$ 3,027,712
2012	935,000	1,192,300	690,000	2,993,963
2013	970,000	1,154,200	730,000	2,958,462
2014	1,030,000	1,111,625	765,000	2,921,088
2015	1,045,000	1,061,019	835,000	2,881,087
2016-2020	6,270,000	4,379,387	4,780,000	13,709,763
2021-2025	11,205,000	2,332,694	3,025,000	12,509,881
2026-2030	3,020,000	75,500	15,190,000	10,585,850
2031-2035	-	-	23,750,000	4,935,700
2036-2040	-	-	5,565,000	153,038
Total	<u>\$ 25,370,000</u>	<u>\$ 12,535,625</u>	<u>\$ 55,990,000</u>	<u>\$ 56,676,544</u>

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, 2010, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2010
Governmental activities:	
Police building project & master lease	\$ 2,906,791
Cogeneration plant fund	3,388,128
Less unamortized discount	(36,914)
Total governmental activities	<u>\$ 6,258,005</u>
Business-type activities	
Golf Course fund	\$ 10,980,081
Less unamortized discount & refund charge	(576,223)
Total business-type activities	<u>\$ 10,403,858</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

Future requirements to amortize outstanding 2007 Refunding Lease Revenue Bonds as of June 30, 2010, are as follows:

June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2011	\$ 995,000	\$ 757,700
2012	1,030,000	717,900
2013	1,080,000	676,700
2014	970,000	632,150
2015	1,010,000	592,138
2016-2020	4,310,000	2,424,379
2021-2025	5,355,000	1,367,710
2026-2030	2,525,000	171,675
Total	<u>\$ 17,275,000</u>	<u>\$ 7,340,352</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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

The balance outstanding as of June 30, 2010, was \$19,557,894, including accreted interest of \$791,642.

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
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	-	814,648	260,920	331,247
2016-2020	1,300,000	4,040,749	867,416	1,583,835
2021-2025	3,690,000	3,422,880	497,090	1,692,557
2026-2030	1,305,000	2,430,628	1,853,175	1,521,660
2031-2035	8,495,000	1,706,467	450,419	95,277
Total	\$ 14,790,000	\$ 15,673,964	\$ 4,767,893	\$ 6,525,771

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, 2010, the outstanding balance is \$8,000,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

Future requirements to amortize outstanding certificates of participation as of June 30, 2010, are as follows:

June 30	2002 Taxable Variable Rate	
	Principal	Interest
2011	\$ 190,000	\$ 112,000
2012	205,000	109,340
2013	215,000	106,470
2014	230,000	103,460
2015	245,000	100,240
2016-2020	2,015,000	431,200
2021-2025	2,770,000	270,340
2026-2030	2,130,000	60,900
Total	\$ 8,000,000	\$ 1,293,950

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 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

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, 2010, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2010, is \$9,615,801 net of \$154,199 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:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

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.

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, 2010, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2010, is \$9,964,541 net of \$185,889 of unamortized discount and \$489,570 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%
July 1, 2014	102%
July 1, 2015	101%
July 1, 2016 and each July 1 thereafter	100%

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 6: Long-Term Liabilities (Continued)

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 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 2008 Airport Passenger Facility Charge Revenue Bonds is \$644,000. At June 30, 2010, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2010, is \$6,613,427 net of \$281,573 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, 2010, 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>	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 335,000	\$ 519,193	\$ 355,000	\$ 569,400	\$ 400,000	\$ 414,085
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	415,000	445,131	430,000	489,598	280,000	355,600
2016-2020	2,410,000	1,884,469	2,530,000	2,063,358	1,625,000	1,503,520
2021-2025	3,145,000	1,177,839	3,295,000	1,269,962	2,180,000	909,753
2026-2030	2,345,000	262,625	2,860,000	288,323	1,665,000	166,888
Total	<u>\$ 9,770,000</u>	<u>\$ 5,741,157</u>	<u>\$ 10,640,000</u>	<u>\$ 6,276,005</u>	<u>\$ 6,895,000</u>	<u>\$ 4,502,134</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, 2010, principal and interest remaining on the PFC bonds was \$43,824,296. For the current year, principal and interest paid and total PFC revenues were \$660,000 and \$1,546,136, respectively.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 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 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, 2010, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$2,653,395, of which \$740,000 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, 2009 and 2010, for the Risk Management Fund are as follows:

Fiscal Year Ending	Beginning of Fiscal Year Liability	Current Year Claims and Change in Estimates	Claims Payments	Balance at Fiscal Year End
2008-2009	\$ 3,921,219	\$ 960,241	\$ (1,643,958)	\$ 3,237,502
2009-2010	3,237,502	317,798	(901,905)	2,653,395

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 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.

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 13.91 % for non-safety employees, and 24.23% 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 2009-2010, the City's annual pension cost was \$8,309,890 and the City actually contributed \$8,640,348. 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 25 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, 2010, were as follows (amounts in thousands):

Annual required contribution	\$	(8,640)
Interest on beginning net pension asset		1,557
Adjustment to the annual required contribution		<u>(1,226)</u>
Annual pension cost		(8,309)
Contributions made		<u>8,640</u>
Change in net pension asset		331
Net pension asset, beginning of year		<u>20,091</u>
Net pension asset, end of year	\$	<u><u>20,422</u></u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 8: Defined Benefit Pension Plan (PERS)

The City's contributions for 2010 was equal to the annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

Trend Information for PERS (Amount in thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/2008	\$ 8,089	\$ 8,451	104%	\$ 19,744
6/30/2009	8,904	9,251	104%	20,091
6/30/2010	8,309	8,640	104%	20,422

Schedule of Funding Progress (In Thousands)

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability (b)</u>	<u>Actuarial Asset Value (a)</u>	<u>Unfunded AAL (UAAL) [(b)-(a)]</u>	<u>Funded Rate [(a)/(b)]</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll { (b)-(a)/(c) }</u>
6/30/2007						
Misc.	\$ 124,338	\$ 116,642	\$ 7,696	93.8%	\$ 18,180	42.3%
Safety	159,805	134,772	16,033	89.4%	12,123	132.3%
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>
6/30/2008						
Misc.	\$ 135,906	\$ 124,864	\$ 11,042	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>\$ 266,824</u>	<u>\$ 28,803</u>	<u>90.3%</u>	<u>\$ 33,417</u>	<u>86.2%</u>
6/30/2009						
Misc.	\$ 148,807	\$ 130,340	\$ 18,467	87.6%	\$ 18,441	100.1%
Safety	176,638	147,067	29,571	83.3%	14,531	203.5%
Total	<u>\$ 325,445</u>	<u>\$ 277,407</u>	<u>\$ 48,038</u>	<u>85.2%</u>	<u>\$ 32,972</u>	<u>145.7%</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 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 Ca1PERS Executive Office, 400 P Street, Sacramento, CA 95814.

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 381 eligible active employees and 137 enrolled eligible retirees at June 30, 2010. 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 \$1,160,158 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:

	<u>June 30, 2010</u>
Annual required contribution	\$ 5,999,053
Interest on net OPEB obligation	230,233
Adjustment to annual required contributions	<u>(77,256)</u>
Annual OPEB cost (expense)	6,152,030
Contributions made	<u>(1,160,158)</u>
Increase in net OPEB obligation	4,991,872
Net OPEB Obligation, Beginning of Year	<u>5,116,285</u>
Net OPEB Obligation, End of Year	<u><u>\$ 10,108,157</u></u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 9: Other Post-Retirement Health Care Benefits

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2010, the second year in which GASB Statement 45 is required to be implemented, were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	5,999,053	14.7%	5,116,285
6/30/2010	6,152,030	18.9%	10,108,157

Funding Status and Progress

As of June 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$77,025,475, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$77,025,475 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.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability (a)</u>	<u>Actuarial Asset Value (b)</u>	<u>Unfunded AAL (UAAL) [(a) - (b)]</u>	<u>Funded Ratio [(a)/(b)]</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll [(b)-(a)/(c)]</u>
6/30/2009	\$ 77,025,425	\$ -	\$ 77,025,425	0.0%	\$ 31,245,000	-246.5%

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 9: Other Post-Retirement Health Care Benefits

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.

Note 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 10: Leasehold Interest (Continued)

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.

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.

Note 11: Restatement

The beginning fund balance of the General Fund and the Government-wide Net Assets of Governmental Activities was restated by \$560,000 to properly record sales tax receipts in the correct fiscal year.

Note 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, Francis 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 intra-entity obligation has been eliminated from both the government-wide financial statements and the fund financial statements because repayment of amounts excess of the carrying value is

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 12: Interagency Long-Term Debt (Continued)

contingent upon future revenues of the Agency. In the fiscal year ended June 30, 2010, the Agency paid \$2,830,600 interest and \$4,886,000 principal to the City. Unpaid interest was added to the principal of \$2,894,625. The total unpaid obligation at June 30, 2010, was \$60,610,196.

Note 13: Transactions with the State of California

a. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Palm Springs was \$2,077,105.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

b. Delay of State Gas Tax Payments

In March 2010, the State Legislature passed legislation delaying a variety of State payments to local agencies in response to anticipated State cash flow problems in fiscal year 2010-2011. AB5 8x contains provisions to delay a portion (approximately 60%) of the payments of State Gas Tax monies for the first nine months of 2010-2011 (July 2010 through March 2011) to be paid no later than April 28, 2011.

c. SERAF Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

Note 13: Transactions with the State of California (Continued)

distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies.

The payment of the SERAF was due on May 10, 2010 for fiscal year 2009-2010 and it was made in the amount of \$4,204,921. The legislation allowed this payment to be made from any available monies present in any project area(s). Subsequent legislation was passed which even allowed the funding for this payment to be borrowed from the Low and Moderate Income Housing Fund with appropriate findings from its legislative body. Any amounts borrowed from Low and Moderate Income Housing (including any suspended set-aside amounts) are to be repaid by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency.

To accomplish the payment, the Agency borrowed \$4,204,921 from the Low and Moderate Income Housing Fund (after adopting appropriate findings of necessity). In the accompanying financial statements, the amount paid to the County has been reported as a use of current year resources. Borrowings relating to the Low and Moderate Income Housing Fund have been reflected as inter-fund advances between the accounting funds of the Agency.

It is estimated that the Agency's share of the SERAF shift for fiscal year 2010-2011 will amount to approximately \$864,927 and this amount will be payable in May 2011 if the appeal is not successful.

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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 be 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 929 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 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 health.

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

Quimby Act Fees Fund – 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.

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

Business Improvement District Fund – The Business District was established as a “special benefit assessment district” which allows the City to assess business 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 Fund – To account for costs of the Energy Efficient Loan Program 811.

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

Emergency Response Fund – To account for revenues and expenditures for 911 emergency responses.

Sustainability Fund – To account for revenues and related costs for sustainability.

Special Grants Fund - To account for grant revenues and related costs of special grants.

Economic Recovery Plan Fund – To account for costs related to the economic recovery plan.

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

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

DEBT SERVICE FUNDS

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 – To account for the payment of principal and interest on the City's long-term debt issues.

