



Comprehensive Annual Financial Report

Fiscal year ended June 30, 2011



CITY OF PALM SPRINGS, CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2011

TABLE OF CONTENTS

Page(s)

INTRODUCTORY SECTION

Letter of Transmittal	i
List of Principal Officials	vi
Organization Chart	vii
Certificate of Achievement for Excellence in Financial Reporting	viii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis (unaudited)	3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets	17
Statement of Activities.....	18

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Budgetary Comparison Statement – General Fund.....	27
Budgetary Comparison Statement – Low and Moderate Housing	29
Statement of Net Assets — Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Fund Net Assets — Proprietary Funds.....	32
Statement of Cash Flows — Proprietary Funds	34
Statement of Fiduciary Net Assets.....	36
Statement of Changes in Fiduciary Net Assets	37

Notes to Financial Statements.....	39
------------------------------------	----

Combining and Individual Fund Financial Statements and Schedules:

Nonmajor Governmental Funds:

Descriptions of Nonmajor Governmental Funds	79
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90

CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2011

TABLE OF CONTENTS

	Page(s)
Budgetary Comparison Schedules – Special Revenue Funds	
Community Promotion.....	98
Forfeiture	99
Safety Augmentation.....	100
Special Development	101
CSA 152.....	102
Recycling AB 929.....	103
Villagefest.....	104
Neighborhood Involvements	105
Parking	106
Gas Tax.....	107
Measure A Improvements	108
Drainage Construction	109
Community Development Block Grant.....	110
Master Lease	111
Air Quality Management.....	112
Public Arts	113
Library	114
Quimby Act Fees.....	115
Special Projects	116
CFD Public Safety #1.....	117
Business Improvement District	118
Park Maintenance District	119
Emergency Response.....	120
Sustainability	121
Special Grants.....	122
Economic recovery plan.....	123
Budgetary Comparison Schedules – Capital Project Funds	
Capital Projects	124
Parking Projects	125
Community Redevelopment Agency – Capital Projects Fund.....	126
Budgetary Comparison Schedules – Debt Service Funds	
General Debt Service.....	127
Special Assessments.....	128
Community Redevelopment Agency – Debt Service Fund.....	129

CITY OF PALM SPRINGS
FINANCIAL STATEMENTS

JUNE 30, 2011

TABLE OF CONTENTS

	Page(s)
Internal Service Funds:	
Description of Internal Service Funds	131
Combining Statement of Net Assets	132
Combining Statement of Revenues, Expenses and Changes in Net Assets	134
Combining Statement of Cash Flows.....	136
Agency Fund:	
Description of Agency Fund.....	139
Combining Statement of Changes in Assets and Liabilities All Agency Funds.....	140

STATISTICAL SECTION

Table of Contents	141
Net Assets by Component.....	142
Changes in Net Assets	143
Fund Balances of Governmental Funds.....	145
Changes in Fund Balances of Governmental Funds.....	146
Assessed Value and Estimated Actual Value of Taxable Property	147
Direct and Overlapping Property Tax Rates.....	148
Principal Property Taxpayers	149
Property Tax Levies and Collections	150
Ratios of Outstanding Debt by Type.....	152
Ratios of General Bonded Debt Outstanding	154
Direct and Overlapping Debt	155
Legal Debt Margin Information	157
Pledged — Revenue Coverage.....	158
Demographic and Economic Statistics	160
Principal Employers	161
Full-time Equivalent City Employees by Department	162
Operating Indicators by Function.....	163
Capital Asset Statistics by Function	164



Comprehensive Annual Financial Report

INTRODUCTORY SECTION

Fiscal year ended June 30, 2011





City of Palm Springs

Department of Finance & Treasury

3200 E. Tahquitz Canyon Way • Palm Springs, California 92262
Tel: (760) 323-8229 • Fax: (760) 322-8320 • Web: www.palmsprings-ca.gov

December 12, 2011

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, 2011, 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 44,552 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. For the past couple of years we have experienced almost across-the-board decreases in most of our revenue categories. However, we have seen some significant increases in a couple of our major revenue generators which may be signaling a turn-around, though softness in the real estate market and the general State, national, and global economies remain a concern.

Transient Occupancy Tax was the bright spot this year, with collections up 17.7% compared to the prior year. This significant increase can be attributed to the combination of increased marketing efforts internationally and to the drive market, increased airline routes and seat capacity, the recent remodeling of several hotels, and continuing TOT audits of all hotels, motels, and vacation rental properties.

Sales Tax collections increased about 17.2%. 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. Beginning April 1, 2012, we will begin collecting an additional 1% as a result of 'Measure J' which was approved in November, 2011 by the citizens of Palm Springs. See more on 'Measure J' below.

Property Taxes in the General Fund decreased by 6.0% over the prior year. Overall, these revenues have decreased a total of \$2.6 million or 13.5% since the 2007-2008 fiscal year. This is primarily the result of property tax reassessments being greater than the increases from new commercial and residential development. Though property taxes continue to be our largest source of General Fund revenue, it also continues to be our largest area of concern on the revenue-side of our budget.

Overall, the total revenue from the General Fund modestly increased from \$58.1 million in Fiscal Year 2009-2010, to \$66.0 million in Fiscal Year 2010-2011.

Fortunately, in anticipation of the decrease in revenues going back three years ago, the City implemented an aggressive multi-year Budget Reduction Plan that resulted in decreases of \$20 million in expenditures, primarily in personnel costs, workers' compensation, health and liability insurance, vehicle replacement, and energy costs.

MAJOR INITIATIVES FOR THE YEAR

In an attempt to find a way to finance a variety of public works projects in light of the severe reduction of local revenues combined with the confiscation of funds by the State of California, the City Council put a ballot measure before the voters of Palm Springs in November of 2011 to increase the sales, transactions, and use tax by an additional 1% for 25 years. Measure J was strongly supported by Palm Springs business and tourism sectors, and passed with a 57.48% 'yes' vote, and the additional 1% sales tax will go into effect on April 1, 2012. Measure J will help finance a bond to pay for the City's purchase of assets as part of the planned implementation of the Museum Market Plaza Specific Plan. This project is going to be a major boon to business activity and employment for the downtown area, the City of Palm Springs, and the Coachella Valley as a whole.

In addition to funding the Museum Market Plaza Specific Plan, other area of possible use of these additional general use sales tax revenues include but are not limited to police, fire, library renovation, park safety and improvements, street resurfacing, repair, and reconstruction, public parking, vehicle replacement, and a variety of public works projects.

In an effort to bolster our local economy, the City continues to implement a \$1 million Economic Development Program to jump-start tourism and to assist local businesses. Also, the Palm Springs International Airport continues to implement a \$1 million marketing support program as an incentive for airlines to add new routes or extend the current length of existing routes. The addition of new airlines Frontier and Virgin America, and the addition of new routes and the extension of existing routes from current carriers, has helped add 24% to the airlines' overall seat capacity at Palm Springs International Airport.

FOR THE FUTURE

Downtown development plans include creation of the Museum Market Plaza on the site of the Desert Fashion Plaza which was closed nineteen years ago in 1992. Plans are also on track for a new Hard Rock Hotel and a new Mondrian Hotel. Other hotels in the downtown area have renovation projects in progress or planned.

The City was also selected as the site for the western campus for the College of the Desert expansion. Phase I includes a \$40,000,000 budget of bond funds going towards 50,000 square feet of new buildings that will break ground in 2013 and be completed in 2015. At full build-out the site is planned to accommodate 650,000 square feet of new building space. 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. Thanks to Measure J, sales taxes alone should double in the 2012-2013 fiscal year.

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.

Financial and Budgetary Controls. In addition, the City maintains financial and 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. Purchases orders that would result in an overrun of a department line item account may not be processed until either a budget transfer from another account is processed or after a budget amendment is processed which requires City Council approval. Encumbered amounts and unspent budgeted appropriations are reviewed and carried over at year end at the discretion of the City Manager.

As part of the passage of the Measure J increase of 1% to the sales, transactions tax, and use tax, the City is forming a seven-member citizens' oversight commission to review all projected revenues and recommended expenditures, oversee and monitor Measure J expenditures, and review the independent audit of revenues and expenditures from Measure J.

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 2010-2011 expenditures was calculated at \$117,235,889.

Appropriations subject to limitation totaled \$55,487,733, or \$61,748,158 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, 2011, the total remaining principal on the long-term debt of the City and its related entities is \$225,052,071.

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, 2010. This was the 22nd 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, 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,



Geoffrey S. Kiehl
Director of Finance and Treasurer

CITY OF PALM SPRINGS

List of Principal Officials

June 30, 2011

CITY COUNCIL

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

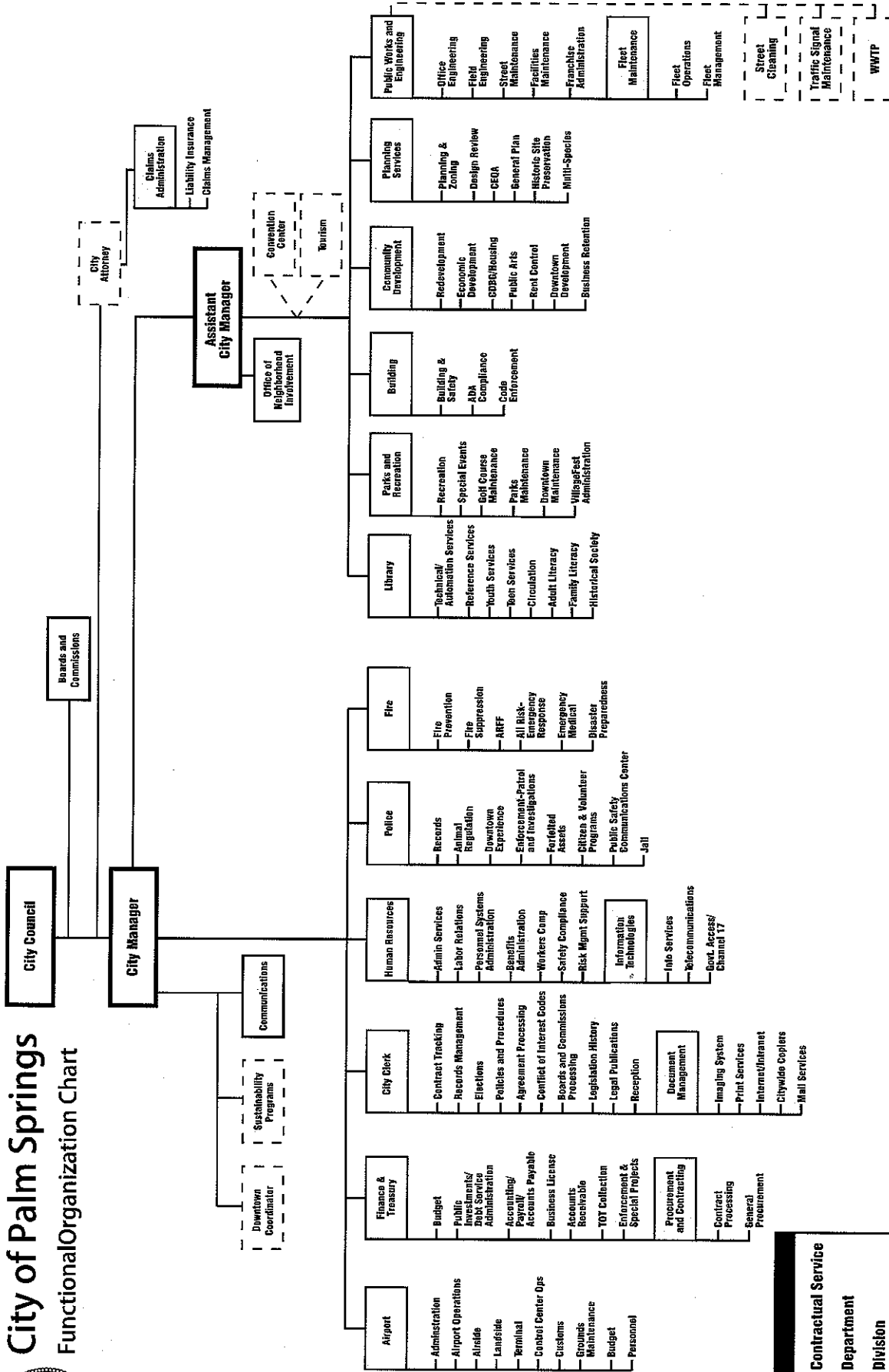
EXECUTIVE MANAGEMENT

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	Terry Tatum
Director of Community/Economic Dev	John Raymond
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	Scott Ventura
Police Chief	Alberto Franz III



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, 2010

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.



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director



Comprehensive Annual Financial Report

FINANCIAL SECTION

Fiscal year ended June 30, 2011





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, 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
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Palm Springs, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Low and Moderate Housing Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 13 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011, on our consideration of the City of Palm Springs, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Palm Springs, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Loughard, LLP

Brea, California
December 12, 2011

CITY OF PALM SPRINGS
Management's Discussion and Analysis
June 30, 2011

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, 2011. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

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, 2011

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, 2011

- *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, 2011

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 138,375	\$ 143,499	\$ 36,373	\$ 36,041	\$ 174,748	\$ 179,540
Capital assets	<u>233,461</u>	<u>218,188</u>	<u>123,756</u>	<u>131,055</u>	<u>357,217</u>	<u>349,243</u>
Total assets	<u>371,836</u>	<u>361,687</u>	<u>160,129</u>	<u>167,096</u>	<u>531,965</u>	<u>528,783</u>
Long-term debt outstanding	184,276	184,468	33,741	35,154	218,017	219,622
Other liabilities	<u>25,042</u>	<u>20,204</u>	<u>6,046</u>	<u>5,949</u>	<u>31,088</u>	<u>26,153</u>
Total liabilities	<u>209,318</u>	<u>204,672</u>	<u>39,787</u>	<u>41,103</u>	<u>249,105</u>	<u>245,775</u>
Net assets:						
Invested in capital assets (net of debt)	92,188	73,198	88,813	94,457	181,001	167,655
Restricted	59,545	63,883	4,027	4,289	63,572	68,172
Unrestricted	<u>10,785</u>	<u>19,934</u>	<u>27,502</u>	<u>27,247</u>	<u>38,287</u>	<u>47,181</u>
Total net assets	<u>\$ 162,518</u>	<u>\$ 157,015</u>	<u>\$ 120,342</u>	<u>\$ 125,993</u>	<u>\$ 282,860</u>	<u>\$ 283,008</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