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
	Community Promotion	Forfeiture	Safety Augmentation	Indian Gaming Special Distribution
Assets:				
Pooled cash and investments	\$ 67,803	\$ 466,688	\$ 505,529	\$ 24,869
Receivables:				
Accounts	952,385	-	50,161	-
Accrued interest	-	1,158	1,126	-
Deposits	200,000	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,220,188	\$ 467,846	\$ 556,816	\$ 24,869
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 325,421	\$ 6,896	\$ 2,364	\$ 3,017
Accrued liabilities	-	-	22,634	21,852
Deferred revenues	-	7,814	137,938	-
Deposits payable	195,691	-	-	-
Due to other funds	-	-	-	-
Notes payable	-	-	-	-
Total Liabilities	521,112	14,710	162,936	24,869
Fund Balances:				
Reserved:				
Reserved for encumbrances	2,363	2,589	-	-
Reserved for continuing appropriations	10,000	327,361	211,090	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for special purpose	-	123,186	182,790	-
Undesignated	686,713	-	-	-
Total Fund Balances	699,076	453,136	393,880	-
Total Liabilities and Fund Balances	\$ 1,220,188	\$ 467,846	\$ 556,816	\$ 24,869

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Special Development	CSA 152	Recycling AB 929	Villagefest
Assets:				
Pooled cash and investments	\$ 744,476	\$ -	\$ 57,161	\$ 55,420
Receivables:				
Accounts	-	120,731	30,517	1,605
Accrued interest	1,635	-	2,006	-
Deposits	-	-	-	-
Due from other funds	-	-	900,000	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 746,111	\$ 120,731	\$ 989,684	\$ 57,025
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 8,979	\$ 10,346	\$ 8,799
Accrued liabilities	-	2,732	-	9,595
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	106,647	-	-
Notes payable	-	-	-	-
Total Liabilities	-	118,358	10,346	18,394
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	49,252	2,870	-
Reserved for continuing appropriations	558,689	-	104,477	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for special purpose	187,422	-	871,991	-
Undesignated	-	(46,879)	-	38,631
Total Fund Balances	746,111	2,373	979,338	38,631
Total Liabilities and Fund Balances	\$ 746,111	\$ 120,731	\$ 989,684	\$ 57,025

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Special Revenue Funds</u>			
	<u>Neighborhood Involvements</u>	<u>Parking</u>	<u>Gas Tax</u>	<u>Measure A Improvements</u>
Assets:				
Pooled cash and investments	\$ 1,550	\$ 101,517	\$ 654,671	\$ 7,337,719
Receivables:				
Accounts	-	2,094	194,170	582,652
Accrued interest	-	-	2,236	17,706
Deposits	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 1,550</u>	<u>\$ 103,611</u>	<u>\$ 851,077</u>	<u>\$ 7,938,077</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 21,624	\$ 83,792	\$ 167,327
Accrued liabilities	-	173	67	8,605
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Notes payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>21,797</u>	<u>83,859</u>	<u>175,932</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	14,625	129,806	2,910,963
Reserved for continuing appropriations	1,500	-	637,412	4,914,326
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for special purpose	-	-	-	-
Undesignated	50	67,189	-	(63,144)
Total Fund Balances	<u>1,550</u>	<u>81,814</u>	<u>767,218</u>	<u>7,762,145</u>
Total Liabilities and Fund Balances	<u>\$ 1,550</u>	<u>\$ 103,611</u>	<u>\$ 851,077</u>	<u>\$ 7,938,077</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Drainage Construction	Community Development Block Grant	Master Lease	Air Quality Management
Assets:				
Pooled cash and investments	\$ 1,141,854	\$ -	\$ 451,918	\$ 60,230
Receivables:				
Accounts	-	149,752	-	14,474
Accrued interest	2,503	-	-	124
Deposits	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	1	-
Total Assets	<u>\$ 1,144,357</u>	<u>\$ 149,752</u>	<u>\$ 451,919</u>	<u>\$ 74,828</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,018	\$ 29,587	\$ -	\$ 6,513
Accrued liabilities	30	1,831	-	-
Deferred revenues	-	-	415,000	-
Deposits payable	-	-	-	-
Due to other funds	-	111,524	-	-
Notes payable	-	-	-	-
Total Liabilities	<u>2,048</u>	<u>142,942</u>	<u>415,000</u>	<u>6,513</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	24,869	675	-	-
Reserved for continuing appropriations	995,020	6,135	-	-
Reserved for debt service	-	-	36,919	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for special purpose	122,420	-	-	68,315
Undesignated	-	-	-	-
Total Fund Balances	<u>1,142,309</u>	<u>6,810</u>	<u>36,919</u>	<u>68,315</u>
Total Liabilities and Fund Balances	<u>\$ 1,144,357</u>	<u>\$ 149,752</u>	<u>\$ 451,919</u>	<u>\$ 74,828</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
	Public Arts	Library	Quimby Act Fees	Special Projects
Assets:				
Pooled cash and investments	\$ 598,652	\$ 2,901,684	\$ 2,474,985	\$ 1,444,915
Receivables:				
Accounts	-	1,029	-	77,497
Accrued interest	1,340	6,446	5,474	-
Deposits	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 599,992</u>	<u>\$ 2,909,159</u>	<u>\$ 2,480,459</u>	<u>\$ 1,522,412</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,665	\$ 853	\$ 13,395	\$ 40,663
Accrued liabilities	1,659	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	302,555	-	-
Due to other funds	-	-	-	-
Notes payable	-	-	200,000	-
Total Liabilities	<u>7,324</u>	<u>303,408</u>	<u>213,395</u>	<u>40,663</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	28,128	51,805	28,337	100,987
Reserved for continuing appropriations	26,537	1,151,337	165,188	1,372,633
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for special purpose	538,003	1,402,609	2,073,539	-
Undesignated	-	-	-	8,129
Total Fund Balances	<u>592,668</u>	<u>2,605,751</u>	<u>2,267,064</u>	<u>1,481,749</u>
Total Liabilities and Fund Balances	<u>\$ 599,992</u>	<u>\$ 2,909,159</u>	<u>\$ 2,480,459</u>	<u>\$ 1,522,412</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan	Park Maintenance District
Assets:				
Pooled cash and investments	\$ 209,512	\$ 10,583	\$ 500,000	\$ 149,981
Receivables:				
Accounts	32,792	-	-	3,054
Accrued interest	437	33	-	-
Deposits	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 242,741</u>	<u>\$ 10,616</u>	<u>\$ 500,000</u>	<u>\$ 153,035</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 2,900	\$ -	\$ 14,019
Accrued liabilities	17,876	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Notes payable	-	-	-	-
Total Liabilities	<u>17,876</u>	<u>2,900</u>	<u>-</u>	<u>14,019</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	10,978
Reserved for continuing appropriations	-	7,629	-	128,038
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for special purpose	224,865	87	500,000	-
Undesignated	-	-	-	-
Total Fund Balances	<u>224,865</u>	<u>7,716</u>	<u>500,000</u>	<u>139,016</u>
Total Liabilities and Fund Balances	<u>\$ 242,741</u>	<u>\$ 10,616</u>	<u>\$ 500,000</u>	<u>\$ 153,035</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Special Revenue Funds</u>			
	<u>Emergency Response</u>	<u>Sustainability</u>	<u>Special Grants</u>	<u>Economic Recovery Plan</u>
Assets:				
Pooled cash and investments	\$ 2,373,182	\$ 280,861	\$ -	\$ 758,070
Receivables:				
Accounts	82,558	93,308	380,377	-
Accrued interest	4,989	2,772	-	-
Deposits	-	-	-	-
Due from other funds	-	1,019,290	-	-
Advances to other funds	-	1,139,871	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 2,460,729</u>	<u>\$ 2,536,102</u>	<u>\$ 380,377</u>	<u>\$ 758,070</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 10,535	\$ 280,289	\$ 145,912
Accrued liabilities	-	5,588	2,146	-
Deferred revenues	-	-	39,556	-
Deposits payable	-	-	-	-
Due to other funds	-	-	97,943	-
Notes payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>16,123</u>	<u>419,934</u>	<u>145,912</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	715,206	45,627	12,500
Reserved for continuing appropriations	-	197,394	-	599,658
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for special purpose	2,460,729	1,607,379	-	-
Undesignated	-	-	(85,184)	-
Total Fund Balances	<u>2,460,729</u>	<u>2,519,979</u>	<u>(39,557)</u>	<u>612,158</u>
Total Liabilities and Fund Balances	<u>\$ 2,460,729</u>	<u>\$ 2,536,102</u>	<u>\$ 380,377</u>	<u>\$ 758,070</u>

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Capital Projects Funds		Debt Service Funds	Total
	Capital Projects	Parking Projects	General Debt Service	Governmental Funds
Assets:				
Pooled cash and investments	\$ 4,857,460	\$ 477,942	\$ 607,234	\$ 29,316,466
Receivables:				
Accounts	275,204	-	-	3,044,360
Accrued interest	-	1,050	-	51,035
Deposits	-	-	-	200,000
Due from other funds	-	-	-	1,919,290
Advances to other funds	-	-	-	1,139,871
Restricted assets:				
Cash and investments with fiscal agents	170,197	-	5,963,284	6,133,482
Total Assets	\$ 5,302,861	\$ 478,992	\$ 6,570,518	\$ 41,804,504
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 395,540	\$ -	\$ -	\$ 1,586,454
Accrued liabilities	3,882	-	-	98,670
Deferred revenues	287,370	-	-	887,678
Deposits payable	-	-	-	498,246
Due to other funds	-	-	-	316,114
Notes payable	-	-	-	200,000
Total Liabilities	686,792	-	-	3,587,162
Fund Balances:				
Reserved:				
Reserved for encumbrances	5,594,523	-	827	9,726,930
Reserved for continuing appropriations	-	214,506	-	11,628,930
Reserved for debt service	-	-	6,569,691	6,606,610
Unreserved:				
Designated for capital improvement projects	-	264,486	-	264,486
Designated for special purpose	-	-	-	10,363,335
Undesignated	(978,454)	-	-	(372,949)
Total Fund Balances	4,616,069	478,992	6,570,518	38,217,342
Total Liabilities and Fund Balances	\$ 5,302,861	\$ 478,992	\$ 6,570,518	\$ 41,804,504

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Community Promotion	Forfeiture	Safety Augmentation	Indian Gaming Special Distribution
Revenues:				
Taxes	\$ 7,524,508	\$ -	\$ 640,839	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	23,613	-
Use of money and property	12,000	7,024	8,126	-
Fines and forfeitures	-	207,380	-	-
Contributions	95,911	-	25,857	-
Miscellaneous	57,240	-	-	-
Total Revenues	7,689,659	214,404	698,435	-
Expenditures:				
Current:				
General government	2,100,514	-	-	-
Public safety	-	301,079	1,007,198	1,178,926
Cultural and convention center	2,027,671	-	-	-
Parks and recreation	718,256	-	-	-
Public works	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	4,846,441	301,079	1,007,198	1,178,926
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,843,218	(86,675)	(308,763)	(1,178,926)
Other Financing Sources (Uses):				
Transfers in	-	-	-	1,157,099
Transfers out	(2,700,000)	-	-	(4)
Total Other Financing Sources (Uses)	(2,700,000)	-	-	1,157,095
Net Change in Fund Balances	143,218	(86,675)	(308,763)	(21,831)
Fund Balances, Beginning of Year	555,858	539,811	702,643	21,831
Fund Balances, End of Year	\$ 699,076	\$ 453,136	\$ 393,880	\$ -