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

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 12,232	\$ 10,888	\$ 29,625	\$ 29,615	\$ 41,857	\$ 40,503
Operating contributions & grant	6,886	6,425	29	0	6,915	6,425
Capital contributions & grants	13,272	3,212	484	523	13,756	3,735
General revenues						
Property taxes & tax increment	25,786	24,548	0	0	25,786	24,548
Sales taxes	9,633	8,222	0	0	9,633	8,222
Transient occupancy taxes	15,731	13,371	0	0	15,731	13,371
Other taxes	12,534	12,185	0	0	12,534	12,185
Gain on sale of capital asset	0	0	0	0	0	0
Other general revenues	4,861	9,508	632	447	5,493	9,955
Total revenues	<u>\$ 100,935</u>	<u>\$ 88,359</u>	<u>\$ 30,770</u>	<u>\$ 30,585</u>	<u>\$ 131,705</u>	<u>\$ 118,944</u>
Program expenses						
General government	\$ 10,150	\$ 11,785	\$ 0	\$ 0	\$ 10,150	\$ 11,785
Culture and convention center	6,167	5,590	0	0	6,167	5,590
Public safety	36,069	39,310	0	0	36,069	39,310
Public Works	22,102	25,469	0	0	22,102	25,469
Parks and recreation	8,903	7,053	0	0	8,903	7,053
Library	2,265	2,042	0	0	2,265	2,042
Interest	10,669	13,747	0	0	10,669	13,747
Airport	0	0	24,527	24,586	24,527	24,586
Wastewater	0	0	5,863	6,127	5,863	6,127
Golf Course	0	0	5,441	5,154	5,441	5,154
Total expenses	<u>\$ 96,325</u>	<u>\$ 104,996</u>	<u>\$ 35,831</u>	<u>\$ 35,867</u>	<u>\$ 132,156</u>	<u>\$ 140,863</u>
Excess (deficiency) before special items and transfers	4,610	(16,637)	(5,061)	(5,282)	(451)	(21,919)
Transfers	590	(500)	(590)	500	0	0
Increase (decrease) in net assets	5,200	(17,137)	(5,651)	(4,782)	(451)	(21,919)
Beginning net assets	157,015	173,592	125,993	130,775	283,008	304,367
Restatement of net assets	303	560	0	0	303	560
Ending net assets	<u>\$ 162,518</u>	<u>\$ 157,015</u>	<u>\$ 120,342</u>	<u>\$ 125,993</u>	<u>\$ 282,860</u>	<u>\$ 283,008</u>

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

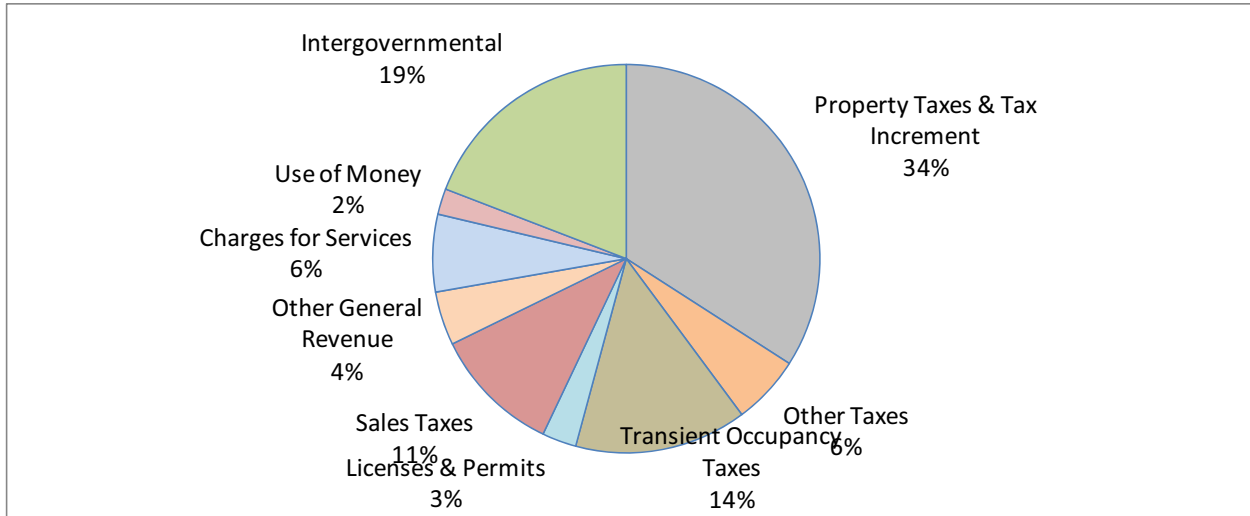
The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities increased by about 3.4% (\$162.5 million compared to \$157.0 million for the 2009-2010 fiscal year).

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

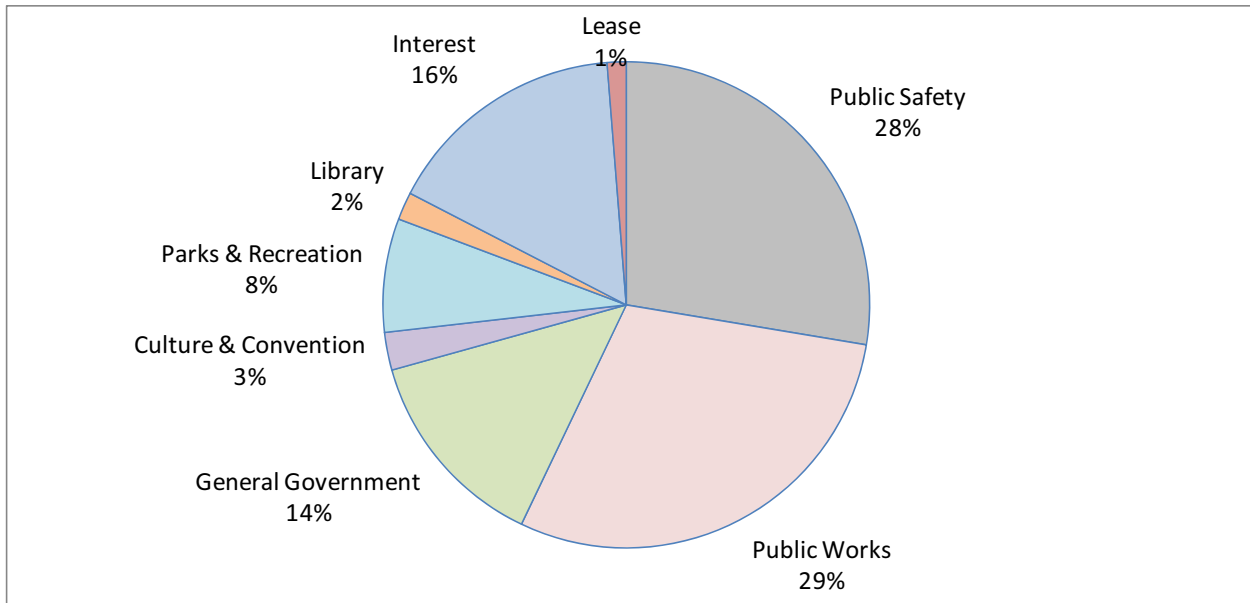
- The Transient Occupancy Tax (TOT) collections were up 17.7% compared to the prior fiscal year.
- Sales Tax collections were up 17.2% compared to the prior fiscal year.
- Program expenses were decreased in all categories as part of the City's planned \$7.7 million budget reduction plan which was in addition to the \$11.5 million budget reduction plan from the prior fiscal year. After netting these decreases against expense increases for items such as PERS and utilities, the overall program expenses decreased by 8.2%.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



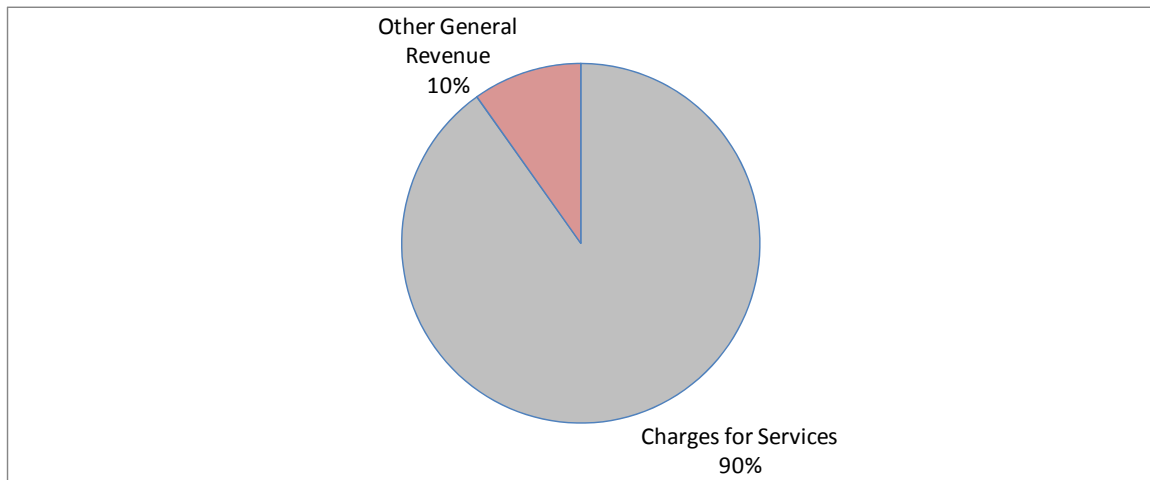
CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

Business-Type Activities

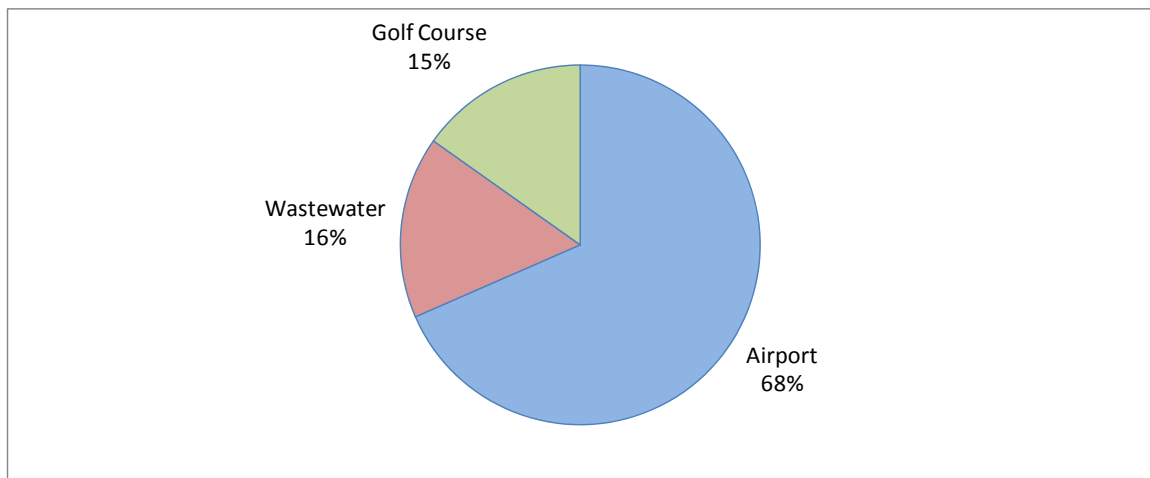
Revenues of the City's business-type activities (see Table 2) were slightly higher than the previous year, increasing 0.2% from \$30.6 million to \$30.8 million.

Expenses were slightly lower than the previous year, decreasing 0.1% from \$35.9 million to \$35.8 million.

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

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, unassigned fund balance of the general fund was \$11.8 million, while total fund balance reached \$18.7 million. As a measure of the general fund's liquidity, unreserved fund balance represents 18.9% of total general fund expenditures and interfund transfers out, while total fund balance represents 30.0% of that same amount.

Total General Fund revenue increased from \$58.1 million to \$66.0 million. Among the more significant changes:

- Transient Occupancy Tax (TOT) increased from \$13.4 million to \$15.7 million.
- Sales taxes increased from \$8.2 million to \$9.6 million
- Property taxes decreased from \$17.8 million to \$16.7 million
- Licenses and permits (Building and other) increased from \$2.2 million to \$2.5 million
- Charges for services (primarily plan checking fees) increased from \$4.1 million to \$4.3 million
- Utility user taxes increased from \$6.5 million to \$6.9 million
- Interest income from the CRA decreased from \$3.5 million to \$0.6 million

The offsetting mix of increases and decreases in revenues reflect a couple of primary contrasting factors. On the one hand, we have the continuation of what we call 'The Great Recession' which for the last three years has economically devastated most sectors of our economy, but most significantly our tourism industry, and the residential and commercial real estate market, which has led to the resultant slowdown of the building industry. The economy is still creating continued decreases in property taxes through property assessment revaluations, and recent actions by the State of California regarding redevelopment agencies have impacted support to the General Fund. In contrast, our tourism economy has experience a rebound which has resulted in some significant increases in hotel, sales, and utility users taxes. Also, the building industry is starting to show some signs of modest recovery as evidenced by the increases various building and planning permit fees and licenses, indicating a gradual recovery in the real estate market.

Total General Fund expenditures and transfers out decreased from \$66.3 million to \$62.4 million. This is reflective of the City's planned \$7.7 million budget reduction plan which impacted most major categories and functions, offset by increases to other areas such as PERS and utilities expenses.

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

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

The Community Redevelopment Agency Debt Service has decreased in revenue from \$15.5 million to \$13.7 million. This was due primarily to decreases in property tax increment. Its expenditures decreased from \$19.6 million to \$12.1 million, most significantly due to anticipated changes by the State.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

The Capital Projects Fund includes both projects funded by transfers from the General Fund and by grants. New to the current fiscal year was a freeway interchange project for \$10 million funded with federal and Caltrans grant monies and no required transfers from the General Fund.

Major Enterprise Funds. The Unrestricted net assets of the **Airport, Wastewater and Golf Course Funds** total \$27.5 million, an increase of \$0.3 million from last year's total of \$27.2 million.

GENERAL FUND BUDGET

There was only a minor difference between the original budget and final budget for revenue in the General Fund. The increase was \$1.2 million. It was mainly from one-time funds being transferred from the CRA to supplement the Economic Recovery Plan Fund, to record unanticipated contributions, and to an increase in the Transient Occupancy Tax budget for resort fees.

On the expenditure side, the overall budget increased by about \$2.0 million, mostly due to the addition of funds to the Economic Recovery Plan Fund, the carry-forward of encumbrances and continuing appropriations, and employee leave cash-outs at the time of separation at an amount larger than expected. The final expenditures were about \$2.2 million under budget.

Mostly due to higher than anticipated transient occupancy taxes, sales taxes, utility users' taxes, and a one-time reimbursement from the Airport Operations Fund and a transfer in from the CRA, there was \$6.8 million more in actual revenues received over the final budget for revenues in the General Fund.

All categories of expenditures showed a positive variance compared to the final budget, with the actual total \$2.2 million under budget. The savings were primarily the result of salary savings from position reductions and various other cost cutting measures.

CITY OF PALM SPRINGS
Management's Discussion and Analysis (Continued)
June 30, 2011

CAPITAL ASSETS

There was modest 2.2% increase in total capital assets from one fiscal year to the next fiscal year representing a net increase of \$8.0 million to \$357.2 million.