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Special Development	CSA 152	Recycling AB 929	Villagefest
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	280,015	-	-
Licenses and permits	-	-	-	346,828
Intergovernmental	-	-	-	-
Charges for services	11,545	-	121,722	-
Use of money and property	9,680	-	59,177	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	12,205
Total Revenues	21,225	280,015	180,899	359,033
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	383,608
Public works	-	280,015	115,079	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	280,015	115,079	383,608
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,225	-	65,820	(24,575)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(2,423,820)	-
Total Other Financing Sources (Uses)	-	-	(2,423,820)	-
Net Change in Fund Balances	21,225	-	(2,358,000)	(24,575)
Fund Balances, Beginning of Year	724,886	2,373	3,337,338	63,206
Fund Balances, End of Year	\$ 746,111	\$ 2,373	\$ 979,338	\$ 38,631

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Neighborhood Involvements	Parking	Gas Tax	Measure A Improvements
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,508,545
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	1,202,885	526,814
Charges for services	-	1,112	-	-
Use of money and property	(1,421)	-	5,002	91,777
Fines and forfeitures	-	63,473	-	-
Contributions	6,607	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	5,186	64,585	1,207,887	2,127,136
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	5,474	241,730	1,431,175	2,366,076
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	5,474	241,730	1,431,175	2,366,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	(288)	(177,145)	(223,288)	(238,940)
Other Financing Sources (Uses):				
Transfers in	-	200,000	-	-
Transfers out	-	-	(600,000)	-
Total Other Financing Sources (Uses)	-	200,000	(600,000)	-
Net Change in Fund Balances	(288)	22,855	(823,288)	(238,940)
Fund Balances, Beginning of Year	1,838	58,959	1,590,506	8,001,085
Fund Balances, End of Year	\$ 1,550	\$ 81,814	\$ 767,218	\$ 7,762,145

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Drainage Construction	Community Development Block Grant	Master Lease	Air Quality Management
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	100,962	-	-	-
Intergovernmental	-	638,539	-	53,897
Charges for services	-	-	-	-
Use of money and property	10,469	533	1,146,252	692
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	6,135	-	-
Total Revenues	111,431	645,207	1,146,252	54,589
Expenditures:				
Current:				
General government	-	-	4,037	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	222,473	638,539	-	41,262
Lease	-	-	1,378,463	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	202,962	-
Interest and fiscal charges	-	-	53,873	-
Total Expenditures	222,473	638,539	1,639,335	41,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,042)	6,668	(493,083)	13,327
Other Financing Sources (Uses):				
Transfers in	-	-	530,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	530,000	-
Net Change in Fund Balances	(111,042)	6,668	36,917	13,327
Fund Balances, Beginning of Year	1,253,351	142	2	54,988
Fund Balances, End of Year	\$ 1,142,309	\$ 6,810	\$ 36,919	\$ 68,315

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Public Arts	Library	Quimby Act Fees	Special Projects
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	95,879	25	229,498	221,155
Use of money and property	8,571	32,157	28,957	(2,079)
Fines and forfeitures	-	-	-	-
Contributions	-	113,885	-	175,618
Miscellaneous	-	-	-	-
Total Revenues	104,450	146,067	258,455	394,694
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	221,155
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	585,775	12,496
Public works	283,969	-	-	68,309
Lease	-	-	-	-
Library	-	8,975	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	283,969	8,975	585,775	301,960
Excess (Deficiency) of Revenues Over (Under) Expenditures	(179,519)	137,092	(327,320)	92,734
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(179,519)	137,092	(327,320)	92,734
Fund Balances, Beginning of Year	772,187	2,468,659	2,594,384	1,389,015
Fund Balances, End of Year	\$ 592,668	\$ 2,605,751	\$ 2,267,064	\$ 1,481,749

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan	Park Maintenance District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	345,181	30,951	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	112,161
Use of money and property	1,936	345	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	347,117	31,296	-	112,161
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	542,911	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	51,624	-	183,716
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	542,911	51,624	-	183,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,794)	(20,328)	-	(71,555)
Other Financing Sources (Uses):				
Transfers in	260,000	-	-	-
Transfers out	-	-	-	(48,405)
Total Other Financing Sources (Uses)	260,000	-	-	(48,405)
Net Change in Fund Balances	64,206	(20,328)	-	(119,960)
Fund Balances, Beginning of Year	160,659	28,044	500,000	258,976
Fund Balances, End of Year	\$ 224,865	\$ 7,716	\$ 500,000	\$ 139,016

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			
	Emergency Response	Sustainability	Special Grants	Economic Recovery Plan
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	537,102	-
Charges for services	1,035,099	316,401	-	-
Use of money and property	41,187	23,427	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	13,585	-	-
Total Revenues	1,076,286	353,413	537,102	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	175,098	-	576,659	-
Cultural and convention center	-	-	-	387,842
Parks and recreation	-	-	-	-
Public works	-	257,254	-	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	175,098	257,254	576,659	387,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	901,188	96,159	(39,557)	(387,842)
Other Financing Sources (Uses):				
Transfers in	1,848,015	2,423,820	-	1,000,000
Transfers out	(288,474)	-	-	-
Total Other Financing Sources (Uses)	1,559,541	2,423,820	-	1,000,000
Net Change in Fund Balances	2,460,729	2,519,979	(39,557)	612,158
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ 2,460,729	\$ 2,519,979	\$ (39,557)	\$ 612,158

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Capital Projects Funds		Debt Service Funds	Total Governmental Funds
	Capital Projects	Parking Projects	General Debt Service	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 9,673,892
Assessments	-	-	-	656,147
Licenses and permits	81,117	-	-	528,907
Intergovernmental	2,050,115	-	-	5,009,352
Charges for services	-	-	-	2,168,210
Use of money and property	(18,555)	6,244	87,241	1,558,742
Fines and forfeitures	-	-	-	270,853
Contributions	-	-	-	417,878
Miscellaneous	412,001	-	-	501,166
Total Revenues	2,524,678	6,244	87,241	20,785,147
Expenditures:				
Current:				
General government	1,408	-	23,190	2,129,149
Public safety	3,094,673	-	-	7,097,699
Cultural and convention center	40,155	-	-	2,455,668
Parks and recreation	299,527	-	-	1,999,662
Public works	7,137,312	2,784	-	13,326,791
Lease	-	-	291,000	1,669,463
Library	111,670	-	-	120,645
Debt service:				
Principal retirement	-	-	1,861,082	2,064,044
Interest and fiscal charges	-	-	3,026,959	3,080,832
Total Expenditures	10,684,745	2,784	5,202,231	33,943,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,160,067)	3,460	(5,114,990)	(13,158,806)
Other Financing Sources (Uses):				
Transfers in	3,174,000	-	5,894,900	16,487,834
Transfers out	-	-	(400,000)	(6,460,703)
Total Other Financing Sources (Uses)	3,174,000	-	5,494,900	10,027,131
Net Change in Fund Balances	(4,986,067)	3,460	379,910	(3,131,675)
Fund Balances, Beginning of Year	9,602,136	475,532	6,190,608	41,349,017
Fund Balances, End of Year	\$ 4,616,069	\$ 478,992	\$ 6,570,518	\$ 38,217,342

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY PROMOTION
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 555,858	\$ 555,858	\$ 555,858	\$ -
Resources (Inflows):				
Taxes	7,251,000	7,251,000	7,524,508	273,508
Use of money and property	11,951	11,951	12,000	49
Contributions	-	95,911	95,911	-
Miscellaneous	55,000	55,000	57,240	2,240
Amounts Available for Appropriation	7,873,809	7,969,720	8,245,517	275,797
Charges to Appropriation (Outflow):				
General government	2,405,203	2,305,203	2,100,514	204,689
Cultural and convention center	2,035,171	2,135,171	2,027,671	107,500
Parks and recreation	527,880	817,354	718,256	99,098
Transfers out	2,700,000	2,700,000	2,700,000	-
Total Charges to Appropriations	7,668,254	7,957,728	7,546,441	411,287
Budgetary Fund Balance, June 30	\$ 205,555	\$ 11,992	\$ 699,076	\$ 687,084

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 FORFEITURE
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 539,811	\$ 539,811	\$ 539,811	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	7,024	5,024
Fines and forfeitures	-	207,380	207,380	-
Amounts Available for Appropriation	541,811	749,191	754,215	5,024
Charges to Appropriation (Outflow):				
Public safety	2,000	644,053	301,079	342,974
Total Charges to Appropriations	2,000	644,053	301,079	342,974
Budgetary Fund Balance, June 30	\$ 539,811	\$ 105,138	\$ 453,136	\$ 347,998

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 702,643	\$ 702,643	\$ 702,643	\$ -
Resources (Inflows):				
Taxes	800,000	800,000	640,839	(159,161)
Charges for services	-	21,649	23,613	1,964
Use of money and property	20,000	20,000	8,126	(11,874)
Contributions	-	25,857	25,857	-
Amounts Available for Appropriation	1,522,643	1,570,149	1,401,078	(169,071)
Charges to Appropriation (Outflow):				
Public safety	999,646	1,275,391	1,007,198	268,193
Total Charges to Appropriations	999,646	1,275,391	1,007,198	268,193
Budgetary Fund Balance, June 30	\$ 522,997	\$ 294,758	\$ 393,880	\$ 99,122

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 INDIAN GAMING SPECIAL DISTRIBUTION
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,831	\$ 21,831	\$ 21,831	\$ -
Resources (Inflows):				
Transfers in	1,157,099	1,157,099	1,157,099	-
Amounts Available for Appropriation	1,178,930	1,178,930	1,178,930	-
Charges to Appropriation (Outflow):				
Public safety	1,157,099	1,178,927	1,178,926	1
Transfers out	-	-	4	(4)
Total Charges to Appropriations	1,157,099	1,178,927	1,178,930	(3)
Budgetary Fund Balance, June 30	\$ 21,831	\$ 3	\$ -	\$ (3)

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DEVELOPMENT
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 724,886	\$ 724,886	\$ 724,886	\$ -
Resources (Inflows):				
Charges for services	-	11,545	11,545	-
Use of money and property	-	-	9,680	9,680
Amounts Available for Appropriation	724,886	736,431	746,111	9,680
Charges to Appropriation (Outflow):				
Public works	-	558,689	-	558,689
Total Charges to Appropriations	-	558,689	-	558,689
Budgetary Fund Balance, June 30	\$ 724,886	\$ 177,742	\$ 746,111	\$ 568,369

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE

CSA 152

YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,373	\$ 2,373	\$ 2,373	\$ -
Resources (Inflows):				
Assessments	358,000	358,000	280,015	(77,985)
Amounts Available for Appropriation	360,373	360,373	282,388	(77,985)
Charges to Appropriation (Outflow):				
Public works	357,228	405,058	280,015	125,043
Total Charges to Appropriations	357,228	405,058	280,015	125,043
Budgetary Fund Balance, June 30	\$ 3,145	\$ (44,685)	\$ 2,373	\$ 47,058