Capital Assets
(in thousands, net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Buildings	\$ 38,962	\$ 34,033	\$ 13,413	\$ 12,199	\$ 52,375	\$ 46,232
Improvements	43,142	45,016	58,756	66,522	101,898	111,538
Furniture and equipment	2,105	2,316	2,003	2,061	4,108	4,377
Vehicles	4,025	5,147	1,139	1,280	5,164	6,427
Infrastructure	82,287	77,322	11,707	12,255	93,994	89,577
Right-of-way	16,544	16,544	0	0	16,544	16,544
Land	30,301	24,522	36,738	36,738	67,039	61,260
Construction in progress	16,095	13,288	0	0	16,095	13,288
Total	<u>\$ 233,461</u>	<u>\$ 218,188</u>	<u>\$ 123,756</u>	<u>\$ 131,055</u>	<u>\$ 357,217</u>	<u>\$ 349,243</u>

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, 2011

LONG-TERM DEBT

As of June 30, 2011, the City had bonded and certificates of participation debt outstanding of \$201.1 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)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Certificates of participation (COPS)	\$ 7,810	\$ 8,000	\$ 24,963	\$ 26,194	\$ 32,773 0	\$ 34,194 0
Tax Allocation Bonds	44,080	45,045	0	0	44,080	45,045
Lease Revenue Bonds	85,528	87,618	9,980	10,404	95,508	98,022
Special Assessment Bonds	8,410	8,910	0	0	8,410	8,910
Pension Obligation Bonds	<u>20,313</u>	<u>20,350</u>	<u>0</u>	<u>0</u>	<u>20,313</u>	<u>20,350</u>
Total	<u>\$ 166,141</u>	<u>\$ 169,923</u>	<u>\$ 34,943</u>	<u>\$ 36,598</u>	<u>\$ 201,084</u>	<u>\$ 206,521</u>

State statutes limit the amount of general obligation debt a city may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$345 million and the legal debt margin is \$251 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.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PALM SPRINGS

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 73,999,810	\$ 33,076,453	\$ 107,076,263
Receivables:			
Accounts	11,799,993	1,542,785	13,342,778
Notes and loans	5,675,472	-	5,675,472
Accrued interest	1,191,010	66,977	1,257,987
Special assessments	8,409,148	-	8,409,148
Internal balances	3,590,616	(3,590,616)	-
Prepaid costs	-	148,701	148,701
Deposits	200,000	-	200,000
Due from other governments	-	314,823	314,823
Inventories	150,929	17,680	168,609
Deferred charges	1,455,570	769,823	2,225,393
Land held for resale	722,429	-	722,429
Restricted assets:			
Cash with fiscal agent	10,448,220	4,026,200	14,474,420
Net pension asset	20,731,802	-	20,731,802
Capital assets not being depreciated	62,940,425	36,737,608	99,678,033
Capital assets, net of depreciation	170,520,239	87,018,869	257,539,108
Total Assets	371,835,663	160,129,303	531,964,966
Liabilities:			
Accounts payable	11,915,017	1,381,987	13,297,004
Accrued liabilities	1,348,537	240,681	1,589,218
Accrued interest	1,753,017	1,936,449	3,689,466
Deposits payable	4,457	500,000	504,457
Due to other governments	92,729	-	92,729
Noncurrent liabilities:			
Due within one year	9,928,621	1,987,858	11,916,479
Due in more than one year	184,275,554	33,740,680	218,016,234
Total Liabilities	209,317,932	39,787,655	249,105,587
Net Assets:			
Invested in capital assets, net of related debt	92,188,168	88,813,375	181,001,543
Restricted for:			
Public safety	1,539,544	-	1,539,544
Parks and recreation	2,491,659	-	2,491,659
Public works	14,736,562	-	14,736,562
Redevelopment projects	26,948,122	-	26,948,122
Debt service	9,562,105	4,026,199	13,588,304
Lease	179,242	-	179,242
Library	2,656,940	-	2,656,940
Special projects	1,430,357	-	1,430,357
Unrestricted	10,785,032	27,502,074	38,287,106
Total Net Assets	\$ 162,517,731	\$ 120,341,648	\$ 282,859,379

CITY OF PALM SPRINGS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 10,149,638	\$ 3,606,184	\$ 1,210,445	\$ -
Public safety	36,069,196	2,847,413	1,802,882	1,983,771
Cultural and convention center	6,167,127	-	679,624	-
Parks and recreation	8,903,287	1,376,238	-	338,333
Public works	22,102,401	4,359,177	3,170,490	10,949,666
Lease	1,484,855	-	-	-
Library	2,265,212	42,727	23,006	-
Interest on long-term debt	9,183,561	-	-	-
Total Governmental Activities	96,325,277	12,231,739	6,886,447	13,271,770
Business-Type Activities:				
Airport	24,526,812	18,747,127	29,056	483,618
Wastewater	5,863,229	6,045,209	-	-
Golf Course	5,441,285	4,832,305	-	-
Total Business-Type Activities	35,831,326	29,624,641	29,056	483,618
Total Primary Government	\$ 132,156,603	\$ 41,856,380	\$ 6,915,503	\$ 13,755,388

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, 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
\$ (5,333,009)	\$ -	\$ (5,333,009)
(29,435,130)	-	(29,435,130)
(5,487,503)	-	(5,487,503)
(7,188,716)	-	(7,188,716)
(3,623,068)	-	(3,623,068)
(1,484,855)	-	(1,484,855)
(2,199,479)	-	(2,199,479)
(9,183,561)	-	(9,183,561)
(63,935,321)	-	(63,935,321)
-	(5,267,011)	(5,267,011)
-	181,980	181,980
-	(608,980)	(608,980)
-	(5,694,011)	(5,694,011)
(63,935,321)	(5,694,011)	(69,629,332)
16,774,104	-	16,774,104
9,012,405	-	9,012,405
15,731,036	-	15,731,036
9,633,250	-	9,633,250
2,995,503	-	2,995,503
6,936,963	-	6,936,963
2,600,669	-	2,600,669
3,797,122	-	3,797,122
860,532	336,189	1,196,721
203,793	295,897	499,690
589,848	(589,848)	-
69,135,225	42,238	69,177,463
5,199,904	(5,651,773)	(451,869)
157,015,272	125,993,421	283,008,693
302,555	-	302,555
\$ 162,517,731	\$ 120,341,648	\$ 282,859,379

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General	Special Revenue Funds Low and Moderate Housing	Capital Projects Funds Capital Projects	Community Redevelopment Agency
Assets:				
Pooled cash and investments	\$ 14,157,502	\$ 10,246,818	\$ 2,445,649	\$ 2,816,996
Receivables:				
Accounts	5,182,777	-	5,265,005	3,575
Notes and loans	-	5,675,472	-	-
Accrued interest	793,259	19,056	-	19,249
Special assessments	-	-	-	-
Deposits	200,000	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	2,815,000	5,906,269	-	-
Land held for resale	49,950	672,479	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	482,546	-	1,305,105
Total Assets	\$ 23,198,488	\$ 23,002,640	\$ 7,710,654	\$ 4,144,925
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,690,747	\$ 4,684	\$ 4,934,306	\$ 82,064
Accrued liabilities	1,157,967	6,956	3,363	13,010
Deferred revenues	1,568,259	-	292,547	-
Deposits payable	4,457	-	-	-
Due to other governments	-	92,729	-	-
Due to other funds	-	-	-	-
Advances from other funds	49,950	-	-	-
Total Liabilities	4,471,380	104,369	5,230,216	95,074
Fund Balances:				
Nonspendable:				
Land held for resale	-	672,479	-	-
Notes and loans	-	5,616,482	-	-
Advances to other funds	2,815,000	5,906,269	-	-
Deposits	200,000	-	-	-
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Redevelopment agency projects	-	10,703,041	-	4,049,851
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Committed to:				
Cultural and convention center	-	-	-	-
Assigned to:				
Public safety	16,661	-	-	-
Parks and recreation	25,301	-	-	-
Public works	23,185	-	-	-
Capital Projects	-	-	2,480,438	-
Continuing appropriations	1,841,258	-	-	-
General government	305,928	-	-	-
Library	20,402	-	-	-
Anticipated future obligations	1,700,000	-	-	-
Unassigned	11,779,373	-	-	-
Total Fund Balances	18,727,108	22,898,271	2,480,438	4,049,851
Total Liabilities and Fund Balances	\$ 23,198,488	\$ 23,002,640	\$ 7,710,654	\$ 4,144,925

CITY OF PALM SPRINGS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Debt Service Funds			Total Governmental Funds
	Special Assessments	Community Redevelopment Agency	Other Governmental Funds	
Assets:				
Pooled cash and investments	\$ 1,527,291	\$ 6,432,964	\$ 23,037,677	\$ 60,664,897
Receivables:				
Accounts	67,006	949	1,250,347	11,769,659
Notes and loans	-	-	-	5,675,472
Accrued interest	2,875	-	43,760	878,199
Special assessments	8,409,148	-	-	8,409,148
Deposits	-	-	-	200,000
Due from other funds	-	-	2,405,446	2,405,446
Advances to other funds	-	-	1,095,759	9,817,028
Land held for resale	-	-	-	722,429
Restricted assets:				
Cash and investments with fiscal agents	1,095,722	1,683,548	5,881,298	10,448,219
Total Assets	\$ 11,102,042	\$ 8,117,461	\$ 33,714,287	\$ 110,990,497
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 3,686,240	\$ 882,541	\$ 11,280,582
Accrued liabilities	-	-	77,870	1,259,166
Deferred revenues	8,409,148	-	572,882	10,842,836
Deposits payable	-	-	-	4,457
Due to other governments	-	-	-	92,729
Due to other funds	-	-	227,830	227,830
Advances from other funds	-	9,784,078	-	9,834,028
Total Liabilities	8,409,148	13,470,318	1,761,123	33,541,628
Fund Balances:				
Nonspendable:				
Land held for resale	-	-	-	672,479
Notes and loans	-	-	-	5,616,482
Advances to other funds	-	-	1,095,759	9,817,028
Deposits	-	-	-	200,000
Restricted for:				
Public safety	-	-	1,539,544	1,539,544
Parks and recreation	-	-	2,491,659	2,491,659
Public works	-	-	13,640,803	13,640,803
Redevelopment agency projects	-	-	-	14,752,892
Debt service	2,692,894	-	6,869,211	9,562,105
Lease	-	-	179,242	179,242
Library	-	-	2,656,940	2,656,940
Special projects	-	-	1,430,357	1,430,357
Committed to:				
Cultural and convention center	-	-	1,568,370	1,568,370
Assigned to:				
Public safety	-	-	-	16,661
Parks and recreation	-	-	-	25,301
Public works	-	-	-	23,185
Capital Projects	-	-	481,279	2,961,717
Continuing appropriations	-	-	-	1,841,258
General government	-	-	-	305,928
Library	-	-	-	20,402
Anticipated future obligations	-	-	-	1,700,000
Unassigned	-	(5,352,857)	-	6,426,516
Total Fund Balances	2,692,894	(5,352,857)	31,953,164	77,448,869
Total Liabilities and Fund Balances	\$ 11,102,042	\$ 8,117,461	\$ 33,714,287	\$ 110,990,497

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PALM SPRINGS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Fund balances of governmental funds		\$ 77,448,869
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	\$ 397,314,774	
Accumulated depreciation	<u>(170,378,689)</u>	226,936,085
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets		
		981,413
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term liabilities		(145,576,981)
Compensated Absences		(5,313,136)
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		
		(14,988,797)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds		
		(1,718,517)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		10,842,836
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>13,905,959</u>
Net assets of governmental activities		<u><u>\$ 162,517,731</u></u>

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Special Revenue Funds	Capital Projects Funds	
		Low and Moderate Housing	Capital Projects	Community Redevelopment Agency
Revenues:				
Taxes	\$ 52,618,888	\$ 3,242,832	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	2,488,279	-	105,360	-
Intergovernmental	5,133,038	-	11,843,533	-
Charges for services	4,646,687	-	-	-
Use of money and property	339,641	80,620	(21,427)	150,692
Fines and forfeitures	-	-	-	-
Contributions	190,962	-	-	-
Miscellaneous	559,475	3,592	851,500	707,879
Total Revenues	65,976,970	3,327,044	12,778,966	858,571
Expenditures:				
Current:				
General government	8,127,888	306,538	234,029	772,093
Public safety	28,274,204	-	1,329,186	-
Cultural and convention center	2,421,474	-	39,712	-
Parks and recreation	7,913,049	-	433,334	-
Public works	6,949,371	53,378	12,716,016	14,019,206
Lease	-	-	-	-
Library	1,888,598	-	127,994	-
Debt service:				
Principal retirement	1,555,000	255,000	-	-
Interest and fiscal charges	2,656,613	203,278	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	59,786,197	818,194	14,880,271	14,791,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,190,773	2,508,850	(2,101,305)	(13,932,728)
Other Financing Sources (Uses):				
Transfers in	4,538,924	-	-	1,605,000
Transfers out	(2,646,929)	-	(34,326)	(905,036)
Total Other Financing Sources (Uses)	1,891,995	-	(34,326)	699,964
Net Change in Fund Balances	8,082,768	2,508,850	(2,135,631)	(13,232,764)
Fund Balances, Beginning of Year, as previously reported	10,644,340	20,389,421	4,616,069	17,282,615
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as restated	10,644,340	20,389,421	4,616,069	17,282,615
Fund Balances, End of Year	\$ 18,727,108	\$ 22,898,271	\$ 2,480,438	\$ 4,049,851

CITY OF PALM SPRINGS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Debt Service Funds			Total Governmental Funds
	Special Assessments	Community Redevelopment Agency	Other Governmental Funds	
Revenues:				
Taxes	\$ -	\$ 12,971,330	\$ 2,052,637	\$ 70,885,687
Assessments	945,600	-	576,943	1,522,543
Licenses and permits	-	-	525,843	3,119,482
Intergovernmental	-	-	3,937,791	20,914,362
Charges for services	-	-	2,421,982	7,068,669
Use of money and property	26,631	17,663	1,755,800	2,349,620
Fines and forfeitures	-	-	107,824	107,824
Contributions	-	-	113,669	304,631
Miscellaneous	-	679,624	158,539	2,960,609
Total Revenues	972,231	13,668,617	11,651,028	109,233,427
Expenditures:				
Current:				
General government	20,636	6,460	95,193	9,562,837
Public safety	-	-	3,261,026	32,864,416
Cultural and convention center	-	-	504,844	2,966,030
Parks and recreation	-	-	425,897	8,772,280
Public works	19,971	-	6,820,449	40,578,391
Lease	-	110,000	1,374,855	1,484,855
Library	-	-	273,713	2,290,305
Debt service:				
Principal retirement	500,000	710,000	779,956	3,799,956
Interest and fiscal charges	755,871	4,048,204	302,974	7,966,940
Pass-through agreement payments	-	7,201,757	-	7,201,757
Total Expenditures	1,296,478	12,076,421	13,838,907	117,487,767
Excess (Deficiency) of Revenues Over (Under) Expenditures	(324,247)	1,592,196	(2,187,879)	(8,254,340)
Other Financing Sources (Uses):				
Transfers in	-	-	3,582,723	9,726,647
Transfers out	-	(2,205,000)	(3,345,508)	(9,136,799)
Total Other Financing Sources (Uses)	-	(2,205,000)	237,215	589,848
Net Change in Fund Balances	(324,247)	(612,804)	(1,950,664)	(7,664,492)
Fund Balances, Beginning of Year, as previously reported	3,017,141	(4,740,053)	33,601,273	84,810,806
Restatements	-	-	302,555	302,555
Fund Balances, Beginning of Year, as restated	3,017,141	(4,740,053)	33,903,828	85,113,361
Fund Balances, End of Year	\$ 2,692,894	\$ (5,352,857)	\$ 31,953,164	\$ 77,448,869

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, 2011**

Net change in fund balances - total governmental funds \$ (7,664,492)

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	\$	27,603,363	
Depreciation expense		<u>(11,056,512)</u>	16,546,851

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 3,799,956

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets (44,570)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 54,209

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 182,613

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense. (4,880,640)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. (1,149,238)

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 (1,644,785)

Change in net assets of governmental activities \$ 5,199,904

CITY OF PALM SPRINGS

BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,644,340	\$ 10,644,340	\$ 10,644,340	\$ -
Resources (Inflows):				
Taxes	47,665,500	47,848,041	52,618,888	4,770,847
Licenses and permits	2,139,000	2,139,520	2,488,279	348,759
Intergovernmental	5,236,008	5,278,934	5,133,038	(145,896)
Charges for services	4,411,651	4,490,419	4,646,687	156,268
Use of money and property	264,150	264,150	339,641	75,491
Contributions	-	190,962	190,962	-
Miscellaneous	326,500	368,264	559,475	191,211
Transfers in	2,400,000	3,099,076	4,538,924	1,439,848
Amounts Available for Appropriation	73,087,149	74,323,706	81,160,234	6,836,528
Charges to Appropriation (Outflow):				
General government	13,470,107	8,357,871	8,127,888	229,983
Public safety	27,845,358	28,601,518	28,274,204	327,314
Cultural and convention center	-	2,657,915	2,421,474	236,441
Parks and recreation	5,592,326	8,232,615	7,913,049	319,566
Public works	7,512,614	7,874,716	6,949,371	925,345
Library	1,997,281	2,082,580	1,888,598	193,982
Debt service:				
Principal retirement	1,555,000	1,555,000	1,555,000	-
Interest and fiscal charges	2,656,613	2,656,613	2,656,613	-
Transfers out	2,046,929	2,646,929	2,646,929	-
Total Charges to Appropriations	62,676,228	64,665,757	62,433,126	2,232,631
Budgetary Fund Balance, June 30	\$ 10,410,921	\$ 9,657,949	\$ 18,727,108	\$ 9,069,159

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON STATEMENT
LOW AND MODERATE HOUSING - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 20,389,421	\$ 20,389,421	\$ 20,389,421	\$ -
Resources (Inflows):				
Taxes	3,498,200	3,498,200	3,242,832	(255,368)
Use of money and property	105,000	105,000	80,620	(24,380)
Miscellaneous	25,000	25,000	3,592	(21,408)
Amounts Available for Appropriation	<u>24,017,621</u>	<u>24,017,621</u>	<u>23,716,465</u>	<u>(301,156)</u>
Charges to Appropriation (Outflow):				
General government	310,855	340,879	306,538	34,341
Public works	1,914,927	5,859,340	53,378	5,805,962
Debt service:				
Principal retirement	255,000	255,000	255,000	-
Interest and fiscal charges	203,277	203,277	203,278	(1)
Total Charges to Appropriations	<u>2,684,059</u>	<u>6,658,496</u>	<u>818,194</u>	<u>5,840,302</u>
Budgetary Fund Balance, June 30	<u>\$ 21,333,562</u>	<u>\$ 17,359,125</u>	<u>\$ 22,898,271</u>	<u>\$ 5,539,146</u>

CITY OF PALM SPRINGS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Wastewater</u>	<u>Golf Course</u>	<u>Totals</u>
Assets:				
Current:				
Cash and investments	\$ 19,884,778	\$ 13,191,675	\$ -	\$ 33,076,453
Receivables:				
Accounts	1,378,216	23,418	141,151	1,542,785
Accrued interest	41,127	25,850	-	66,977
Prepaid costs	-	-	148,701	148,701
Due from other governments	-	314,823	-	314,823
Inventories	17,680	-	-	17,680
Deferred Charges	505,865	-	263,958	769,823
Net pension asset	-	-	-	-
Restricted:				
Cash with fiscal agent	4,026,199	-	1	4,026,200
Total Current Assets	25,853,865	13,555,766	553,811	39,963,442
Noncurrent:				
Advances to other funds	-	1,227,000	-	1,227,000
Capital assets - net of accumulated depreciation	81,986,690	35,189,462	6,580,325	123,756,477
Total Noncurrent Assets	81,986,690	36,416,462	6,580,325	124,983,477
Total Assets	\$ 107,840,555	\$ 49,972,228	\$ 7,134,136	\$ 164,946,919
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 585,608	\$ 587,917	\$ 208,462	\$ 1,381,987
Accrued liabilities	240,279	402	-	240,681
Accrued interest	733,315	-	1,203,134	1,936,449
Deposits payable	-	-	500,000	500,000
Due to other funds	-	-	2,177,616	2,177,616
Accrued compensated absences	373,958	-	-	373,958
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	965,000	-	648,900	1,613,900
Total Current Liabilities	2,898,160	588,319	4,738,112	8,224,591
Noncurrent:				
Advances from other funds	-	-	2,640,000	2,640,000
Accrued compensated absences	411,478	-	-	411,478
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	23,998,419	-	9,330,783	33,329,202
Total Noncurrent Liabilities	24,409,897	-	11,970,783	36,380,680
Total Liabilities	27,308,057	588,319	16,708,895	44,605,271
Net Assets:				
Invested in capital assets, net of related debt	57,023,271	35,189,462	(3,399,358)	88,813,375
Restricted for debt service	4,026,199	-	-	4,026,199
Unrestricted	19,483,028	14,194,447	(6,175,401)	27,502,074
Total Net Assets	80,532,498	49,383,909	(9,574,759)	120,341,648
Total Liabilities and Net Assets	\$ 107,840,555	\$ 49,972,228	\$ 7,134,136	\$ 164,946,919

CITY OF PALM SPRINGS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2011

	Governmental Activities- Internal Service Funds
Assets:	
Current:	
Cash and investments	\$ 13,334,913
Receivables:	
Accounts	30,334
Accrued interest	312,811
Prepaid costs	-
Due from other governments	-
Inventories	150,929
Deferred Charges	474,157
Net pension asset	20,731,802
Restricted:	
Cash with fiscal agent	1
Total Current Assets	35,034,947
Noncurrent:	
Advances to other funds	1,430,000
Capital assets - net of accumulated depreciation	6,524,579
Total Noncurrent Assets	7,954,579
Total Assets	\$ 42,989,526
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	\$ 634,435
Accrued liabilities	89,371
Accrued interest	34,500
Deposits payable	-
Due to other funds	-
Accrued compensated absences	104,759
Accrued claims and judgments	2,169,162
Bonds, notes, and capital leases	579,923
Total Current Liabilities	3,612,150
Noncurrent:	
Advances from other funds	-
Accrued compensated absences	59,294
Accrued claims and judgments	1,573,872
Bonds, notes, and capital leases	23,838,251
Total Noncurrent Liabilities	25,471,417
Total Liabilities	29,083,567
Net Assets:	
Invested in capital assets, net of related debt	2,419,063
Restricted for debt service	-
Unrestricted	11,486,896
Total Net Assets	13,905,959
Total Liabilities and Net Assets	\$ 42,989,526

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	<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	\$ -	\$ 6,045,209	\$ -	\$ 6,045,209
Landing fees	1,661,770	-	-	1,661,770
Miscellaneous	2,636,071	-	11,399	2,647,470
Sale of electricity	-	-	-	-
Green fees and cart rentals	-	-	4,832,305	4,832,305
Rentals	11,489,904	-	-	11,489,904
Concessions	458,859	-	-	458,859
Passenger facility charge	2,785,021	-	-	2,785,021
Total Operating Revenues	19,031,625	6,045,209	4,843,704	29,920,538
Operating Expenses:				
Administration and general	1,336,328	1,580	4,218	1,342,126
Personnel services	7,678,005	26,811	-	7,704,816
Materials and supplies	150,885	-	-	150,885
Maintenance and supplies	-	-	-	-
Maintenance shop operations	-	-	-	-
Facilities maintenance	-	-	-	-
Retirement	-	-	-	-
Other claims and insurance	-	-	-	-
Depreciation expense	8,329,585	1,251,149	485,598	10,066,332
Heat, light and power	1,596,544	171,823	-	1,768,367
Other charges and services	3,850,436	4,411,866	4,420,434	12,682,736
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	-
Workers compensation	-	-	-	-
Total Operating Expenses	22,941,783	5,863,229	4,910,250	33,715,262
Operating Income (Loss)	(3,910,158)	181,980	(66,546)	(3,794,724)
Nonoperating Revenues (Expenses):				
Intergovernmental	512,674	-	-	512,674
Interest revenue	180,625	155,561	3	336,189
Interest expense	(1,585,029)	-	(531,035)	(2,116,064)
Gain (loss) on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	(891,730)	155,561	(531,032)	(1,267,201)
Income (Loss) Before Transfers	(4,801,888)	337,541	(597,578)	(5,061,925)
Transfers in	-	-	250,000	250,000
Transfers out	(839,848)	-	-	(839,848)
Changes in Net Assets	(5,641,736)	337,541	(347,578)	(5,651,773)
Net Assets:				
Beginning of Year	86,174,234	49,046,368	(9,227,181)	125,993,421
End of Fiscal Year	\$ 80,532,498	\$ 49,383,909	\$ (9,574,759)	\$ 120,341,648

CITY OF PALM SPRINGS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Sales and service charges	\$ 30,194,597
Landing fees	-
Miscellaneous	5,928
Sale of electricity	127,836
Green fees and cart rentals	-
Rentals	-
Concessions	-
Passenger facility charge	-
	<hr/>
Total Operating Revenues	30,328,361
Operating Expenses:	
Administration and general	1,618,849
Personnel services	-
Materials and supplies	-
Maintenance and supplies	-
Maintenance shop operations	2,207,793
Facilities maintenance	3,428,143
Retirement	7,912,334
Other claims and insurance	4,893,310
Depreciation expense	1,148,887
Heat, light and power	1,310,031
Other charges and services	2,355
Cogeneration	755,868
Medical, health, and life insurance	6,068,802
Workers compensation	1,291,950
	<hr/>
Total Operating Expenses	30,638,322
Operating Income (Loss)	<hr/> (309,961)
Nonoperating Revenues (Expenses):	
Intergovernmental	-
Interest revenue	52,901
Interest expense	(1,226,260)
Gain (loss) on disposal of capital assets	(161,465)
	<hr/>
Total Nonoperating Revenues (Expenses)	(1,334,824)
Income (Loss) Before Transfers	(1,644,785)
Transfers in	260,000
Transfers out	(260,000)
	<hr/>
Changes in Net Assets	(1,644,785)
Net Assets:	
Beginning of Year	<hr/> 15,550,744
End of Fiscal Year	<hr/> \$ 13,905,959

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2011

	<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	\$ 18,795,965	\$ 6,067,589	\$ 4,933,412	\$ 29,796,966
Cash received from/(paid to) interfund service provided	-	-	-	-
Cash paid to suppliers for goods and services	(5,214,962)	(4,379,670)	(4,613,868)	(14,208,500)
Cash paid to employees for services	(9,189,825)	(28,715)	-	(9,218,540)
Net Cash Provided (Used) by Operating Activities	4,391,178	1,659,204	319,544	6,369,926
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	250,000	250,000
Cash transfers in	(839,848)	-	-	(839,848)
Repayment received from other funds	-	-	574,440	574,440
Principal paid on non-capital debt	-	-	-	-
Interest paid on non-capital debt	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(839,848)	-	824,440	(15,408)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(432,277)	(2,134,467)	(200,698)	(2,767,442)
Principal paid on capital debt	(1,310,000)	-	(458,070)	(1,768,070)
Interest paid on capital debt	(1,502,770)	-	(485,223)	(1,987,993)
Intergovernmental	512,674	-	-	512,674
Proceeds from sales of capital assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,732,373)	(2,134,467)	(1,143,991)	(6,010,831)
Cash Flows from Investing Activities:				
Interest received	179,191	157,998	3	337,192
Net Cash Provided (Used) by Investing Activities	179,191	157,998	3	337,192
Net Increase (Decrease) in Cash and Cash Equivalents	998,148	(317,265)	(4)	680,879
Cash and Cash Equivalents at Beginning of Year	22,912,829	13,508,940	5	36,421,774
Cash and Cash Equivalents at End of Year	\$ 23,910,977	\$ 13,191,675	\$ 1	\$ 37,102,653
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (3,910,158)	\$ 181,980	\$ (66,546)	\$ (3,794,724)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	8,329,585	1,251,149	485,598	10,066,332
(Increase) decrease in accounts receivable	(235,660)	(9,762)	89,708	(155,714)
(Increase) decrease in inventories	(1,212)	-	-	(1,212)
(Increase) decrease in net pension asset	-	-	-	-
(Increase) decrease in due from other governments	-	32,142	-	32,142
(Increase) decrease in prepaid expense	-	-	(148,701)	(148,701)
Increase (decrease) in accounts payable	384,115	204,019	(40,515)	547,619
Increase (decrease) in accrued liabilities	(295,404)	(324)	-	(295,728)
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	119,912	-	-	119,912
Total Adjustments	8,301,336	1,477,224	386,090	10,164,650
Net Cash Provided (Used) by Operating Activities	\$ 4,391,178	\$ 1,659,204	\$ 319,544	\$ 6,369,926

CITY OF PALM SPRINGS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities- Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ -
Cash received from/(paid to) interfund service provided	30,339,070
Cash paid to suppliers for goods and services	(26,945,223)
Cash paid to employees for services	(1,741,362)
	<u>1,652,485</u>
Net Cash Provided (Used) by Operating Activities	1,652,485
Cash Flows from Non-Capital Financing Activities:	
Cash transfers out	(260,000)
Cash transfers in	260,000
Repayment received from other funds	-
Principal paid on non-capital debt	(174,273)
Interest paid on non-capital debt	(858,404)
	<u>(1,032,677)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,032,677)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(215,682)
Principal paid on capital debt	(420,570)
Interest paid on capital debt	(209,246)
Intergovernmental	-
Proceeds from sales of capital assets	180,000
	<u>(665,498)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(665,498)
Cash Flows from Investing Activities:	
Interest received	56,518
	<u>56,518</u>
Net Cash Provided (Used) by Investing Activities	56,518
Net Increase (Decrease) in Cash and Cash Equivalents	10,828
Cash and Cash Equivalents at Beginning of Year	13,324,086
Cash and Cash Equivalents at End of Year	\$ 13,334,914
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (309,961)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	1,148,887
(Increase) decrease in accounts receivable	10,709
(Increase) decrease in inventories	(35,067)
(Increase) decrease in net pension asset	(310,049)
(Increase) decrease in due from other governments	-
(Increase) decrease in prepaid expense	-
Increase (decrease) in accounts payable	180,840
Increase (decrease) in accrued liabilities	(129,379)
Increase (decrease) in claims and judgments	1,089,639
Increase (decrease) in compensated absences	6,866
	<u>1,962,446</u>
Total Adjustments	1,962,446
Net Cash Provided (Used) by Operating Activities	\$ 1,652,485

CITY OF PALM SPRINGS

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	<u>Agency Funds</u>	<u>Historical Society</u>
Assets:		
Pooled cash and investments	\$ 921,102	\$ 303,922
Total Assets	<u>\$ 921,102</u>	<u>\$ 303,922</u>
Liabilities and Net Assets:		
Liabilities:		
Deposits payable	\$ 921,102	\$ -
Total Liabilities	<u>921,102</u>	<u>-</u>
Net Assets:		
Restricted for historical society	-	303,922
Total Net Assets	<u>-</u>	<u>303,922</u>
Total Liabilities and Net Assets	<u>\$ 921,102</u>	<u>\$ 303,922</u>

CITY OF PALM SPRINGS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Historical Society</u>
Additions	
Investment earnings:	
Interest and change in fair value of investments	\$ 1,367
Total Additions	<u>1,367</u>
Changes in Net Assets	1,367
Net Assets - Beginning of the Year	<u>302,555</u>
Net Assets - End of the Year	<u>\$ 303,922</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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.

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

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 — These 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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.

The City Council adopts and amends committed fund balance amounts through a resolution. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

j. Compensated Absences

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

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

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

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

k. Claims and Judgments

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

l. Use of Estimates

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

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.).

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

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

The level on which expenditures may not legally exceed appropriations is the fund level. Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types.

The City Leased Property special revenue fund did not adopt a budget.

b. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2011, 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, 2011:

	<u>Deficit Balance</u>
Major funds Governmental Funds:	
Community Redevelopment Agency – Debt Service	\$ (5,352,857)
Major Enterprise Funds:	
Golf Course Fund	(9,574,759)

The deficits will be recovered through future revenues and transfers.