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 RECYCLING AB 929
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,337,338	\$ 3,337,338	\$ 3,337,338	\$ -
Resources (Inflows):				
Charges for services	130,000	130,340	121,722	(8,618)
Use of money and property	15,000	15,000	59,177	44,177
Amounts Available for Appropriation	3,482,338	3,482,678	3,518,237	35,559
Charges to Appropriation (Outflow):				
Public works	145,000	261,435	115,079	146,356
Transfers out	-	-	2,423,820	(2,423,820)
Total Charges to Appropriations	145,000	261,435	2,538,899	(2,277,464)
Budgetary Fund Balance, June 30	\$ 3,337,338	\$ 3,221,243	\$ 979,338	\$ (2,241,905)

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 VILLAGEFEST
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 63,206	\$ 63,206	\$ 63,206	\$ -
Resources (Inflows):				
Licenses and permits	397,093	397,093	346,828	(50,265)
Miscellaneous	14,250	14,250	12,205	(2,045)
Amounts Available for Appropriation	474,549	474,549	422,239	(52,310)
Charges to Appropriation (Outflow):				
Parks and recreation	410,715	410,715	383,608	27,107
Total Charges to Appropriations	410,715	410,715	383,608	27,107
Budgetary Fund Balance, June 30	\$ 63,834	\$ 63,834	\$ 38,631	\$ (25,203)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INVOLVEMENTS
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,838	\$ 1,838	\$ 1,838	\$ -
Resources (Inflows):				
Use of money and property	-	-	(1,421)	(1,421)
Contributions	-	6,557	6,607	50
Amounts Available for Appropriation	1,838	8,395	7,024	(1,371)
Charges to Appropriation (Outflow):				
Public works	-	6,974	5,474	1,500
Total Charges to Appropriations	-	6,974	5,474	1,500
Budgetary Fund Balance, June 30	\$ 1,838	\$ 1,421	\$ 1,550	\$ 129

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 58,959	\$ 58,959	\$ 58,959	\$ -
Resources (Inflows):				
Charges for services	2,000	2,000	1,112	(888)
Fines and forfeitures	88,000	88,000	63,473	(24,527)
Transfers in	200,000	200,000	200,000	-
Amounts Available for Appropriation	348,959	348,959	323,544	(25,415)
Charges to Appropriation (Outflow):				
Public works	322,943	326,633	241,730	84,903
Total Charges to Appropriations	322,943	326,633	241,730	84,903
Budgetary Fund Balance, June 30	\$ 26,016	\$ 22,326	\$ 81,814	\$ 59,488

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,590,506	\$ 1,590,506	\$ 1,590,506	\$ -
Resources (Inflows):				
Intergovernmental	838,000	1,269,560	1,202,885	(66,675)
Use of money and property	14,000	14,000	5,002	(8,998)
Amounts Available for Appropriation	2,442,506	2,874,066	2,798,393	(75,673)
Charges to Appropriation (Outflow):				
Public works	252,000	2,269,406	1,431,175	838,231
Transfers out	600,000	600,000	600,000	-
Total Charges to Appropriations	852,000	2,869,406	2,031,175	838,231
Budgetary Fund Balance, June 30	\$ 1,590,506	\$ 4,660	\$ 767,218	\$ 762,558

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MEASURE A IMPROVEMENS
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,001,085	\$ 8,001,085	\$ 8,001,085	\$ -
Resources (Inflows):				
Taxes	1,428,000	1,428,000	1,508,545	80,545
Intergovernmental	-	3,364,272	526,814	(2,837,458)
Use of money and property	130,000	130,000	91,777	(38,223)
Amounts Available for Appropriation	9,559,085	12,923,357	10,128,221	(2,795,136)
Charges to Appropriation (Outflow):				
Public works	1,558,000	14,244,900	2,366,076	11,878,824
Total Charges to Appropriations	1,558,000	14,244,900	2,366,076	11,878,824
Budgetary Fund Balance, June 30	\$ 8,001,085	\$ (1,321,543)	\$ 7,762,145	\$ 9,083,688

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 DRAINAGE CONSTRUCTION
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,253,351	\$ 1,253,351	\$ 1,253,351	\$ -
Resources (Inflows):				
Licenses and permits	-	-	100,962	100,962
Use of money and property	-	-	10,469	10,469
Amounts Available for Appropriation	1,253,351	1,253,351	1,364,782	111,431
Charges to Appropriation (Outflow):				
Public works	-	1,242,362	222,473	1,019,889
Total Charges to Appropriations	-	1,242,362	222,473	1,019,889
Budgetary Fund Balance, June 30	\$ 1,253,351	\$ 10,989	\$ 1,142,309	\$ 1,131,320

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 142	\$ 142	\$ 142	\$ -
Resources (Inflows):				
Intergovernmental	541,467	677,267	638,539	(38,728)
Use of money and property	973	973	533	(440)
Miscellaneous	-	-	6,135	6,135
Amounts Available for Appropriation	542,582	678,382	645,349	(33,033)
Charges to Appropriation (Outflow):				
Public works	542,409	1,167,326	638,539	528,787
Total Charges to Appropriations	542,409	1,167,326	638,539	528,787
Budgetary Fund Balance, June 30	\$ 173	\$ (488,944)	\$ 6,810	\$ 495,754

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MASTER LEASE
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2	\$ 2	\$ 2	\$ -
Resources (Inflows):				
Use of money and property	1,151,252	1,151,252	1,146,252	(5,000)
Transfers in	330,000	330,000	530,000	200,000
Amounts Available for Appropriation	1,481,254	1,481,254	1,676,254	195,000
Charges to Appropriation (Outflow):				
General government	6,251	6,251	4,037	2,214
Lease	1,200,000	1,377,000	1,378,463	(1,463)
Debt service:				
Principal retirement	202,962	202,962	202,962	-
Interest and fiscal charges	53,875	53,875	53,873	2
Total Charges to Appropriations	1,463,088	1,640,088	1,639,335	753
Budgetary Fund Balance, June 30	\$ 18,166	\$ (158,834)	\$ 36,919	\$ 195,753

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 54,988	\$ 54,988	\$ 54,988	\$ -
Resources (Inflows):				
Intergovernmental	52,500	52,500	53,897	1,397
Use of money and property	500	500	692	192
Amounts Available for Appropriation	107,988	107,988	109,577	1,589
Charges to Appropriation (Outflow):				
Public works	63,000	63,000	41,262	21,738
Total Charges to Appropriations	63,000	63,000	41,262	21,738
Budgetary Fund Balance, June 30	\$ 44,988	\$ 44,988	\$ 68,315	\$ 23,327

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PUBLIC ARTS
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 772,187	\$ 772,187	\$ 772,187	\$ -
Resources (Inflows):				
Charges for services	206,000	209,720	95,879	(113,841)
Use of money and property	20,000	20,000	8,571	(11,429)
Amounts Available for Appropriation	998,187	1,001,907	876,637	(125,270)
Charges to Appropriation (Outflow):				
Public works	260,498	615,466	283,969	331,497
Total Charges to Appropriations	260,498	615,466	283,969	331,497
Budgetary Fund Balance, June 30	\$ 737,689	\$ 386,441	\$ 592,668	\$ 206,227

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,468,659	\$ 2,468,659	\$ 2,468,659	\$ -
Resources (Inflows):				
Charges for services	1,000	1,000	25	(975)
Use of money and property	85,000	85,000	32,157	(52,843)
Contributions	10,000	10,000	113,885	103,885
Miscellaneous	6,000	6,000	-	(6,000)
Amounts Available for Appropriation	2,570,659	2,570,659	2,614,726	44,067
Charges to Appropriation (Outflow):				
Library	225,000	1,212,117	8,975	1,203,142
Total Charges to Appropriations	225,000	1,212,117	8,975	1,203,142
Budgetary Fund Balance, June 30	\$ 2,345,659	\$ 1,358,542	\$ 2,605,751	\$ 1,247,209

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT FEES
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,594,384	\$ 2,594,384	\$ 2,594,384	\$ -
Resources (Inflows):				
Charges for services	-	-	229,498	229,498
Use of money and property	-	7,229	28,957	21,728
Amounts Available for Appropriation	2,594,384	2,601,613	2,852,839	251,226
Charges to Appropriation (Outflow):				
Parks and recreation	-	780,218	585,775	194,443
Total Charges to Appropriations	-	780,218	585,775	194,443
Budgetary Fund Balance, June 30	\$ 2,594,384	\$ 1,821,395	\$ 2,267,064	\$ 445,669

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,389,015	\$ 1,389,015	\$ 1,389,015	\$ -
Resources (Inflows):				
Charges for services	100,000	221,155	221,155	-
Use of money and property	-	-	(2,079)	(2,079)
Contributions	-	175,618	175,618	-
Amounts Available for Appropriation	1,489,015	1,785,788	1,783,709	(2,079)
Charges to Appropriation (Outflow):				
Public safety	100,000	221,155	221,155	-
Parks and recreation	-	159,798	12,496	147,302
Public works	-	1,394,628	68,309	1,326,319
Total Charges to Appropriations	100,000	1,775,581	301,960	1,473,621
Budgetary Fund Balance, June 30	\$ 1,389,015	\$ 10,207	\$ 1,481,749	\$ 1,471,542

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 CFD PUBLIC SAFETY #1
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 160,659	\$ 160,659	\$ 160,659	\$ -
Resources (Inflows):				
Assessments	260,000	305,000	345,181	40,181
Use of money and property	-	-	1,936	1,936
Transfers in	260,000	260,000	260,000	-
Amounts Available for Appropriation	680,659	725,659	767,776	42,117
Charges to Appropriation (Outflow):				
Public safety	535,950	588,946	542,911	46,035
Total Charges to Appropriations	535,950	588,946	542,911	46,035
Budgetary Fund Balance, June 30	\$ 144,709	\$ 136,713	\$ 224,865	\$ 88,152

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 BUSINESS IMPROVEMENT DISTRICT
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 28,044	\$ 28,044	\$ 28,044	\$ -
Resources (Inflows):				
Assessments	125,000	31,209	30,951	(258)
Use of money and property	-	-	345	345
Amounts Available for Appropriation	153,044	59,253	59,340	87
Charges to Appropriation (Outflow):				
Public works	125,000	59,253	51,624	7,629
Total Charges to Appropriations	125,000	59,253	51,624	7,629
Budgetary Fund Balance, June 30	\$ 28,044	\$ -	\$ 7,716	\$ 7,716

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 ENERGY EFFICIENCY LOAN
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	500,000	500,000	500,000	-
Charges to Appropriation (Outflow):				
Public works	-	500,000	-	500,000
Total Charges to Appropriations	-	500,000	-	500,000
Budgetary Fund Balance, June 30	\$ 500,000	\$ -	\$ 500,000	\$ 500,000

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARK MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 258,976	\$ 258,976	\$ 258,976	\$ -
Resources (Inflows):				
Charges for services	190,500	190,500	112,161	(78,339)
Amounts Available for Appropriation	449,476	449,476	371,137	(78,339)
Charges to Appropriation (Outflow):				
Public works	190,500	449,476	183,716	265,760
Transfers out	-	-	48,405	(48,405)
Total Charges to Appropriations	190,500	449,476	232,121	217,355
Budgetary Fund Balance, June 30	\$ 258,976	\$ -	\$ 139,016	\$ 139,016

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY RESPONSE
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for services	700,000	700,000	1,035,099	335,099
Use of money and property	-	-	41,187	41,187
Transfers in	-	-	1,848,015	1,848,015
Amounts Available for Appropriation	700,000	700,000	2,924,301	2,224,301
Charges to Appropriation (Outflow):				
Public safety	700,000	700,000	175,098	524,902
Transfers out	288,474	288,474	288,474	-
Total Charges to Appropriations	988,474	988,474	463,572	524,902
Budgetary Fund Balance, June 30	\$ (288,474)	\$ (288,474)	\$ 2,460,729	\$ 2,749,203

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SUSTAINABILITY
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for services	165,000	378,317	316,401	(61,916)
Use of money and property	50,000	50,000	23,427	(26,573)
Miscellaneous	-	13,585	13,585	-
Transfers in	-	-	2,423,820	2,423,820
Amounts Available for Appropriation	215,000	441,902	2,777,233	2,335,331
Charges to Appropriation (Outflow):				
General government	-	-	-	-
Public works	157,078	1,322,886	257,254	1,065,632
Total Charges to Appropriations	157,078	1,322,886	257,254	1,065,632
Budgetary Fund Balance, June 30	\$ 57,922	\$ (880,984)	\$ 2,519,979	\$ 3,400,963

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL GRANTS
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	1,340,116	537,102	(803,014)
Amounts Available for Appropriation	-	1,340,116	537,102	(803,014)
Charges to Appropriation (Outflow):				
Public safety	-	1,320,826	576,659	744,167
Total Charges to Appropriations	-	1,320,826	576,659	744,167
Budgetary Fund Balance, June 30	\$ -	\$ 19,290	\$ (39,557)	\$ (58,847)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,602,136	\$ 9,602,136	\$ 9,602,136	\$ -
Resources (Inflows):				
Licenses and permits	-	81,117	81,117	-
Intergovernmental	4,453,000	14,030,012	2,050,115	(11,979,897)
Use of money and property	-	140	(18,555)	(18,695)
Miscellaneous	500,000	412,001	412,001	-
Transfers in	-	1,904,000	3,174,000	1,270,000
Amounts Available for Appropriation	14,555,136	26,029,406	15,300,814	(10,728,592)
Charges to Appropriation (Outflow):				
General government	-	1,263,124	1,408	1,261,716
Public safety	-	4,221,332	3,094,673	1,126,659
Cultural and convention center	-	93,086	40,155	52,931
Parks and recreation	-	745,051	299,527	445,524
Public works	4,953,000	27,936,837	7,137,312	20,799,525
Library	-	508,731	111,670	397,061
Total Charges to Appropriations	4,953,000	34,768,161	10,684,745	24,083,416
Budgetary Fund Balance, June 30	\$ 9,602,136	\$ (8,738,755)	\$ 4,616,069	\$ 13,354,824

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING PROJECTS
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 475,532	\$ 475,532	\$ 475,532	\$ -
Resources (Inflows):				
Use of money and property	-	-	6,244	6,244
Amounts Available for Appropriation	475,532	475,532	481,776	6,244
Charges to Appropriation (Outflow):				
Public works	22,310	237,290	2,784	234,506
Total Charges to Appropriations	22,310	237,290	2,784	234,506
Budgetary Fund Balance, June 30	\$ 453,222	\$ 238,242	\$ 478,992	\$ 240,750

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY - CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$21,938,438	\$21,938,438	\$21,938,438	\$ -
Resources (Inflows):				
Use of money and property	610,000	805,386	236,250	(569,136)
Contributions	-	404,925	404,925	-
Transfers in	-	-	2,047,925	2,047,925
Amounts Available for Appropriation	22,548,438	23,148,749	24,627,538	1,478,789
Charges to Appropriation (Outflow):				
General government	697,573	2,564,006	595,632	1,968,374
Public works	1,385,851	11,022,629	2,556,651	8,465,978
Transfers out	-	-	4,192,640	(4,192,640)
Total Charges to Appropriations	2,083,424	13,586,635	7,344,923	6,241,712
Budgetary Fund Balance, June 30	\$20,465,014	\$ 9,562,114	\$ 17,282,615	\$ 7,720,501

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,190,608	\$ 6,190,608	\$ 6,190,608	\$ -
Resources (Inflows):				
Use of money and property	170,000	170,000	87,241	(82,759)
Transfers in	5,894,900	5,894,900	5,894,900	-
Amounts Available for Appropriation	12,255,508	12,255,508	12,172,749	(82,759)
Charges to Appropriation (Outflow):				
General government	83,000	83,296	23,190	60,106
Lease	401,000	401,000	291,000	110,000
Debt service:				
Principal retirement	2,051,083	2,051,083	1,861,082	190,001
Interest and fiscal charges	3,328,255	3,328,255	3,026,959	301,296
Transfers out	-	-	400,000	(400,000)
Total Charges to Appropriations	5,863,338	5,863,634	5,602,231	261,403
Budgetary Fund Balance, June 30	\$ 6,392,170	\$ 6,391,874	\$ 6,570,518	\$ 178,644

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENTS
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,617,296	\$ 3,617,296	\$ 3,617,296	\$ -
Resources (Inflows):				
Assessments	1,383,030	1,733,762	1,243,228	(490,534)
Use of money and property	23,450	31,950	24,440	(7,510)
Miscellaneous	115,400	115,400	115,400	-
Transfers in	50,000	50,000	-	(50,000)
Amounts Available for Appropriation	5,189,176	5,548,408	5,000,364	(548,044)
Charges to Appropriation (Outflow):				
General government	52,250	52,703	21,331	31,372
Public works	694,800	941,014	34,741	906,273
Debt service:				
Principal retirement	1,065,000	1,385,000	1,385,000	-
Interest and fiscal charges	519,054	528,204	506,204	22,000
Transfers out	-	-	35,947	(35,947)
Total Charges to Appropriations	2,331,104	2,906,921	1,983,223	923,698
Budgetary Fund Balance, June 30	\$ 2,858,072	\$ 2,641,487	\$ 3,017,141	\$ 375,654

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,104,922	\$ 2,104,922	\$ 2,104,922	\$ -
Resources (Inflows):				
Taxes	14,252,800	14,262,800	14,693,573	430,773
Use of money and property	95,000	95,000	799	(94,201)
Miscellaneous	539,962	539,962	830,175	290,213
Transfers in	-	-	4,192,640	4,192,640
Amounts Available for Appropriation	16,992,684	17,002,684	21,822,109	4,819,425
Charges to Appropriation (Outflow):				
General government	8,000	8,000	11,045	(3,045)
Lease	110,000	110,000	110,000	-
Debt service:				
Principal retirement	3,893,796	7,509,796	570,000	6,939,796
Interest and fiscal charges	6,203,006	6,991,006	6,909,561	81,445
Pass-through agreement payments	7,831,213	12,046,134	12,027,631	18,503
Transfers out	-	-	6,933,925	(6,933,925)
Total Charges to Appropriations	18,046,015	26,664,936	26,562,162	102,774
Budgetary Fund Balance, June 30	\$ (1,053,331)	\$ (9,662,252)	\$ (4,740,053)	\$ 4,922,199

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 operations 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, 2010

	<u>Governmental Activities - Internal Service Funds</u>			
	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>	<u>Risk Management</u>
Assets:				
Current:				
Cash and investments	\$ 3,352,717	\$ 919,079	\$ 541,388	\$ 6,181,566
Receivables:				
Accounts	36	-	-	1,214
Accrued interest	7,706	-	294,331	14,391
Inventories	115,862	-	-	-
Deferred Charges	-	-	401,929	-
Net pension asset	-	-	20,421,753	-
Restricted:				
Cash with fiscal agent	-	-	-	-
Total Current Assets	<u>3,476,321</u>	<u>919,079</u>	<u>21,659,401</u>	<u>6,197,171</u>
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets - net of accumulated depreciation	5,429,668	-	-	-
Total Noncurrent Assets	<u>5,429,668</u>	<u>-</u>	<u>1,430,000</u>	<u>-</u>
Total Assets	<u>\$ 8,905,989</u>	<u>\$ 919,079</u>	<u>\$ 23,089,401</u>	<u>\$ 6,197,171</u>
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 134,602	\$ 96,043	\$ -	\$ 43,265
Accrued liabilities	58,730	119,703	-	40,317
Accrued interest	-	-	-	-
Accrued compensated absences	26,261	45,774	-	18,079
Accrued claims and judgments	-	-	-	740,000
Bonds, notes, and capital leases	165,460	-	174,273	-
Total Current Liabilities	<u>385,053</u>	<u>261,520</u>	<u>174,273</u>	<u>841,661</u>
Noncurrent:				
Accrued compensated absences	19,546	34,071	-	13,456
Accrued claims and judgments	-	-	-	1,913,395
Bonds, notes, and capital leases	1,007,240	-	20,175,263	-
Total Noncurrent Liabilities	<u>1,026,786</u>	<u>34,071</u>	<u>20,175,263</u>	<u>1,926,851</u>
Total Liabilities	<u>1,411,839</u>	<u>295,591</u>	<u>20,349,536</u>	<u>2,768,512</u>
Net Assets:				
Invested in capital assets, net of related debt	4,256,968	-	-	-
Unrestricted	3,237,182	623,488	2,739,865	3,428,659
Total Net Assets	<u>7,494,150</u>	<u>623,488</u>	<u>2,739,865</u>	<u>3,428,659</u>
Total Liabilities and Net Assets	<u>\$ 8,905,989</u>	<u>\$ 919,079</u>	<u>\$ 23,089,401</u>	<u>\$ 6,197,171</u>

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
Assets:			
Current:			
Cash and investments	\$ 354,867	\$ 1,974,467	\$ 13,324,084
Receivables:			
Accounts	10,422	29,371	41,043
Accrued interest	-	-	316,428
Inventories	-	-	115,862
Deferred Charges	-	93,823	495,752
Net pension asset	-	-	20,421,753
Restricted:			
Cash with fiscal agent	-	2	2
Total Current Assets	365,289	2,097,663	34,714,924
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets - net of accumulated depreciation	-	2,369,580	7,799,248
Total Noncurrent Assets	-	2,369,580	9,229,248
Total Assets	\$ 365,289	\$ 4,467,243	\$ 43,944,172
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ -	\$ 179,685	\$ 453,595
Accrued liabilities	-	-	218,750
Accrued interest	-	37,051	37,051
Accrued compensated absences	-	-	90,114
Accrued claims and judgments	-	-	740,000
Bonds, notes, and capital leases	-	199,000	538,733
Total Current Liabilities	-	415,736	2,078,243
Noncurrent:			
Accrued compensated absences	-	-	67,073
Accrued claims and judgments	-	-	1,913,395
Bonds, notes, and capital leases	-	3,152,214	24,334,717
Total Noncurrent Liabilities	-	3,152,214	26,315,185
Total Liabilities	-	3,567,950	28,393,428
Net Assets:			
Invested in capital assets, net of related debt	-	(981,634)	3,275,334
Unrestricted	365,289	1,880,927	12,275,410
Total Net Assets	365,289	899,293	15,550,744
Total Liabilities and Net Assets	\$ 365,289	\$ 4,467,243	\$ 43,944,172