Note 3: Cash and Investments

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 121,550,683
Fiduciary funds:	
Cash and investments	1,225,024
Total cash and investments	<u><u>\$ 122,775,707</u></u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 3: Cash and Investments (Continued)

Cash and investments as of June 30, 2011, consist of the following:

Cash on hand	\$ 15,048
Deposits with financial institutions	6,755,424
Investments	<u>116,005,235</u>
 Total cash and investments	 <u>\$ 122,775,707</u>

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, 2011, the carrying amount of the City's demand deposits was \$6,755,424 and the bank balance was \$6,969,033. The \$213,609 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	60%	None
Bankers' Acceptances	Yes	180 Days	40%	20%
Commercial Paper	Yes	270 Days	15%	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 Year	None	30%
Reverse Purchase Agreements	No	92 Days	20% of base	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%	None
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)	Yes	N/A	None	None

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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, 2011

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	
Local Agency Investment Fund	\$ 57,790,962	\$ 57,790,962	\$ -	\$ -	\$ -
Federal Agency Securities	42,977,371	-	-	42,977,371	-
Medium Term Notes	714,170	-	-	-	714,170
Fiscal Agent					
Mutual Funds -Money Market	3,395,031	3,395,031	-	-	-
Federal Agency Securities	8,630,070	-	443,012	8,187,058	-
Medium Term Notes	695,543	-	695,543	-	-
US Treasuries	1,802,088	-	1,802,088	-	-
	<u>\$ 116,005,235</u>	<u>\$ 61,185,993</u>	<u>\$ 2,940,643</u>	<u>\$ 51,164,429</u>	<u>\$ 714,170</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.

On Aug. 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on Aug. 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. In addition, the ratings on 126 Federal Deposit Insurance Corp.-guaranteed debt issues from 30 financial institutions under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) have also been downgraded to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

Investment Type:	Fair Value	Minimum Credit Rating	Rating as of Year End	
			AAA	Not Rated
Local Agency Investment Fund	\$ 57,790,962	N/A	\$ -	\$57,790,962
Federal Agency Securities	42,977,371	AAA	42,977,371	-
Medium Term Notes	714,170	A	714,170	-
Fiscal Agent				
Mutual Funds -Money Market	3,395,031	AAA	3,335,494	-
Federal Agency Securities	8,630,070	N/A	8,630,070	-
Medium Term Notes	695,543	N/A	695,543	-
US Treasuries	1,802,088	N/A	1,802,088	-
	<u>\$ 116,005,235</u>			

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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 Farm Credit Bank	Federal Agency Securities	\$ 9,011,470
Federal Home Loan Bank	Federal Agency Securities	7,470,063
Federal Home Loan Mortgage Corp.	Federal Agency Securities	18,199,578
Federal National Mortgage Assoc.	Federal Agency Securities	16,926,330

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, 2011

Note 4: Interfund Receivables, Payables and Transfers

Due to/Due From

Interfund receivable and payable balances at June 30, 2011, are as follows:

	Due from Other Funds	Due to Other Funds
Nonmajor governmental funds	\$ 2,405,446	\$ 227,830
Proprietary funds:		
Golf Course Enterprise Fund	-	2,177,616
Totals	<u>\$ 2,405,446</u>	<u>\$ 2,405,446</u>

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2011.

Advances

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2011, the outstanding advances are:

	Advances to Other Funds		Advances from Other Funds
General fund	\$ 2,815,000	(a) (c)	\$ 49,950 (f)
Low/Mod Housing Fund	5,906,269	(d) (f)	-
Debt service fund:			
Community Redevelopment Agency	-		9,784,078 (c) (d) (e) (g)
Internal service fund:			
Employee Benefits	1,430,000	(b)	-
Enterprise Fund:			
Wastewater	1,227,000	(e)	-
Golf Course	-		2,640,000 (a) (b)
Nonmajor special revenue fund:			
Sustainability	1,095,759	(g)	-
Totals	<u>\$ 12,474,028</u>		<u>\$ 12,474,028</u>

- (a) The Golf Course Fund initially received \$2,000,000 from the General Fund at 6% over 20 years. At June 30, 2011, 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 \$1,605,000 to the Community Redevelopment Agency Debt Service Fund at interest rates of 6%.
- (d) The Low and Moderate Housing Special Revenue Fund advanced \$5,856,319 to the Community Redevelopment Agency Debt Service Fund.
- (e) The Wastewater Fund advanced \$1,227,000 to the Community Redevelopment Agency Debt Service Fund.
- (f) The Low and Moderate Housing Special Revenue Fund advanced \$49,950 to the General Fund for the purchase of two pieces of land held for resale.
- (g) Nonmajor special revenue funds advanced \$1,095,759 to the Community Redevelopment Agency Debt Service Fund.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 3,099,076 (a)
	Community Redevelopment Agency Debt Service Fund	600,000 (b)
	Airport Enterprise Fund	839,848 (a)
Community Redevelopment Agency Capital Projects Fund	Community Redevelopment Agency Debt Service Fund	1,605,000 (c)
Nonmajor Governmental Funds	General Fund	2,396,929 (d)
	Capital Projects Fund	34,326 (e)
	Community Redevelopment Agency Capital Projects Fund	905,036 (f)
	Nonmajor Governmental Funds	246,432 (g)
Golf Course Enterprise Fund	General Fund	250,000 (h)
Internal Service Fund	Internal Service Fund	<u>260,000 (i)</u>
		<u>\$ 10,236,647</u>

- (a) Transfers from Nonmajor Governmental Funds to the General Fund were for reimbursement of 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 the Redevelopment Agency Debt Service to the Redevelopment Agency Capital Projects were for repayment of promissory note and fiscal agent activity.
- (d) Transfers from the General Fund to Nonmajor Governmental Funds were for debt service and operational costs.
- (e) Transfers between Nonmajor Governmental Funds were for project costs.
- (f) Transfers between Nonmajor Funds and Redevelopment Agency Capital Projects were for Plaza Theatre classification.
- (g) Transfers between nonmajor funds were for various purposes.
- (h) Transfers from the General Fund to the Golf Course were for operational costs.
- (i) Transfers between internal services funds were to move amounts from the Risk Management Fund to Retiree Health Fund.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 5: Capital Assets

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 24,522,461	\$ -	\$ 5,778,696	\$ -	\$ 30,301,157
Construction in progress	2,422,368	(12,873)	13,685,319	-	16,094,814
Right-of-way	16,544,454	-	-	-	16,544,454
Total Capital Assets, Not Being Depreciated	43,489,283	(12,873)	19,464,015	-	62,940,425
Capital assets, being depreciated:					
Buildings	68,743,986	-	6,115,391	-	74,859,377
Improvements	71,934,375	-	1,100,374	-	73,034,749
Furniture and equipment	8,646,090	-	231,370	-	8,877,460
Vehicles	13,506,348	-	215,682	(827,286)	12,894,744
Infrastructure	186,246,221	12,873	692,213	-	186,951,307
Total capital assets, being depreciated	349,077,020	12,873	8,355,030	(827,286)	356,617,637
Less accumulated depreciations for:					
Buildings	(34,622,521)	-	(1,275,119)	-	(35,897,640)
Improvements	(26,648,942)	-	(3,243,940)	-	(29,892,882)
Furniture and equipment	(6,330,427)	-	(442,364)	-	(6,772,791)
Vehicles	(8,359,020)	-	(996,739)	485,821	(8,869,938)
Infrastructure	(98,416,911)	-	(6,247,236)	-	(104,664,147)
Total accumulated depreciation	(174,377,821)	-	(12,205,398)	485,821	(186,097,398)
Total capital assets, being depreciated, net	174,699,199	12,873	(3,850,368)	(341,465)	170,520,239
Governmental activities capital assets, net	\$ 218,188,482	\$ -	\$ 15,613,647	\$ (341,465)	\$ 233,460,664

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

General government	\$ 256,576
Cultural and convention center	3,183,122
Public safety	1,225,395
Public works	6,918,049
Parks and recreation	472,551
Library	149,705
Total depreciation	<u>\$ 12,205,398</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 5: Capital Assets (Continued)

<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	2,134,470	-	40,238,037
Improvements	173,882,468	545,972	-	174,428,440
Machinery and equipment	3,756,225	75,031	-	3,831,256
Motor vehicles	2,385,611	11,969	-	2,397,580
Subsurface lines	29,192,236	-	-	29,192,236
Total capital assets, being depreciated	<u>247,320,107</u>	<u>2,767,442</u>	<u>-</u>	<u>250,087,549</u>
Less accumulated depreciations for:				
Buildings	(25,904,963)	(920,110)	-	(26,825,073)
Improvements	(107,360,081)	(8,312,190)	-	(115,672,271)
Machinery and equipment	(1,695,306)	(133,150)	-	(1,828,456)
Motor vehicles	(1,104,990)	(153,128)	-	(1,258,118)
Subsurface lines	(16,937,008)	(547,754)	-	(17,484,762)
Total accumulated depreciation	<u>(153,002,348)</u>	<u>(10,066,332)</u>	<u>-</u>	<u>(163,068,680)</u>
Total capital assets, being depreciated, net	<u>94,317,759</u>	<u>(7,298,890)</u>	<u>-</u>	<u>87,018,869</u>
Business-type activities capital assets, net	<u>\$ 131,055,367</u>	<u>\$ (7,298,890)</u>	<u>\$ -</u>	<u>\$ 123,756,477</u>

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

Airport	\$ 8,329,585
Wastewater	1,251,149
Golf course	<u>485,598</u>
Total depreciation	<u>\$ 10,066,332</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011, (including unamortized discounts and refunding costs) are as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 5,652,936	\$ 3,434,028	\$ 3,609,775	\$ 5,477,189	\$ 3,497,548
Claims and Judgements payable	2,653,395	2,627,334	1,537,695	3,743,034	2,169,162
Net OPEB Obligation	10,108,157	4,880,640	-	14,988,797	-
Special assessment debt with government commitment	8,910,000	-	500,000	8,410,000	350,000
Capital lease obligations-CaLease/OshKosh	1,172,700	-	165,459	1,007,241	173,741
Capital lease obligations-Motorola	3,090,600	-	287,878	2,802,722	300,401
Notes payable	64,546	-	20,258	44,288	21,487
Bonds Payable:					
2001 Housing Tax Allocation Bonds	4,065,000	-	255,000	3,810,000	270,000
2004 Tax Allocation Bonds, Series A	11,715,000	-	425,000	11,290,000	440,000
2004 Tax Allocation Bonds, Series B	8,090,000	-	165,000	7,925,000	170,000
2007 Tax Allocation Bonds Series A, B, C	21,175,000	-	120,000	21,055,000	125,000
2001 Lease Revenue Bonds	25,370,000	-	895,000	24,475,000	935,000
2004 Lease Revenue Bonds	55,990,000	-	660,000	55,330,000	690,000
2007 Refunding Lease Revenue Bonds	6,294,919	-	536,930	5,757,989	381,100
Unamortized discount	(36,914)	-	(2,171)	(34,743)	-
2007 Pension Obligation Bonds	20,349,536	137,395	174,273	20,312,658	200,182
Certificates of Participation:					
2001A Taxable Variable Rate Certificates of Participation	8,000,000	-	190,000	7,810,000	205,000
Total governmental long-term liabilities, net	<u>\$ 192,664,875</u>	<u>\$ 11,079,397</u>	<u>\$ 9,540,097</u>	<u>\$ 194,204,175</u>	<u>\$ 9,928,621</u>

Government compensated absences are generally liquidated by the general fund.

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 665,524	\$ 436,778	\$ 316,866	\$ 785,436	\$ 373,958
Airport Revenue bonds payable:					
1998 Airport PFC Revenue Bonds	9,770,000	-	335,000	9,435,000	355,000
2006 Airport PFC Revenue Bonds	10,640,000	-	490,000	10,150,000	370,000
2008 Airport PFC Revenue Bonds	6,895,000	-	485,000	6,410,000	240,000
Unamortized discount	(621,661)	-	(35,144)	(586,517)	-
Unamortized refund charge	(489,570)	-	(44,506)	(445,064)	-
Airport Revenue bonds payable, net	<u>26,193,769</u>	<u>-</u>	<u>1,230,350</u>	<u>24,963,419</u>	<u>965,000</u>
2007 Refunding Lease Unamortized refund charge	10,980,081	-	458,070	10,522,011	648,900
	(576,223)	-	(33,895)	(542,328)	-
2007 Refunding Lease, net	<u>10,403,858</u>	<u>-</u>	<u>424,175</u>	<u>9,979,683</u>	<u>648,900</u>
Total business-type long-term liabilities	<u>\$ 37,263,151</u>	<u>\$ 436,778</u>	<u>\$ 1,971,391</u>	<u>\$ 35,728,538</u>	<u>\$ 1,987,858</u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

Special Assessment Debt with Government Commitment

At June 30, 2011, 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, 2011. \$155,000

A.D. 161

\$4,752,500 Bonds issued February 5, 2004; Bonds mature between September 2, 2005 and September 2, 2024 in amounts ranging from \$117,500 through \$245,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at 102% of principal amount; secured by tax bills sent to property owners; interest rates range between 1.65% and 5.65%; reserve of \$349,988 is required which is fully funded at June 30, 2011. \$3,820,000

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, 2011. \$1,075,000

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, 2011. \$3,360,000

Total Special Assessment Debt with Government Commitment \$8,410,000

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

Annual requirements to amortize outstanding special assessment debt as of June 30, 2011, 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
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	-	-	150,000	174,585	45,000	48,240	125,000	142,873
2017-2021	-	-	860,000	751,310	245,000	205,893	725,000	617,975
2022-2026	-	-	1,125,000	486,305	310,000	133,356	900,000	418,215
2027-2031	-	-	1,145,000	134,046	315,000	36,260	1,160,000	155,273
Total	\$ 155,000	\$ 8,940	\$ 3,820,000	\$ 2,307,405	\$ 1,075,000	\$ 635,231	\$ 3,360,000	\$ 1,956,975

Capital Lease Obligations

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, 2011, is \$261,123.

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, 2011, is \$746,118.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

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

Year Ending June 30	OshKosh#1	OshKosh#2
2012	\$ 95,169	\$ 130,725
2013	95,169	130,725
2014	95,169	130,725
2015	-	130,725
2016	-	130,725
2017-2021	-	261,450
Subtotal	285,507	915,075
Less: Amount representing interest	(24,384)	(168,957)
Total	<u>\$ 261,123</u>	<u>\$ 746,118</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, 2011, 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, 2011, is \$2,802,722.

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

Year Ending June 30	Principal	Interest	Total
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	356,181	66,138	422,319
2017-2021	1,164,234	102,725	1,266,959
Total	<u>\$ 2,802,722</u>	<u>\$ 575,833</u>	<u>\$ 3,378,555</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.

\$44,288

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

Annual requirements to amortize outstanding notes payable as of June 30, 2011, is as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 21,487	\$ 2,346	\$ 23,833
2013	22,801	1,031	23,832
Total	<u>\$ 44,288</u>	<u>\$ 3,377</u>	<u>\$ 47,665</u>

Bonds Payable

Governmental Activities:

2001 Housing Tax Allocation Bonds

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

The required reserve for the 2001 Housing Tax Allocation Bonds is \$468,105 and as of June 30, 2011, the reserve was fully funded. The amount of bonds outstanding at June 30, 2011, is \$3,810,000.

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.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 6: Long-Term Liabilities (Continued)

The required reserve for the 2004 Series A and B bonds is \$1,037,200 and \$614,256, respectively. As of June 30, 2011, both reserves were fully funded. The amount of bonds outstanding at June 30, 2011, for the 2004 Series A and B bonds is \$11,290,000 and \$7,925,000, respectively.