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010**

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Operating Revenues:				
Sales and service charges	\$ 2,576,886	\$ 3,786,802	\$ 9,768,148	\$ 10,908,521
Miscellaneous	24,776	-	-	-
Sale of electricity	-	-	-	-
Total Operating Revenues	2,601,662	3,786,802	9,768,148	10,908,521
Operating Expenses:				
Administration and general	101,178	279	-	1,199,802
Maintenance shop operations	2,259,498	-	-	-
Facilities maintenance	-	3,469,377	2,500	-
Retirement	-	-	8,399,058	-
Other claims and insurance	10,913	28,855	-	1,747,023
Depreciation expense	1,051,524	2,200	-	-
Heat, light and power	-	-	-	-
Other charges and services	2,186	-	-	-
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	6,454,203
Workers compensation	-	-	-	460,511
Total Operating Expenses	3,425,299	3,500,711	8,401,558	9,861,539
Operating Income (Loss)	(823,637)	286,091	1,366,590	1,046,982
Nonoperating Revenues (Expenses):				
Interest revenue	39,634	-	4,382	70,305
Interest expense	(95,478)	-	(1,030,715)	-
Total Nonoperating Revenues (Expenses)	(55,844)	-	(1,026,333)	70,305
Income (Loss) Before Contributions and transfers	(879,481)	286,091	340,257	1,117,287
Capital contributions	750,219	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(1,000,000)
Changes in Net Assets	(129,262)	286,091	340,257	117,287
Net Assets:				
Beginning of Year	7,623,412	337,397	2,399,608	3,311,372
End of Fiscal Year	\$ 7,494,150	\$ 623,488	\$ 2,739,865	\$ 3,428,659

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010**

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Operating Revenues:			
Sales and service charges	\$ 181,968	\$ 3,412,569	\$ 30,634,894
Miscellaneous	-	-	24,776
Sale of electricity	-	99,357	99,357
Total Operating Revenues	181,968	3,511,926	30,759,027
Operating Expenses:			
Administration and general	-	3,000	1,304,259
Maintenance shop operations	-	-	2,259,498
Facilities maintenance	-	-	3,471,877
Retirement	-	-	8,399,058
Other claims and insurance	1,342,126	44,895	3,173,812
Depreciation expense	-	124,714	1,178,438
Heat, light and power	-	1,704,044	1,704,044
Other charges and services	-	-	2,186
Cogeneration	-	755,868	755,868
Medical, health, and life insurance	-	-	6,454,203
Workers compensation	-	-	460,511
Total Operating Expenses	1,342,126	2,632,521	29,163,754
Operating Income (Loss)	(1,160,158)	879,405	1,595,273
Nonoperating Revenues (Expenses):			
Interest revenue	-	4,005	118,326
Interest expense	-	(163,828)	(1,290,021)
Total Nonoperating Revenues (Expenses)	-	(159,823)	(1,171,695)
Income (Loss) Before Contributions and transfers	(1,160,158)	719,582	423,578
Capital contributions	-	-	750,219
Transfers in	1,300,000	-	1,300,000
Transfers out	-	-	(1,000,000)
Changes in Net Assets	139,842	719,582	1,473,797
Net Assets:			
Beginning of Year	225,447	179,711	14,076,947
End of Fiscal Year	\$ 365,289	\$ 899,293	\$ 15,550,744

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010**

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Cash Flows from Operating Activities:				
Cash received from/(paid to) interfund service provided	\$ 2,606,620	\$ 3,786,802	\$ 9,768,148	\$ 10,907,307
Cash paid to suppliers for goods and services	(1,937,248)	(2,635,970)	(8,731,807)	(10,195,271)
Cash paid to employees for services	(433,818)	(782,186)	-	(243,204)
Net Cash Provided (Used) by Operating Activities	235,554	368,646	1,036,341	468,832
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	-	(1,000,000)
Cash transfers in	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	-	(1,000,000)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital debt	1,330,275	-	-	-
Capital contributions	750,219	-	-	-
Acquisition and construction of capital assets	(2,342,957)	-	-	-
Principal paid on capital debt	(193,917)	-	(153,529)	-
Interest paid on capital debt	(96,153)	-	(840,194)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(552,533)	-	(993,723)	-
Cash Flows from Investing Activities:				
Interest received	47,905	-	5,493	87,688
Net Cash Provided (Used) by Investing Activities	47,905	-	5,493	87,688
Net Increase (Decrease) in Cash and Cash Equivalents	(269,074)	368,646	48,111	(443,480)
Cash and Cash Equivalents at Beginning of Year	3,621,791	550,433	493,277	6,625,046
Cash and Cash Equivalents at End of Year	\$ 3,352,717	\$ 919,079	\$ 541,388	\$ 6,181,566
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (823,637)	\$ 286,091	\$ 1,366,590	\$ 1,046,982
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	1,051,524	2,200	-	-
(Increase) decrease in accounts receivable	4,958	-	-	(1,214)
(Increase) decrease in inventories	(573)	-	-	-
(Increase) decrease in net pension asset	-	-	(330,249)	-
Increase (decrease) in accounts payable	(31,729)	8,358	-	(9,976)
Increase (decrease) in accrued liabilities	39,554	85,371	-	27,790
Increase (decrease) in claims and judgments	-	-	-	(584,107)
Increase (decrease) in compensated absences	(4,543)	(13,374)	-	(10,643)
Total Adjustments	1,059,191	82,555	(330,249)	(578,150)
Net Cash Provided (Used) by Operating Activities	\$ 235,554	\$ 368,646	\$ 1,036,341	\$ 468,832

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010**

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Cash Flows from Operating Activities:			
Cash received from/(paid to) interfund service provided	\$ 180,094	\$ 3,520,009	\$ 30,768,980
Cash paid to suppliers for goods and services	(1,342,126)	(2,401,149)	(27,243,571)
Cash paid to employees for services	-	-	(1,459,208)
Net Cash Provided (Used) by Operating Activities	(1,162,032)	1,118,860	2,066,201
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	-	(1,000,000)
Cash transfers in	1,300,000	-	1,300,000
Net Cash Provided (Used) by Non-Capital Financing Activities	1,300,000	-	300,000
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital debt	-	-	1,330,275
Capital contributions	-	-	750,219
Acquisition and construction of capital assets	-	-	(2,342,957)
Principal paid on capital debt	-	(243,841)	(591,287)
Interest paid on capital debt	-	(158,576)	(1,094,923)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(402,417)	(1,948,673)
Cash Flows from Investing Activities:			
Interest received	-	11,109	152,195
Net Cash Provided (Used) by Investing Activities	-	11,109	152,195
Net Increase (Decrease) in Cash and Cash Equivalents	137,968	727,552	569,723
Cash and Cash Equivalents at Beginning of Year	216,899	1,246,917	12,754,363
Cash and Cash Equivalents at End of Year	\$ 354,867	\$ 1,974,469	\$ 13,324,086
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,160,158)	\$ 879,405	\$ 1,595,273
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	124,714	1,178,438
(Increase) decrease in accounts receivable	(1,874)	8,083	9,953
(Increase) decrease in inventories	-	-	(573)
(Increase) decrease in net pension asset	-	-	(330,249)
Increase (decrease) in accounts payable	-	106,658	73,311
Increase (decrease) in accrued liabilities	-	-	152,715
Increase (decrease) in claims and judgments	-	-	(584,107)
Increase (decrease) in compensated absences	-	-	(28,560)
Total Adjustments	(1,874)	239,455	470,928
Net Cash Provided (Used) by Operating Activities	\$ (1,162,032)	\$ 1,118,860	\$ 2,066,201

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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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<u>Special Deposits</u>				
Assets:				
Pooled cash and investments	\$ 1,228,951	\$ 904,908	\$ -	\$ 2,133,859
Total Assets	<u>\$ 1,228,951</u>	<u>\$ 904,908</u>	<u>\$ -</u>	<u>\$ 2,133,859</u>
Liabilities:				
Deposits payable	\$ 1,228,951	\$ 904,908	\$ -	\$ 2,133,859
Total Liabilities	<u>\$ 1,228,951</u>	<u>\$ 904,908</u>	<u>\$ -</u>	<u>\$ 2,133,859</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 1,228,951	\$ 904,908	\$ -	\$ 2,133,859
Total Assets	<u>\$ 1,228,951</u>	<u>\$ 904,908</u>	<u>\$ -</u>	<u>\$ 2,133,859</u>
Liabilities:				
Deposits payable	\$ 1,228,951	\$ 904,908	\$ -	\$ 2,133,859
Total Liabilities	<u>\$ 1,228,951</u>	<u>\$ 904,908</u>	<u>\$ -</u>	<u>\$ 2,133,859</u>

STATISTICAL SECTION

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CITY OF PALM SPRINGS
FINANCIAL STATEMENTS
JUNE 30, 2010
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, and note disclosures says about the government's overall financial health.

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CITY OF PALM SPRINGS

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

	2010	2009	2008	2007	2006
Governmental activities:					
Invested in capital assets, net of related debt	\$ 73,197,631	\$ 73,048,922	\$ 74,644,178	\$ 68,392,428	\$ 89,544,865
Restricted	63,883,617	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	<u>19,934,024</u>	<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>\$ 157,015,272</u>	<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	\$ 94,457,741	\$ 102,404,738	\$ 98,206,074	\$ 98,785,796	\$ 93,694,049
Restricted	4,288,145	3,633,197	3,517,715	3,836,949	-
Unrestricted	<u>27,247,535</u>	<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>\$ 125,993,421</u>	<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	\$ 167,655,372	\$ 175,453,660	\$ 172,850,252	\$ 167,178,224	\$ 183,238,914
Restricted	68,171,762	69,315,885	71,557,238	55,298,532	47,008,169
Unrestricted	<u>47,181,559</u>	<u>59,597,396</u>	<u>66,226,420</u>	<u>81,529,299</u>	<u>45,233,435</u>
Total primary government net assets	<u>\$ 283,008,693</u>	<u>\$ 304,366,941</u>	<u>\$ 310,633,910</u>	<u>\$ 304,006,055</u>	<u>\$ 275,480,518</u>

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

**Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)**

	2010	2009	2008	2007	2006
Expenses:					
Governmental activities:					
General government	\$ 11,784,609	\$ 15,700,926	\$ 10,720,946	\$ 12,278,124	\$ 12,664,186
Public safety	39,310,585	38,382,590	35,442,942	33,968,442	30,377,849
Cultural and convention center	5,589,972	7,693,125	5,511,222	7,580,033	5,894,286
Parks and recreation	7,052,825	9,532,099	9,433,992	7,275,052	7,056,619
Public works	25,469,426	21,959,270	21,749,956	19,329,974	15,178,234
Lease	1,779,463	-	-	-	-
Library	2,041,643	2,937,321	2,772,268	2,332,577	2,562,084
Interest on long-term debt	11,967,641	14,636,613	11,609,448	7,764,472	8,416,117
Total governmental activities expenses	<u>104,996,164</u>	<u>110,841,944</u>	<u>97,240,774</u>	<u>90,528,674</u>	<u>82,149,375</u>
Business-type activities:					
Airport	24,586,610	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	6,126,747	5,854,655	5,191,967	4,658,947	3,617,124
Golf Course	5,153,882	5,374,561	4,664,759	3,872,346	3,615,866
Total business-type activities expenses	<u>35,867,239</u>	<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>140,863,403</u>	<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	3,904,814	1,868,359	1,811,973	1,527,808	2,985,457
Public safety	3,072,280	1,922,028	1,922,714	1,614,245	1,387,079
Cultural and convention center	-	359,103	402,890	1,644,443	342,570
Parks and recreation	1,223,793	1,823,445	2,033,797	814,512	1,502,694
Public works	2,644,951	3,249,898	6,367,211	7,968,799	8,064,647
Lease	-	-	-	-	-
Library	42,126	124,726	222,349	386,807	212,725
Operating grants and contributions	6,425,017	9,480,506	11,559,384	9,595,013	9,148,403
Capital grants and contributions	3,212,335	6,269,961	4,202,582	5,135,785	6,955,885
Total governmental activities program revenues	<u>20,525,316</u>	<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	18,998,409	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	5,928,827	6,006,812	6,007,109	7,456,041	6,428,919
Golf Course	4,687,694	4,130,497	2,261,723	3,210,941	2,887,216
Operating grants and contributions	-	-	-	299,718	283,674
Capital grants and contributions	523,239	10,051,905	2,446,831	16,394,397	6,005,185
Total business-type activities program revenues	<u>30,138,169</u>	<u>38,654,335</u>	<u>30,247,481</u>	<u>45,299,885</u>	<u>30,186,448</u>
Total primary government program revenues	<u>50,663,485</u>	<u>63,752,361</u>	<u>58,770,381</u>	<u>73,987,297</u>	<u>60,785,908</u>

CITY OF PALM SPRINGS

**Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)**

	2010	2009	2008	2007	2006
	(continued)	(continued)	(continued)	(continued)	(continued)
Net revenues (expenses):					
Governmental activities	(84,470,848)	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	<u>(5,729,070)</u>	<u>2,787,536</u>	<u>(3,451,539)</u>	<u>15,137,054</u>	<u>2,799,087</u>
Total net revenues (expenses)	<u>(90,199,918)</u>	<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	24,547,656	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	8,221,763	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	13,370,831	12,753,078	14,464,485	14,465,639	14,677,511
Other taxes	12,185,850	10,709,406	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu, unrestricted	3,942,507	4,180,689	4,056,920	3,640,542	3,398,819
Use of money and property	5,537,407	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	28,328	7,241,006	2,293,329	3,804,702	1,413,164
Transfers	<u>(500,000)</u>	<u>(2,140,000)</u>	<u>(700,000)</u>	<u>(14,730)</u>	<u>(500,000)</u>
Total governmental activities	<u>67,334,342</u>	<u>73,898,291</u>	<u>77,594,156</u>	<u>73,715,424</u>	<u>62,756,057</u>
Business-type activities:					
Use of money and property	436,926	900,328	1,625,626	1,498,991	808,752
Other revenue	10,402	1,150	317,450	-	-
Transfers	<u>500,000</u>	<u>2,140,000</u>	<u>700,000</u>	<u>14,730</u>	<u>500,000</u>
Total business-type activities	<u>947,328</u>	<u>3,041,478</u>	<u>2,643,076</u>	<u>1,513,721</u>	<u>1,308,752</u>
Total primary government	<u>68,281,670</u>	<u>76,939,769</u>	<u>80,237,232</u>	<u>75,229,145</u>	<u>64,064,809</u>
Changes in net assets					
Governmental activities	(17,136,506)	(11,845,627)	8,876,282	11,874,162	11,206,142
Business-type activities	<u>(4,781,742)</u>	<u>5,829,014</u>	<u>(808,463)</u>	<u>16,650,775</u>	<u>4,107,839</u>
Total primary government	<u>\$ (21,918,248)</u>	<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 five years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

**Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)**

	2010	2009	2008	2007	2006
General fund:					
Reserved	\$ 3,913,779	\$ 5,664,944	\$ 5,402,822	\$ 3,972,662	\$ 4,045,302
Unreserved	<u>6,730,561</u>	<u>7,055,671</u>	<u>11,882,037</u>	<u>9,219,367</u>	<u>2,419,770</u>
Total general fund	<u>\$ 10,644,340</u>	<u>\$ 12,720,615</u>	<u>\$ 17,284,859</u>	<u>\$ 13,192,029</u>	<u>\$ 6,465,072</u>
All other governmental funds:					
Reserved	\$ 66,575,321	\$ 55,281,667	\$ 71,505,398	\$ 31,258,664	\$ 39,126,531
Unreserved, reported in:					
Debt Service	(4,740,053)	-	-	2,641,321	(433,447)
Special revenue funds	11,031,984	7,903,147	9,168,338	28,090,940	20,109,521
Capital projects funds	<u>1,299,214</u>	<u>23,370,030</u>	<u>10,244,630</u>	<u>12,936,479</u>	<u>21,860,630</u>
Total all other governmental funds	<u>\$ 74,166,466</u>	<u>\$ 86,554,844</u>	<u>\$ 90,918,366</u>	<u>\$ 74,927,404</u>	<u>\$ 80,663,235</u>

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

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2010	2009	2008	2007	2006
Revenues:					
Taxes	\$ 72,253,106	\$ 72,269,596	\$ 75,916,291	\$ 72,093,648	\$ 67,085,805
Licenses and permits	2,714,339	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	270,853	824,131	781,656	1,167,855	944,495
Use of money and property	5,004,081	7,485,174	7,237,922	4,327,432	3,031,815
Intergovernmental	10,338,051	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	6,715,640	5,038,889	6,190,461	8,138,350	6,486,118
Other	<u>2,929,498</u>	<u>5,496,259</u>	<u>5,849,485</u>	<u>6,027,493</u>	<u>418,714</u>
Total revenues	<u>100,225,568</u>	<u>109,231,801</u>	<u>115,770,392</u>	<u>106,450,126</u>	<u>91,913,501</u>
Expenditures					
Current:					
General government	11,362,793	14,090,558	14,217,987	13,056,812	12,756,285
Public safety	38,472,546	38,116,499	34,720,156	33,438,801	30,153,554
Cultural and convention center	2,455,668	4,756,377	3,946,989	5,319,373	9,797,133
Parks and recreation	7,725,705	8,608,714	8,023,314	7,242,156	7,096,167
Public works	23,473,774	23,788,035	29,593,755	16,305,743	20,190,731
Lease	1,779,463	1,601,000	-	-	-
Library	2,177,906	2,924,851	2,744,643	2,232,037	2,481,292
Debt service:					
Principal retirement	4,264,044	3,793,289	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	10,710,691	13,088,973	9,963,603	7,382,576	7,751,650
Bond issuance costs	-	-	887,426	-	-
Payment to bond escrow	-	-	3,661,948	-	-
Pass-through payments	<u>12,027,631</u>	<u>7,440,446</u>	<u>7,087,437</u>	<u>5,505,436</u>	<u>3,973,940</u>
Total expenditures	<u>114,450,221</u>	<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	<u>(14,224,653)</u>	<u>(8,976,941)</u>	<u>(3,286,244)</u>	<u>8,991,198</u>	<u>(5,649,827)</u>
Other financing sources (uses):					
Transfers in	28,298,755	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(29,098,755)	(23,140,156)	(13,538,365)	(12,564,443)	(13,214,342)
Debt issued	-	3,366,478	24,935,036	-	3,806,000
Proceeds from sale of asset	<u>-</u>	<u>(77,303)</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(800,000)</u>	<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>\$ (15,024,653)</u>	<u>\$ (8,677,766)</u>	<u>\$ 20,083,792</u>	<u>\$ 7,456,198</u>	<u>\$ (2,828,227)</u>
Debt service as a percentage of noncapital expenditures					
	14.1%	15.6%	13.6%	15.5%	11.7%

The City of Palm Springs has elected to show only five 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 Ten Fiscal Years (in thousands of dollars)

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other (Note 2)	Total Net Taxable Assessed Value	Total Direct Rate
2001	\$ 2,037,944	\$ 613,234	\$ 95,707	\$ 1,875,820	\$ 4,622,705	0.29591
2002	2,311,307	658,188	100,407	2,026,020	5,095,922	0.30865
2003	2,814,102	677,970	103,823	1,806,363	5,402,258	0.30241
2004	3,077,820	795,382	106,121	1,989,620	5,968,943	0.29565
2005	3,419,689	718,447	119,050	2,134,526	6,391,712	0.31188
2006	4,196,079	790,639	135,500	2,295,588	7,417,806	0.32631
2007	4,972,103	855,103	149,627	2,634,657	8,611,490	0.34726
2008	5,749,317	964,864	180,165	2,950,286	9,844,632	0.36688
2009	5,889,013	1,099,120	197,160	3,062,564	10,247,857	0.37320
2010	5,527,341	1,168,445	196,399	2,839,637	9,731,822	0.36614

NOTE:

Note 1: 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.

Note 2: Includes government owned, institutional, miscellaneous, recreational, vacant, SBE Nonunitary, cross reference, unsecured, exempt, and unknown.

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2)										
Banning Unified School	0.08903	0.07851	0.07732	0.02616	0.04091	0.05259	0.06000	0.00000	0.00000	0.00000
Coachella Valley Water District	0.06000	0.04000	0.04000	0.02080	0.02080	0.02080	0.02080	0.02080	0.02080	0.02080
Desert Community College	0.01995	0.01995	0.01995	0.01995	0.01995	0.01994	0.00000	0.00000	0.00000	0.00000
Desert Water Agency	0.08000	0.08000	0.08000	0.08000	0.06000	0.06000	0.06000	0.07000	0.07000	0.07000
Palm Springs Unified B & I 1992-A	0.12628	0.06007	0.05468	0.05912	0.05012	0.05715	0.06052	0.06002	0.06192	0.05609
San Geronio Pass Memorial Hospital	0.10676	0.03365	0.03272	0.03272	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct and Overlapping Tax Rates	<u>1.48202</u>	<u>1.31218</u>	<u>1.30467</u>	<u>1.23875</u>	<u>1.19178</u>	<u>1.21048</u>	<u>1.20132</u>	<u>1.15082</u>	<u>1.15272</u>	<u>1.14689</u>
City Share of 1% Levy (Note 3)	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>	<u>0.27505</u>
Redevelopment Rate (Note 4)	<u>1.00000</u>	<u>1.08000</u>	<u>1.08000</u>	<u>1.08000</u>	<u>1.06000</u>	<u>1.06000</u>	<u>1.06000</u>	<u>1.07000</u>	<u>1.07000</u>	<u>1.07000</u>
Total Direct Rate (Note 5)	<u>0.36614</u>	<u>0.37320</u>	<u>0.36688</u>	<u>0.34726</u>	<u>0.32631</u>	<u>0.31188</u>	<u>0.29565</u>	<u>0.30241</u>	<u>0.30865</u>	<u>0.29591</u>

Note 1: In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. The 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 any voter approved bonds.

Note 2: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

Note 3: City's share of 1% Levy is based on the City's share of the general fund tax rate area within the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

Note 4: RDA Rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California statute. RDA direct and overlapping rates are applied only to the incremental property values.