Future requirements to amortize as of June 30, 2011 are as follows:

June 30	2001 Housing Bond		2004 Series A Revenue Bonds		2004 Series B Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	325,000	134,049	535,000	488,302	205,000	399,132
2017-2021	1,890,000	388,568	3,100,000	1,996,269	1,210,000	1,818,575
2022-2026	440,000	12,100	2,770,000	1,122,105	1,570,000	1,440,612
2027-2031	-	-	1,480,000	627,550	2,070,000	922,875
2032-2036	-	-	1,510,000	171,600	2,130,000	253,575
Total	<u>\$ 3,810,000</u>	<u>\$ 1,220,291</u>	<u>\$ 11,290,000</u>	<u>\$ 6,605,986</u>	<u>\$ 7,925,000</u>	<u>\$ 6,528,294</u>

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.

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 6: Long-Term Liabilities (Continued)

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, 2011, is \$21,055,000. Future requirements to amortize are as follows:

June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	619,225	-	117,293	155,000	366,088
2017-2021	1,380,000	2,983,385	270,000	554,840	920,000	1,680,138
2022-2026	1,335,000	2,676,254	435,000	439,850	1,250,000	1,336,693
2027-2031	5,000,000	1,913,750	585,000	284,175	1,710,000	866,447
2027-2031	5,055,000	520,875	620,000	79,220	1,805,000	239,931
			-			-
Total	\$ 12,770,000	\$ 11,190,389	\$ 1,910,000	\$ 1,944,550	\$ 6,375,000	\$ 6,032,608

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 \$77,602,118, payable through September 2034. For the current year, principal and interest paid and total incremental property tax revenues were \$3,354,110 and \$16,214,162, 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

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 6: Long-Term Liabilities (Continued)

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, 2011, is \$24,475,000.

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, 2011, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2011 is \$55,330,000.

The total convention center bonds outstanding at June 30, 2011, were \$79,805,000.

Future requirements to amortize outstanding convention center bonds as of June 30, 2011, are as follows:

June 30	2001 Convention Center Lease Revenue Bonds		2004 Convention Center Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 935,000	\$ 1,192,300	\$ 690,000	\$ 2,993,963
2012	970,000	1,154,200	730,000	2,958,462
2013	1,030,000	1,111,625	765,000	2,921,088
2014	1,045,000	1,061,019	835,000	2,881,087
2015	1,125,000	1,004,056	850,000	2,838,963
2016-2020	6,605,000	4,043,244	5,035,000	13,453,181
2021-2025	12,765,000	1,740,281	2,190,000	12,367,850
2026-2030	-	-	19,175,000	9,640,813
2031-2035	-	-	25,060,000	3,593,425
Total	<u>\$ 24,475,000</u>	<u>\$ 11,306,725</u>	<u>\$ 55,330,000</u>	<u>\$ 53,648,832</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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

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, 2011, are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2011
Governmental activities:	
Police building project & master lease	\$ 2,624,971
Cogeneration plant fund	3,133,018
Less unamortized discount	(34,743)
Total governmental activities	<u>\$ 5,723,246</u>
Business-type activities	
Golf Course fund	\$ 10,522,011
Less unamortized discount & refund charge	(542,328)
Total business-type activities	<u>\$ 9,979,683</u>

Future requirements to amortize outstanding 2007 Refunding Lease Revenue Bonds as of June 30, 2011, are as follows:

June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2012	\$ 1,030,000	\$ 717,900
2013	1,080,000	676,700
2014	970,000	632,150
2015	1,010,000	592,138
2016	795,000	551,738
2016-2021	4,495,000	2,239,977
2021-2026	5,610,000	1,113,999
2026-2031	1,290,000	58,050
Total	<u>\$ 16,280,000</u>	<u>\$ 6,582,652</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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

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

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

The balance outstanding as of June 30, 2011, was \$19,383,621, including accreted interest of \$929,037.

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Interest
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	-	814,648	277,749	328,473
2017-2021	2,090,000	3,970,939	589,667	1,591,794
2022-2026	4,205,000	3,221,421	497,090	1,723,054
2027-2031	-	2,359,062	2,303,595	1,250,007
2032-2036	8,495,000	1,234,654	-	-
Total	<u>\$ 14,790,000</u>	<u>\$ 14,859,316</u>	<u>\$ 4,593,621</u>	<u>\$ 6,208,375</u>

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

CITY OF PALM SPRINGS

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**

Note 6: Long-Term Liabilities (Continued)

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, 2011, the outstanding balance is \$7,810,000.

Future requirements to amortize outstanding certificates of participation as of June 30, 2011, are as follows:

June 30	2002 Taxable Variable Rate	
	Principal	Interest
2012	\$ 205,000	\$ 109,340
2013	215,000	106,470
2014	230,000	103,460
2015	245,000	100,240
2016	355,000	96,810
2017-2021	2,145,000	402,990
2022-2026	2,950,000	231,560
2027-2031	1,465,000	31,080
Total	<u>\$ 7,810,000</u>	<u>\$ 1,181,950</u>

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;

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

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 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, 2011, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2011, is \$9,289,368 net of \$145,632 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%

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

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6: Long-Term Liabilities (Continued)

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, 2011, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2011, is \$9,529,981 net of \$174,955 of unamortized discount and \$445,064 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, 2011

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, 2011, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2011, is \$6,144,070 net of \$265,930 unamortized discount.

Future requirements to amortize outstanding business-type bonds payable (excluding \$586,517 of unamortized discounts and \$445,064 of deferred refunding charges) as of June 30, 2011, are as follows:

Fiscal Year Ending June 30	<u>1998 PFC Airport Bonds</u>		<u>2006 PFC Airport Bonds</u>		<u>2008 PFC Airport Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 355,000	\$ 502,443	\$ 370,000	\$ 543,960	\$ 240,000	\$ 391,600
2013	375,000	484,338	390,000	524,765	245,000	378,748
2014	390,000	465,119	410,000	504,160	260,000	365,365
2015	415,000	445,131	430,000	482,105	280,000	350,175
2016	435,000	423,863	455,000	458,539	285,000	333,125
2016-2021	2,540,000	1,759,657	2,665,000	1,884,799	1,725,000	1,373,165
2021-2026	3,320,000	1,007,764	3,480,000	1,044,787	2,315,000	737,533
2026-2031	1,605,000	133,649	1,950,000	132,368	1,060,000	67,274
Total	<u>\$ 9,435,000</u>	<u>\$ 5,221,964</u>	<u>\$ 10,150,000</u>	<u>\$ 5,575,483</u>	<u>\$ 6,410,000</u>	<u>\$ 3,996,985</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, 2011, principal and interest remaining on the PFC bonds was \$40,789,434. For the current year, principal and interest paid and total PFC revenues were \$2,812,770 and \$2,785,021, respectively.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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, 2011, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$3,743,034, of which \$2,169,162 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, 2010 and 2011, 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
2009-2010	\$ 3,237,502	\$ 317,798	\$ (901,905)	\$ 2,653,395
2010-2011	2,653,395	2,627,334	(1,537,695)	3,743,034

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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 8: Defined Benefit Pension Plan (PERS) (Continued)

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

For fiscal year 2010-2011, the City's annual pension cost was \$7,826,236 and the City actually contributed \$8,136,285. The required contribution was determined as part of the June 30, 2008, 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, 2011, were as follows (amounts in thousands):

	<u>Misc.</u>	<u>Safety</u>	<u>Total</u>
Annual required contribution	\$ (3,651)	\$ (4,485)	\$ (8,136)
Interest on beginning net pension asset	703	880	1,583
Adjustment to the annual required contribution	<u>(566)</u>	<u>(707)</u>	<u>(1,273)</u>
Annual pension cost	(3,514)	(4,312)	(7,826)
Contributions made	<u>3,651</u>	<u>4,485</u>	<u>8,136</u>
Change in net pension asset	137	173	310
Net pension asset, beginning of year	9,072	11,350	20,422
Net pension asset, end of year	<u>\$ 9,209</u>	<u>\$ 11,523</u>	<u>\$ 20,732</u>

The City's contribution for 2011 was equal to the annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Defined Benefit Pension Plan (PERS) (Continued)

Trend Information for PERS (Amount in thousands)

Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Asset
6/30/2009				
Misc.	\$ 4,383	\$ 4,537	104%	\$ 8,925
Safety	4,521	4,714	104%	11,166
Total	<u>\$ 8,904</u>	<u>\$ 9,251</u>	104%	<u>\$ 20,091</u>
6/30/2010				
Misc.	\$ 3,791	\$ 3,938	104%	\$ 9,072
Safety	4,518	4,702	104%	11,350
Total	<u>\$ 8,309</u>	<u>\$ 8,640</u>	104%	<u>\$ 20,422</u>
6/30/2011				
Misc.	\$ 3,514	\$ 3,651	104%	\$ 9,210
Safety	4,312	4,485	104%	11,522
Total	<u>\$ 7,826</u>	<u>\$ 8,136</u>	104%	<u>\$ 20,732</u>

Schedule of Funding Progress (In Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (b)	Actuarial Asset Value (a)	Unfunded AAL (UAAL) [(b)-(a)]	Funded Rate [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll { (b)-(a)/(c) }
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>	86.2%
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>	145.7%
6/30/2010						
Misc.	\$ 155,789	\$ 134,896	\$ 20,893	86.6%	\$ 18,135	115.2%
Safety	184,335	152,290	32,045	82.6%	13,459	238.1%
Total	<u>\$ 340,124</u>	<u>\$ 287,186</u>	<u>\$ 52,938</u>	<u>84.4%</u>	<u>\$ 31,594</u>	167.6%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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 CalPERS 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 357 eligible active employees and 150 enrolled eligible retirees at June 30, 2011. 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, 2011, 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 \$1,829,452 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, 2011</u>
Annual required contribution	\$ 6,696,932
Interest on net OPEB obligation	454,867
Adjustment to annual required contributions	<u>(441,707)</u>
Annual OPEB cost (expense)	6,710,092
Contributions made	<u>(1,829,452)</u>
Increase in net OPEB obligation	4,880,640
Net OPEB Obligation, Beginning of Year	<u>10,108,157</u>
Net OPEB Obligation, End of Year	<u><u>\$ 14,988,797</u></u>

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9: Other Post-Retirement Health Care Benefits (Continued)

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, 2011, 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
6/30/2011	6,710,092	27.3%	14,988,797

Funding Status and Progress

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$99,590,050, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$99,590,050 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 \$26,309,954 and UAAL as a % of covered payroll was 378%

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%
6/30/2011	99,590,050	-	99,590,050	0.0%	26,309,954	378.5%

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.

CITY OF PALM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9: Other Post-Retirement Health Care Benefits (Continued)

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 5%. The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period. The remaining amortization period at June 30, 2011, is 28 years. 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 Renaissance Palm Springs Hotel, formerly the Wyndham Hotel has been adjusted by increases in the Consumer Price Index to \$981,077.

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, 2014, payment for the fiscal year ending June 30, 2015. 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 \$1,374,855. 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.

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: 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 contingent upon future revenues of the Agency. In the fiscal year ended June 30, 2011, the land was returned to the City and the obligation was liquidated.

Note 12: 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. SERAF Shift for fiscal year 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 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.

The payment of the SERAF was due on May 10, 2011, for fiscal year 2010-2011 and it was made in the amount \$865,719. 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 with respect to amounts borrowed to fund the SERAF payment in fiscal year 2009-2010 and by June 30, 2016 with respect to amounts borrowed to fund the SERAF payment for fiscal year 2010-2011. 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 in fiscal year 2010-2011, the Agency borrowed \$865,719 from the Low and Moderate Income Housing Fund (after adopting appropriate findings of necessity). The Agency also borrowed amounts for the 2009-2010 SERAF payment from

Note 12: Transactions with the State of California (Continued)

the Low and Moderate Income Housing Fund. 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.

Note 13: California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and AB1X 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, give cities an option to avoid dissolution of their redevelopment agencies if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and AB1X 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and AB1X 27 until the Court can rule on their constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and AB1X 27 upon the City and the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the City adopted an ordinance of intent to continue and will be required to make a payment to the State in the estimated amount of \$1,718,191 by January 15, 2012 and \$1,718,190 by May 15, 2012 to avoid dissolution of the Agency.

Note 14: Restatement of Net Assets and Fund Balance

Governmental Fund Balance for the library special revenue fund and Government-Wide Governmental Activities Net Assets were restated by \$302,555 to eliminate a deposit payable liability.

THIS PAGE INTENTIONALLY LEFT BLANK

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted or committed 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 revenues and 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 revenues and costs related to the economic recovery plan.

City Leased Property Fund – To account for revenues and related costs of City leased properties.

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.

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, 2011

	Special Revenue Funds			Indian Gaming Special Distribution
	Community Promotion	Forfeiture	Safety Augmentation	
Assets:				
Pooled cash and investments	\$ -	\$ 410,699	\$ 1,120	\$ 565,068
Receivables:				
Accounts	-	-	82,992	-
Accrued interest	-	866	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ 411,565	\$ 84,112	\$ 565,068
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 13,152	\$ -
Accrued liabilities	-	-	21,858	-
Deferred revenues	-	7,814	-	565,068
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	7,814	35,010	565,068
Fund Balances:				
Nonspendable:				
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	403,751	49,102	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Committed to:				
Cultural and convention center	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	-	403,751	49,102	-
Total Liabilities and Fund Balances	\$ -	\$ 411,565	\$ 84,112	\$ 565,068

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Special Development	CSA 152	Recycling AB 929	Villagefest
Assets:				
Pooled cash and investments	\$ 755,179	\$ -	\$ 50,189	\$ 41,925
Receivables:				
Accounts	-	160,255	38,859	931
Accrued interest	1,537	-	1,922	-
Due from other funds	-	-	900,000	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 756,716	\$ 160,255	\$ 990,970	\$ 42,856
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 9,869	\$ 4,160	\$ 3,956
Accrued liabilities	-	4,536	-	9,519
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	143,420	-	-
Total Liabilities	-	157,825	4,160	13,475
Fund Balances:				
Nonspendable:				
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	29,381
Public works	756,716	2,430	986,810	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Committed to:				
Cultural and convention center	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	756,716	2,430	986,810	29,381
Total Liabilities and Fund Balances	\$ 756,716	\$ 160,255	\$ 990,970	\$ 42,856

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	Neighborhood Involvements	Parking	Gas Tax	Measure A Improvements
Assets:				
Pooled cash and investments	\$ 2,189	\$ 130,275	\$ 291,365	\$ 8,289,066
Receivables:				
Accounts	-	128	142,609	276,420
Accrued interest	-	-	868	16,455
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 2,189	\$ 130,403	\$ 434,842	\$ 8,581,941
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 13,637	\$ 27,281	\$ 424,601
Accrued liabilities	-	247	-	7,626
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	13,884	27,281	432,227
Fund Balances:				
Nonspendable:				
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	2,189	116,519	407,561	8,149,714
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Committed to:				
Cultural and convention center	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	2,189	116,519	407,561	8,149,714
Total Liabilities and Fund Balances	\$ 2,189	\$ 130,403	\$ 434,842	\$ 8,581,941

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Drainage Construction	Community Development Block Grant	Master Lease	Air Quality Management
Assets:				
Pooled cash and investments	\$ 1,162,559	\$ -	\$ 179,241	\$ 53,312
Receivables:				
Accounts	-	78,569	-	11,098
Accrued interest	2,418	-	-	110
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	1	-
Total Assets	\$ 1,164,977	\$ 78,569	\$ 179,242	\$ 64,520
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 43,056	\$ 12,716	\$ -	\$ 11,098
Accrued liabilities	177	2,031	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	45,589	-	-
Total Liabilities	43,233	60,336	-	11,098
Fund Balances:				
Nonspendable:				
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	1,121,744	18,233	-	53,422
Debt service	-	-	-	-
Lease	-	-	179,242	-
Library	-	-	-	-
Special projects	-	-	-	-
Committed to:				
Cultural and convention center	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	1,121,744	18,233	179,242	53,422
Total Liabilities and Fund Balances	\$ 1,164,977	\$ 78,569	\$ 179,242	\$ 64,520

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue Funds			
	Public Arts	Library	Quimby Act Fees	Special Projects
Assets:				
Pooled cash and investments	\$ 433,654	\$ 2,813,037	\$ 2,457,409	\$ 1,371,718
Receivables:				
Accounts	-	-	-	113,427
Accrued interest	875	5,884	4,869	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 434,529	\$ 2,818,921	\$ 2,462,278	\$ 1,485,145
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 9,512	\$ 161,553	\$ -	\$ 50,458
Accrued liabilities	1,932	428	-	4,330
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	11,444	161,981	-	54,788
Fund Balances:				
Nonspendable:				
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	2,462,278	-
Public works	423,085	-	-	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	2,656,940	-	-
Special projects	-	-	-	1,430,357
Committed to:				
Cultural and convention center	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	423,085	2,656,940	2,462,278	1,430,357
Total Liabilities and Fund Balances	\$ 434,529	\$ 2,818,921	\$ 2,462,278	\$ 1,485,145

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan	Park Maintenance District
Assets:				
Pooled cash and investments	\$ 210,088	\$ 43,707	\$ 500,000	\$ 229,609
Receivables:				
Accounts	29,305	-	-	7,805
Accrued interest	438	96	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 239,831	\$ 43,803	\$ 500,000	\$ 237,414
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 2,789	\$ -	\$ 37,997
Accrued liabilities	13,443	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	13,443	2,789	-	37,997
Fund Balances:				
Nonspendable:				
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	226,388	-	-	-
Parks and recreation	-	-	-	-
Public works	-	41,014	500,000	199,417
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Committed to:				
Cultural and convention center	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	226,388	41,014	500,000	199,417
Total Liabilities and Fund Balances	\$ 239,831	\$ 43,803	\$ 500,000	\$ 237,414

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue Funds			
	Emergency Response	Sustainability	Special Grants	Economic Recovery Plan
Assets:				
Pooled cash and investments	\$ 738,353	\$ 65,213	\$ -	\$ 70,729
Receivables:				
Accounts	106,946	118,814	82,189	-
Accrued interest	1,686	2,906	-	-
Due from other funds	-	700,000	-	600,000
Advances to other funds	-	1,095,759	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 846,985	\$ 1,982,692	\$ 82,189	\$ 670,729
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,575	\$ 19,669	\$ 19,047	\$ 13,415
Accrued liabilities	-	5,315	6,428	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	38,821	-
Total Liabilities	4,575	24,984	64,296	13,415
Fund Balances:				
Nonspendable:				
Advances to other funds	-	1,095,759	-	-
Restricted for:				
Public safety	842,410	-	17,893	-
Parks and recreation	-	-	-	-
Public works	-	861,949	-	-
Debt service	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Special projects	-	-	-	-
Committed to:				
Cultural and convention center	-	-	-	657,314
Assigned to:				
Capital Projects	-	-	-	-
Total Fund Balances	842,410	1,957,708	17,893	657,314
Total Liabilities and Fund Balances	\$ 846,985	\$ 1,982,692	\$ 82,189	\$ 670,729

CITY OF PALM SPRINGS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Governmental Funds
	City Leased Property	Parking Projects	General Debt Service	
Assets:				
Pooled cash and investments	\$ 703,758	\$ 480,301	\$ 987,914	\$ 23,037,677
Receivables:				
Accounts	-	-	-	1,250,347
Accrued interest	1,852	978	-	43,760
Due from other funds	205,446	-	-	2,405,446
Advances to other funds	-	-	-	1,095,759
Restricted assets:				
Cash and investments with fiscal agents	-	-	5,881,297	5,881,298
Total Assets	\$ 911,056	\$ 481,279	\$ 6,869,211	\$ 33,714,287
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 882,541
Accrued liabilities	-	-	-	77,870
Deferred revenues	-	-	-	572,882
Deposits payable	-	-	-	-
Due to other funds	-	-	-	227,830
Total Liabilities	-	-	-	1,761,123
Fund Balances:				
Nonspendable:				
Advances to other funds	-	-	-	1,095,759
Restricted for:				
Public safety	-	-	-	1,539,544
Parks and recreation	-	-	-	2,491,659
Public works	-	-	-	13,640,803
Debt service	-	-	6,869,211	6,869,211
Lease	-	-	-	179,242
Library	-	-	-	2,656,940
Special projects	-	-	-	1,430,357
Committed to:				
Cultural and convention center	911,056	-	-	1,568,370
Assigned to:				
Capital Projects	-	481,279	-	481,279
Total Fund Balances	911,056	481,279	6,869,211	31,953,164
Total Liabilities and Fund Balances	\$ 911,056	\$ 481,279	\$ 6,869,211	\$ 33,714,287

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	Community Promotion	Forfeiture	Safety Augmentation	Indian Gaming Special Distribution
Revenues:				
Taxes	\$ -	\$ -	\$ 662,370	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	48,353	-
Use of money and property	-	4,479	1,467	-
Fines and forfeitures	-	57,857	-	-
Contributions	-	-	5,626	-
Miscellaneous	-	-	-	-
Total Revenues	-	62,336	717,816	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	111,721	916,162	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	111,721	916,162	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(49,385)	(198,346)	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(699,076)	-	(146,432)	-
Total Other Financing Sources (Uses)	(699,076)	-	(146,432)	-
Net Change in Fund Balances	(699,076)	(49,385)	(344,778)	-
Fund Balances, Beginning of Year	699,076	453,136	393,880	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	699,076	453,136	393,880	-
Fund Balances, End of Year	\$ -	\$ 403,751	\$ 49,102	\$ -

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Special Development	CSA 152	Recycling AB 929	Villagefest
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	247,904	-	-
Licenses and permits	-	-	-	365,694
Intergovernmental	-	-	-	-
Charges for services	3,056	-	130,979	-
Use of money and property	7,549	-	11,653	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	13,260
Total Revenues	10,605	247,904	142,632	378,954
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	388,204
Public works	-	247,847	135,160	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	247,847	135,160	388,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,605	57	7,472	(9,250)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	10,605	57	7,472	(9,250)
Fund Balances, Beginning of Year	746,111	2,373	979,338	38,631
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	746,111	2,373	979,338	38,631
Fund Balances, End of Year	\$ 756,716	\$ 2,430	\$ 986,810	\$ 29,381

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	Neighborhood Involvements	Parking	Gas Tax	Measure A Improvements
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,390,267
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	1,190,862	1,419,851
Charges for services	-	699	-	-
Use of money and property	-	-	5,887	57,131
Fines and forfeitures	-	49,967	-	-
Contributions	3,775	-	-	-
Miscellaneous	-	-	36,483	40,385
Total Revenues	3,775	50,666	1,233,232	2,907,634
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	3,136	229,294	992,889	2,520,065
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	3,136	229,294	992,889	2,520,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	639	(178,628)	240,343	387,569
Other Financing Sources (Uses):				
Transfers in	-	213,333	-	-
Transfers out	-	-	(600,000)	-
Total Other Financing Sources (Uses)	-	213,333	(600,000)	-
Net Change in Fund Balances	639	34,705	(359,657)	387,569
Fund Balances, Beginning of Year	1,550	81,814	767,218	7,762,145
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	1,550	81,814	767,218	7,762,145
Fund Balances, End of Year	\$ 2,189	\$ 116,519	\$ 407,561	\$ 8,149,714

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Drainage Construction	Community Development Block Grant	Master Lease	Air Quality Management
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	160,149	-	-	-
Intergovernmental	-	377,032	-	52,320
Charges for services	-	-	-	-
Use of money and property	8,185	956	1,397,650	589
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	11,000	-	-
Total Revenues	168,334	388,988	1,397,650	52,909
Expenditures:				
Current:				
General government	-	-	2,582	-
Public safety	-	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	188,899	377,565	-	67,802
Lease	-	-	1,374,855	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	206,588	-
Interest and fiscal charges	-	-	45,755	-
Total Expenditures	188,899	377,565	1,629,780	67,802
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,565)	11,423	(232,130)	(14,893)
Other Financing Sources (Uses):				
Transfers in	-	-	374,453	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	374,453	-
Net Change in Fund Balances	(20,565)	11,423	142,323	(14,893)
Fund Balances, Beginning of Year	1,142,309	6,810	36,919	68,315
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	1,142,309	6,810	36,919	68,315
Fund Balances, End of Year	\$ 1,121,744	\$ 18,233	\$ 179,242	\$ 53,422

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	Public Arts	Library	Quimby Act Fees	Special Projects
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	132,618	29	196,728	245,780
Use of money and property	4,705	18,374	15,181	(5,002)
Fines and forfeitures	-	-	-	-
Contributions	9,166	3,944	-	91,158
Miscellaneous	-	-	-	-
Total Revenues	146,489	22,347	211,909	331,936
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	263,948
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	16,695	20,998
Public works	316,072	-	-	244,814
Lease	-	-	-	-
Library	-	273,713	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	316,072	273,713	16,695	529,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,583)	(251,366)	195,214	(197,824)
Other Financing Sources (Uses):				
Transfers in	-	-	-	146,432
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	146,432
Net Change in Fund Balances	(169,583)	(251,366)	195,214	(51,392)
Fund Balances, Beginning of Year	592,668	2,605,751	2,267,064	1,481,749
Restatements	-	302,555	-	-
Fund Balances, Beginning of Year, as Restated	592,668	2,908,306	2,267,064	1,481,749
Fund Balances, End of Year	\$ 423,085	\$ 2,656,940	\$ 2,462,278	\$ 1,430,357

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	CFD Public Safety #1	Business Improvement District	Energy Efficiency Loan	Park Maintenance District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	325,863	3,176	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	248,023
Use of money and property	1,877	288	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	327,740	3,464	-	248,023
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	521,558	-	-	-
Cultural and convention center	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	20,166	-	187,622
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	521,558	20,166	-	187,622
Excess (Deficiency) of Revenues Over (Under) Expenditures	(193,818)	(16,702)	-	60,401
Other Financing Sources (Uses):				
Transfers in	245,341	50,000	-	-
Transfers out	(50,000)	-	-	-
Total Other Financing Sources (Uses)	195,341	50,000	-	-
Net Change in Fund Balances	1,523	33,298	-	60,401
Fund Balances, Beginning of Year	224,865	7,716	500,000	139,016
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	224,865	7,716	500,000	139,016
Fund Balances, End of Year	\$ 226,388	\$ 41,014	\$ 500,000	\$ 199,417

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	Emergency Response	Sustainability	Special Grants	Economic Recovery Plan
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	897,726	-
Charges for services	1,017,666	398,051	-	-
Use of money and property	(412)	66,223	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	57,411	-	-
Total Revenues	1,017,254	521,685	897,726	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	775,669	-	671,968	-
Cultural and convention center	-	-	-	504,844
Parks and recreation	-	-	-	-
Public works	-	1,083,956	202,634	-
Lease	-	-	-	-
Library	-	-	-	-
Debt service:				
Principal retirement	287,878	-	-	-
Interest and fiscal charges	134,441	-	-	-
Total Expenditures	1,197,988	1,083,956	874,602	504,844
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,734)	(562,271)	23,124	(504,844)
Other Financing Sources (Uses):				
Transfers in	362,415	-	34,326	600,000
Transfers out	(1,800,000)	-	-	(50,000)
Total Other Financing Sources (Uses)	(1,437,585)	-	34,326	550,000
Net Change in Fund Balances	(1,618,319)	(562,271)	57,450	45,156
Fund Balances, Beginning of Year	2,460,729	2,519,979	(39,557)	612,158
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	2,460,729	2,519,979	(39,557)	612,158
Fund Balances, End of Year	\$ 842,410	\$ 1,957,708	\$ 17,893	\$ 657,314

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Governmental Funds
	City Leased Property	Parking Projects	General Debt Service	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,052,637
Assessments	-	-	-	576,943
Licenses and permits	-	-	-	525,843
Intergovernmental	-	-	-	3,937,791
Charges for services	-	-	-	2,421,982
Use of money and property	6,020	4,815	148,185	1,755,800
Fines and forfeitures	-	-	-	107,824
Contributions	-	-	-	113,669
Miscellaneous	-	-	-	158,539
Total Revenues	6,020	4,815	148,185	11,651,028
Expenditures:				
Current:				
General government	-	-	92,611	95,193
Public safety	-	-	-	3,261,026
Cultural and convention center	-	-	-	504,844
Parks and recreation	-	-	-	425,897
Public works	-	2,528	-	6,820,449
Lease	-	-	-	1,374,855
Library	-	-	-	273,713
Debt service:				
Principal retirement	-	-	285,490	779,956
Interest and fiscal charges	-	-	122,778	302,974
Total Expenditures	-	2,528	500,879	13,838,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,020	2,287	(352,694)	(2,187,879)
Other Financing Sources (Uses):				
Transfers in	905,036	-	651,387	3,582,723
Transfers out	-	-	-	(3,345,508)
Total Other Financing Sources (Uses)	905,036	-	651,387	237,215
Net Change in Fund Balances	911,056	2,287	298,693	(1,950,664)
Fund Balances, Beginning of Year	-	478,992	6,570,518	33,601,273
Restatements	-	-	-	302,555
Fund Balances, Beginning of Year, as Restated	-	478,992	6,570,518	33,903,828
Fund Balances, End of Year	\$ 911,056	\$ 481,279	\$ 6,869,211	\$ 31,953,164

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY PROMOTION
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 699,076	\$ 699,076	\$ 699,076	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	699,076	699,076	699,076	-
Charges to Appropriation (Outflow):				
Parks and recreation	-	2,363	-	2,363
Transfers out	-	699,076	699,076	-
Total Charges to Appropriations	-	701,439	699,076	2,363
Budgetary Fund Balance, June 30	\$ 699,076	\$ (2,363)	\$ -	\$ 2,363

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 FORFEITURE
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 453,136	\$ 453,136	\$ 453,136	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	4,479	2,479
Fines and forfeitures	-	57,857	57,857	-
Amounts Available for Appropriation	455,136	512,993	515,472	2,479
Charges to Appropriation (Outflow):				
Public safety	2,000	389,808	111,721	278,087
Total Charges to Appropriations	2,000	389,808	111,721	278,087
Budgetary Fund Balance, June 30	\$ 453,136	\$ 123,185	\$ 403,751	\$ 280,566

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 393,880	\$ 393,880	\$ 393,880	\$ -
Resources (Inflows):				
Taxes	700,000	700,000	662,370	(37,630)
Charges for services	-	48,353	48,353	-
Use of money and property	20,000	20,000	1,467	(18,533)
Contributions	-	5,626	5,626	-
Amounts Available for Appropriation	1,113,880	1,167,859	1,111,696	(56,163)
Charges to Appropriation (Outflow):				
Public safety	1,004,780	1,123,415	916,162	207,253
Transfers out	-	-	146,432	(146,432)
Total Charges to Appropriations	1,004,780	1,123,415	1,062,594	60,821
Budgetary Fund Balance, June 30	\$ 109,100	\$ 44,444	\$ 49,102	\$ 4,658

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DEVELOPMENT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 746,111	\$ 746,111	\$ 746,111	\$ -
Resources (Inflows):				
Charges for services	-	3,056	3,056	-
Use of money and property	-	-	7,549	7,549
Amounts Available for Appropriation	746,111	749,167	756,716	7,549
Charges to Appropriation (Outflow):				
Public works	-	561,745	-	561,745
Total Charges to Appropriations	-	561,745	-	561,745
Budgetary Fund Balance, June 30	\$ 746,111	\$ 187,422	\$ 756,716	\$ 569,294