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

Principal Property Tax Payers Current Year and Nine Years ago

<u>Taxpayer</u>	<u>2010</u>		<u>2001</u>	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Tenet Health System Desert Inc.	\$ 110,200,866	1.13%	\$ 78,400,711	1.70%
Indigo Generation LLC	75,900,000	0.78%	-	0.00%
Suncal PSV	60,852,892	0.63%	-	0.00%
Donahue Schriber Realty Group	58,009,714	0.60%	-	0.00%
Palm Springs Art Museum Inc.	50,856,870	0.52%	-	0.00%
HH Palm Springs	49,070,000	0.50%	-	0.00%
San Gorgonio Westwinds II LLC	45,608,000	0.47%	52,860,007	1.14%
Sundermeyer Trust	41,320,415	0.42%	-	0.00%
Endure Investment	38,612,613	0.40%	-	0.00%
PSMHOP	36,178,299	0.37%	-	0.00%
Skywest Airlines	-	0.00%	46,691,796	1.01%
Pacific Monarch Resorts	-	0.00%	34,691,205	0.75%
RPS Resort Corporation	-	0.00%	33,117,009	0.72%
AP APH Palm Springs	-	0.00%	31,150,000	0.67%
Alaska Airlines	-	0.00%	31,138,627	0.67%
American Airlines	-	0.00%	28,393,229	0.61%
United States Filter Corporation	-	0.00%	27,063,000	0.59%
John Wessman	-	0.00%	24,205,050	0.52%
	<u>\$ 566,609,669</u>	5.82%	<u>\$ 387,710,634</u>	8.38%

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

Source: HDL Coren & Cone (Riverside County Assessor)

CITY OF PALM SPRINGS

Property Tax Levies and Collections Last Five 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	1	\$ 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		1		
2010	37,164,518	34,897,314	93.90%	1,377,973	36,275,287	97.61%

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 five years of information have been presented, prior years are unavailable.

Source: Riverside County Auditor Controller's Office

1 - County of Riverside was unable to provide this information.

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CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type Last Five 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
2010	20,349,536	95,654,919	45,045,000	64,546	161,114,001

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

CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type Last Five Fiscal Years (Continued)

Business-type Activities						
Airport Revenue Bonds	Certificates of Participation	Total Business-type Activities	Total Primary Govt	Percentage of Personal Income (1)	Debt Per Capita (1)	
\$ 29,113,602	\$ 11,788,191	\$ 40,901,793	\$ 175,718,944	0.12767	3,784	
28,907,043	11,537,303	40,444,346	188,934,579	0.13727	4,448	
29,095,000	11,846,058	40,941,058	207,454,231	0.15072	4,884	
27,965,000	11,422,169	39,387,169	203,327,260	0.14773	4,787	
27,305,000	10,980,081	38,285,081	199,399,082	0.14487	4,184	
* Personal Income		1,376,376,000				
* Total Population		47,653				

CITY OF PALM SPRINGS

Ratio of General Bonded Debt Outstanding Last Five 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	1.82%	3,171
2007	19,832	102,320	26,200	148,352	1.72%	3,493
2008	19,832	99,938	46,640	166,410	1.69%	3,918
2009	20,328	97,667	45,860	163,855	1.60%	3,858
2010	20,350	95,655	45,045	161,050	1.65%	3,380

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

CITY OF PALM SPRINGS

Direct and Overlapping Debt June 20, 2010

City Assessed Valuation	\$ 13,331,542,734
Redevelopment Agency Incremental Valuation	<u>5,422,529,662</u>
	<u><u>\$ 7,909,013,072</u></u>

	Percentage Applicable (1)	Outstanding Debt 6/30/10	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	23.104%	\$ 323,954,507	\$ 74,846,449
Banning Unified School District	25.500%	48,339,000	12,326,445
Palm Springs Unified School District	55.73%	334,930,000	186,639,743
San Geronio Memorial Hospital District	0.094%	108,000,000	101,520
City of Palm Springs 1915 Act Bonds	100%	<u>8,910,000</u>	<u>8,910,000</u>
Total overlapping debt repaid with property taxes		<u>824,133,507</u>	<u>282,824,157</u>
Overlapping Other Debt:			
Riverside County General Fund Obligations	5.210%	736,427,761	38,367,886
Riverside County Pension Obligations	5.210%	375,100,000	19,542,710
Riverside County Board of Education Certificates of Participation	5.210%	7,240,000	377,204
Mt. San Jacinto Community College District General Fund Obligation	0.009%	12,470,000	1,122
City of Palm Springs General Fund Obligations	100%	106,635,000	106,635,000
City of Palm Springs Pension Obligations	100%	19,557,894	19,557,894
Coachella Valley County Water District Storm Water Unit	0.229%	<u>4,025,000</u>	<u>9,217</u>
Less: Riverside County Self-Supporting Obligations			0
Total overlapping other debt		<u>\$ 1,261,455,655</u>	<u>\$ 184,491,034</u>
City direct debt			<u>\$ 199,399,082</u>
Total direct and overlapping debt			<u><u>\$ 383,890,116</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.

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CITY OF PALM SPRINGS

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Valuation	\$ 9,731,822	\$ 10,247,857	\$ 9,844,632	\$ 8,611,490	\$ 7,417,806
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,432,956	2,561,964	2,461,158	2,152,873	1,854,452
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	364,943	384,295	369,174	322,931	278,168
Total net debt applicable to limit:					
General Obligation Bonds	95,655	97,667	99,939	102,319	107,733
Legal debt Margin	<u>\$ 269,288</u>	<u>\$ 286,628</u>	<u>\$ 269,235</u>	<u>\$ 220,612</u>	<u>\$ 170,435</u>
Total Debt applicable to the limit as a percentage of debt limit	26.2%	25.4%	27.1%	31.7%	38.7%

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 five years of information has been provided, prior years are unavailable.

Source: City Finance Department
HDL Coren & Cone (Riverside County Tax Assessor)

CITY OF PLAM SPRINGS

Pledged-Revenue Coverage Last Five Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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
2010	18,376,003	815,000	2,426,481	5.67

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 five years of information has been presented, prior years are unavailable.

CITY OF PLAM SPRINGS

**Pledged-Revenue Coverage
Last Five Fiscal Years
(Continued)**

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
	19,769,064	22,946,702	-3,177,638	660,000	1,546,136	-1.44

CITY OF PALM SPRINGS

Demographic and Economic Statistics Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	42,805	\$ 1,126,824	\$ 26,325	4.1%
2001	43,397	1,148,330	26,461	4.2%
2002	43,948	1,164,635	26,500	5.0%
2003	44,506	1,191,098	26,763	5.0%
2004	44,938	1,227,218	27,309	4.6%
2005	45,878	1,277,067	27,836	4.1%
2006	46,638	1,334,743	28,619	3.8%
2007	46,795	1,363,589	29,140	4.6%
2008	46,992	1,374,982	29,260	6.5%
2009	47,653	1,376,376	28,883	10.6%

Sources:

HDL Coren and Cone

**CITY OF PALM SPRINGS
Principal Employers
Current Year**

Employer	2010	
	Number of Employees	Percent of Total Employment
Spa Resort Casino	1000-4999	4-22%
Care Fusion	250-499	1-2%
City of Palm Springs	250-499	1-2%
Desert Sun	250-499	1-2%
Palm Springs Riviera Resort	250-499	1-2%
Savoury's Inc	250-499	1-2%
58th National SQ Dance Cnvtrn	100-249	.5-1%
Ace Hotel & Swim Club	100-249	.5-1%
Agua Caliente Band of Indians	100-249	.5-1%
California Nursing & Rehab Ctr	100-249	.5-1%
Eat at the Desert	100-249	.5-1%
Hilton Palm Springs Resorts	100-249	.5-1%
Knott's Soak City Waterpark	100-249	.5-1%
Las Casuelas Terraza	100-249	.5-1%
Le Parker Meridien Palm Springs	100-249	.5-1%
Lowe's	100-249	.5-1%
Palm Canyon Resort and Spa	100-249	.5-1%
Palm Springs Follies	100-249	.5-1%
Palm Springs Health Care	100-249	.5-1%
Palm Springs High School	100-249	.5-1%
Premier Care & Rehabilitation	100-249	.5-1%
Riverside County Civil Court	100-249	.5-1%
Stater Bros Markets	100-249	.5-1%
UPS Customer Ctr	100-249	.5-1%
Viceroy Palm Springs	100-249	.5-1%
VIP Motor Cars LTD	100-249	.5-1%

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

Information is presented as a range as specific employer and percentage totals are not available

Source: State Employment Development Department

* Year 2001 information not available.

CITY OF PALM SPRINGS

Full - Time Equivalent City Employees By Department Last Five Fiscal Years

<u>Department</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Administration	43.25	48.75	46.30	44.70	45.90
Growth Management	28.45	34.95	34.95	34.85	37.85
Quality of Life	46.00	56.25	53.90	52.65	48.90
Public Safety	208.50	214.50	215.50	207.50	195.50
Public Works & Engineering	32.00	32.75	30.60	30.10	30.10
Airport	63.50	69.50	69.65	68.15	67.00
Golf Course	0.00	0.50	0.50	0.50	0.50
Motor Vehicle	8.00	9.00	9.00	9.00	10.00
Facilities Maintenance	14.50	14.50	14.50	14.00	14.00
Risk Management	3.25	3.25	3.25	3.25	3.15
Low & Moderate Income Housing	4.55	4.55	6.80	6.50	2.35
Wastewater Treatment Plant	0.00	0.00	0.05	0.05	0.00
Total	<u>452.00</u>	<u>488.50</u>	<u>485.00</u>	<u>471.25</u>	<u>455.25</u>

Only five years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS

Operating Indicators by Function Last Five Fiscal Years

	<u>Fiscal Year</u> <u>2010</u>	<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	4564	4319	4908	4,152	3,897
Parking Citations	2977	2896	2987	3,125	2,875
Fire:					
Number of Emergency Calls	7400	7054	6,928	6,876	6,772
Inspections	3808	2907	3,889	2,025	576
Public Works:					
Street resurfacing (sq feet)	3,286,000	3,580,270	3,688,258	4,025,450	2,759,517
Parks and Recreation:					
Number of recreation classes	1755	2001	1,331	1,055	1,423
Number of facility rentals	955	968	1,138	165	163
Airport:					
Passengers serviced	1,499,637	1,453,921	1,591,458	1,595,417	1,478,616
Flights	68,772	68,805	77,859	93,201	92,668
Sewer:					
New Connections	102	122	166	258	566
Ave Daily sewage treatment	6491	6491	6491	6,491	6,500
Golf Course:					
Golf rounds played	80,699	82,966	83,705	83,979	44,039

Only five 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 Five Fiscal Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	5	5	5	5	5
Public Works:					
Streets (miles)	270	270	270	270	270
Streetlights	367	365	360	218	218
Traffic signals	84	81	81	76	76
Parks and recreation:					
Parks	9	8	8	8	8
Community centers	2	2	2	2	2
Airport:					
Runway (feet)	14,952	14,952	14,952	14,952	14,952
Gates	16	16	16	11	11
Wastewater:					
Sanitary sewers (miles)	260	260	260	260	260
Storm sewers (miles)	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	10,900	10,900	10,900	10,900	10,900
Cogeneration:					
Cogeneration plants	1	1	1	1	1
Golf Course:					
Municipal golf courses	2	2	2	2	2
Convention Center:					
Square feet	250,000	250,000	250,000	250,000	250,000
Meeting rooms	13	13	13	13	13

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

Source: City of Palm Springs