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE

CSA 152

YEAR ENDED JUNE 30, 2011

	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	350,036	351,093	247,904	(103,189)
Amounts Available for Appropriation	352,409	353,466	250,277	(103,189)
Charges to Appropriation (Outflow):				
Public works	350,036	400,345	247,847	152,498
Total Charges to Appropriations	350,036	400,345	247,847	152,498
Budgetary Fund Balance, June 30	\$ 2,373	\$ (46,879)	\$ 2,430	\$ 49,309

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 RECYCLING AB 929
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 979,338	\$ 979,338	\$ 979,338	\$ -
Resources (Inflows):				
Charges for services	124,595	124,595	130,979	6,384
Use of money and property	15,000	15,000	11,653	(3,347)
Amounts Available for Appropriation	1,118,933	1,118,933	1,121,970	3,037
Charges to Appropriation (Outflow):				
Public works	139,595	246,941	135,160	111,781
Total Charges to Appropriations	139,595	246,941	135,160	111,781
Budgetary Fund Balance, June 30	\$ 979,338	\$ 871,992	\$ 986,810	\$ 114,818

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 VILLAGEFEST
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 38,631	\$ 38,631	\$ 38,631	\$ -
Resources (Inflows):				
Licenses and permits	392,515	392,515	365,694	(26,821)
Miscellaneous	14,250	14,250	13,260	(990)
Amounts Available for Appropriation	445,396	445,396	417,585	(27,811)
Charges to Appropriation (Outflow):				
Parks and recreation	406,765	406,765	388,204	18,561
Total Charges to Appropriations	406,765	406,765	388,204	18,561
Budgetary Fund Balance, June 30	\$ 38,631	\$ 38,631	\$ 29,381	\$ (9,250)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD INVOLVEMENTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,550	\$ 1,550	\$ 1,550	\$ -
Resources (Inflows):				
Contributions	-	3,775	3,775	-
Amounts Available for Appropriation	1,550	5,325	5,325	-
Charges to Appropriation (Outflow):				
Public works	-	5,275	3,136	2,139
Total Charges to Appropriations	-	5,275	3,136	2,139
Budgetary Fund Balance, June 30	\$ 1,550	\$ 50	\$ 2,189	\$ 2,139

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 81,814	\$ 81,814	\$ 81,814	\$ -
Resources (Inflows):				
Charges for services	1,500	1,500	699	(801)
Fines and forfeitures	70,000	70,000	49,967	(20,033)
Transfers in	213,333	213,333	213,333	-
Amounts Available for Appropriation	366,647	366,647	345,813	(20,834)
Charges to Appropriation (Outflow):				
Public works	284,833	299,458	229,294	70,164
Total Charges to Appropriations	284,833	299,458	229,294	70,164
Budgetary Fund Balance, June 30	\$ 81,814	\$ 67,189	\$ 116,519	\$ 49,330

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 767,218	\$ 767,218	\$ 767,218	\$ -
Resources (Inflows):				
Intergovernmental	1,213,129	1,213,129	1,190,862	(22,267)
Use of money and property	20,000	20,000	5,887	(14,113)
Miscellaneous	-	36,483	36,483	-
Amounts Available for Appropriation	2,000,347	2,036,830	2,000,450	(36,380)
Charges to Appropriation (Outflow):				
Public works	633,129	1,436,830	992,889	443,941
Transfers out	600,000	600,000	600,000	-
Total Charges to Appropriations	1,233,129	2,036,830	1,592,889	443,941
Budgetary Fund Balance, June 30	\$ 767,218	\$ -	\$ 407,561	\$ 407,561

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
MEASURE A IMPROVEMENTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,762,145	\$ 7,762,145	\$ 7,762,145	\$ -
Resources (Inflows):				
Taxes	1,350,000	1,350,000	1,390,267	40,267
Intergovernmental	250,000	4,376,041	1,419,851	(2,956,190)
Use of money and property	90,000	90,000	57,131	(32,869)
Miscellaneous	-	31,611	40,385	8,774
Amounts Available for Appropriation	9,452,145	13,609,797	10,669,779	(2,940,018)
Charges to Appropriation (Outflow):				
Public works	1,690,000	17,726,473	2,520,065	15,206,408
Total Charges to Appropriations	1,690,000	17,726,473	2,520,065	15,206,408
Budgetary Fund Balance, June 30	\$ 7,762,145	\$ (4,116,676)	\$ 8,149,714	\$ 12,266,390

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 DRAINAGE CONSTRUCTION
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,142,309	\$ 1,142,309	\$ 1,142,309	\$ -
Resources (Inflows):				
Licenses and permits	20,000	20,000	160,149	140,149
Use of money and property	-	-	8,185	8,185
Amounts Available for Appropriation	1,162,309	1,162,309	1,310,643	148,334
Charges to Appropriation (Outflow):				
Public works	240,000	1,259,890	188,899	1,070,991
Total Charges to Appropriations	240,000	1,259,890	188,899	1,070,991
Budgetary Fund Balance, June 30	\$ 922,309	\$ (97,581)	\$ 1,121,744	\$ 1,219,325

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,810	\$ 6,810	\$ 6,810	\$ -
Resources (Inflows):				
Intergovernmental	545,809	545,809	377,032	(168,777)
Use of money and property	191	191	956	765
Miscellaneous	-	-	11,000	11,000
Amounts Available for Appropriation	552,810	552,810	395,798	(157,012)
Charges to Appropriation (Outflow):				
Public works	546,000	1,074,787	377,565	697,222
Total Charges to Appropriations	546,000	1,074,787	377,565	697,222
Budgetary Fund Balance, June 30	\$ 6,810	\$ (521,977)	\$ 18,233	\$ 540,210

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 MASTER LEASE
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 36,919	\$ 36,919	\$ 36,919	\$ -
Resources (Inflows):				
Use of money and property	1,258,252	1,258,252	1,397,650	139,398
Transfers in	374,453	374,453	374,453	-
Amounts Available for Appropriation	1,669,624	1,669,624	1,809,022	139,398
Charges to Appropriation (Outflow):				
General government	5,500	5,500	2,582	2,918
Lease	1,374,860	1,374,860	1,374,855	5
Debt service:				
Principal retirement	206,589	206,589	206,588	1
Interest and fiscal charges	45,756	45,756	45,755	1
Total Charges to Appropriations	1,632,705	1,632,705	1,629,780	2,925
Budgetary Fund Balance, June 30	\$ 36,919	\$ 36,919	\$ 179,242	\$ 142,323

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 68,315	\$ 68,315	\$ 68,315	\$ -
Resources (Inflows):				
Intergovernmental	62,500	67,302	52,320	(14,982)
Use of money and property	500	500	589	89
Amounts Available for Appropriation	131,315	136,117	121,224	(14,893)
Charges to Appropriation (Outflow):				
Public works	63,000	67,802	67,802	-
Total Charges to Appropriations	63,000	67,802	67,802	-
Budgetary Fund Balance, June 30	\$ 68,315	\$ 68,315	\$ 53,422	\$ (14,893)

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PUBLIC ARTS
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 592,668	\$ 592,668	\$ 592,668	\$ -
Resources (Inflows):				
Charges for services	206,000	206,000	132,618	(73,382)
Use of money and property	20,000	20,000	4,705	(15,295)
Contributions	-	9,166	9,166	-
Amounts Available for Appropriation	818,668	827,834	739,157	(88,677)
Charges to Appropriation (Outflow):				
Public works	445,324	509,155	316,072	193,083
Total Charges to Appropriations	445,324	509,155	316,072	193,083
Budgetary Fund Balance, June 30	\$ 373,344	\$ 318,679	\$ 423,085	\$ 104,406

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1 as restated	\$ 2,908,306	\$ 2,908,306	\$ 2,908,306	\$ -
Resources (Inflows):				
Charges for services	1,000	1,000	29	(971)
Use of money and property	85,000	85,000	18,374	(66,626)
Contributions	10,000	10,000	3,944	(6,056)
Miscellaneous	6,000	6,000	-	(6,000)
Amounts Available for Appropriation	3,010,306	3,010,306	2,930,653	(79,653)
Charges to Appropriation (Outflow):				
Library	225,000	2,828,142	273,713	2,554,429
Total Charges to Appropriations	225,000	2,828,142	273,713	2,554,429
Budgetary Fund Balance, June 30	\$ 2,785,306	\$ 182,164	\$ 2,656,940	\$ 2,474,776

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT FEES
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,267,064	\$ 2,267,064	\$ 2,267,064	\$ -
Resources (Inflows):				
Charges for services	-	-	196,728	196,728
Use of money and property	-	-	15,181	15,181
Amounts Available for Appropriation	2,267,064	2,267,064	2,478,973	211,909
Charges to Appropriation (Outflow):				
Parks and recreation	-	193,525	16,695	176,830
Total Charges to Appropriations	-	193,525	16,695	176,830
Budgetary Fund Balance, June 30	\$ 2,267,064	\$ 2,073,539	\$ 2,462,278	\$ 388,739

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,481,749	\$ 1,481,749	\$ 1,481,749	\$ -
Resources (Inflows):				
Charges for services	100,000	138,504	245,780	107,276
Use of money and property	-	-	(5,002)	(5,002)
Contributions	-	91,158	91,158	-
Transfers in	-	-	146,432	146,432
Amounts Available for Appropriation	1,581,749	1,711,411	1,960,117	248,706
Charges to Appropriation (Outflow):				
Public safety	100,000	305,915	263,948	41,967
Parks and recreation	-	96,704	20,998	75,706
Public works	-	1,447,095	244,814	1,202,281
Total Charges to Appropriations	100,000	1,849,714	529,760	1,319,954
Budgetary Fund Balance, June 30	\$ 1,481,749	\$ (138,303)	\$ 1,430,357	\$ 1,568,660

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
CFD PUBLIC SAFETY #1
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 224,865	\$ 224,865	\$ 224,865	\$ -
Resources (Inflows):				
Assessments	290,000	293,000	325,863	32,863
Use of money and property	-	-	1,877	1,877
Transfers in	245,341	245,341	245,341	-
Amounts Available for Appropriation	760,206	763,206	797,946	34,740
Charges to Appropriation (Outflow):				
Public safety	535,341	538,341	521,558	16,783
Transfers out	-	-	50,000	(50,000)
Total Charges to Appropriations	535,341	538,341	571,558	(33,217)
Budgetary Fund Balance, June 30	\$ 224,865	\$ 224,865	\$ 226,388	\$ 1,523

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
BUSINESS IMPROVEMENT DISTRICT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,716	\$ 7,716	\$ 7,716	\$ -
Resources (Inflows):				
Assessments	125,000	3,258	3,176	(82)
Use of money and property	-	-	288	288
Transfers in	-	-	50,000	50,000
Amounts Available for Appropriation	132,716	10,974	61,180	50,206
Charges to Appropriation (Outflow):				
Public works	125,000	60,888	20,166	40,722
Total Charges to Appropriations	125,000	60,888	20,166	40,722
Budgetary Fund Balance, June 30	\$ 7,716	\$ (49,914)	\$ 41,014	\$ 90,928

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
 PARK MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 139,016	\$ 139,016	\$ 139,016	\$ -
Resources (Inflows):				
Charges for services	116,500	177,929	248,023	70,094
Amounts Available for Appropriation	255,516	316,945	387,039	70,094
Charges to Appropriation (Outflow):				
Public works	116,500	316,945	187,622	129,323
Total Charges to Appropriations	116,500	316,945	187,622	129,323
Budgetary Fund Balance, June 30	\$ 139,016	\$ -	\$ 199,417	\$ 199,417

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY RESPONSE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,460,729	\$ 2,460,729	\$ 2,460,729	\$ -
Resources (Inflows):				
Charges for services	810,000	870,000	1,017,666	147,666
Use of money and property	-	-	(412)	(412)
Transfers in	362,415	362,415	362,415	-
Amounts Available for Appropriation	3,633,144	3,693,144	3,840,398	147,254
Charges to Appropriation (Outflow):				
Public safety	1,806,415	810,094	775,669	34,425
Debt service:				
Principal retirement	-	287,879	287,878	1
Interest and fiscal charges	-	134,442	134,441	1
Transfers out	1,800,000	1,800,000	1,800,000	-
Total Charges to Appropriations	3,606,415	3,032,415	2,997,988	34,427
Budgetary Fund Balance, June 30	\$ 26,729	\$ 660,729	\$ 842,410	\$ 181,681

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
SUSTAINABILITY
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,519,979	\$ 2,519,979	\$ 2,519,979	\$ -
Resources (Inflows):				
Intergovernmental	-	10,000	-	(10,000)
Charges for services	354,632	354,632	398,051	43,419
Use of money and property	64,500	64,500	66,223	1,723
Miscellaneous	-	57,411	57,411	-
Amounts Available for Appropriation	2,939,111	3,006,522	3,041,664	35,142
Charges to Appropriation (Outflow):				
Public works	414,123	1,394,135	1,083,956	310,179
Total Charges to Appropriations	414,123	1,394,135	1,083,956	310,179
Budgetary Fund Balance, June 30	\$ 2,524,988	\$ 1,612,387	\$ 1,957,708	\$ 345,321

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL GRANTS
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (39,557)	\$ (39,557)	\$ (39,557)	\$ -
Resources (Inflows):				
Intergovernmental	520,115	821,971	897,726	75,755
Transfers in	-	-	34,326	34,326
Amounts Available for Appropriation	480,558	782,414	892,495	110,081
Charges to Appropriation (Outflow):				
Public safety	520,115	1,013,758	671,968	341,790
Public works	-	345,549	202,634	142,915
Total Charges to Appropriations	520,115	1,359,307	874,602	484,705
Budgetary Fund Balance, June 30	\$ (39,557)	\$ (576,893)	\$ 17,893	\$ 594,786

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 ECONOMIC RECOVERY PLAN
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 612,158	\$ 612,158	\$ 612,158	\$ -
Resources (Inflows):				
Transfers in	-	600,000	600,000	-
Amounts Available for Appropriation	612,158	1,212,158	1,212,158	-
Charges to Appropriation (Outflow):				
Cultural and convention center	-	1,162,158	504,844	657,314
Transfers out	-	-	50,000	(50,000)
Total Charges to Appropriations	-	1,162,158	554,844	607,314
Budgetary Fund Balance, June 30	\$ 612,158	\$ 50,000	\$ 657,314	\$ 607,314

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,616,069	\$ 4,616,069	\$ 4,616,069	\$ -
Resources (Inflows):				
Licenses and permits	-	87,531	105,360	17,829
Intergovernmental	460,000	21,816,636	11,843,533	(9,973,103)
Use of money and property	-	-	(21,427)	(21,427)
Miscellaneous	-	851,500	851,500	-
Amounts Available for Appropriation	5,076,069	27,371,736	17,395,035	(9,976,701)
Charges to Appropriation (Outflow):				
General government	-	694,490	234,029	460,461
Public safety	-	2,442,438	1,329,186	1,113,252
Cultural and convention center	-	281,917	39,712	242,205
Parks and recreation	-	784,857	433,334	351,523
Public works	460,000	41,052,396	12,716,016	28,336,380
Library	-	1,291,394	127,994	1,163,400
Transfers out	-	-	34,326	(34,326)
Total Charges to Appropriations	460,000	46,547,492	14,914,597	31,632,895
Budgetary Fund Balance, June 30	\$ 4,616,069	\$ (19,175,756)	\$ 2,480,438	\$ 21,656,194

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 PARKING PROJECTS
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 478,992	\$ 478,992	\$ 478,992	\$ -
Resources (Inflows):				
Use of money and property	-	-	4,815	4,815
Amounts Available for Appropriation	478,992	478,992	483,807	4,815
Charges to Appropriation (Outflow):				
Public works	22,204	236,710	2,528	234,182
Total Charges to Appropriations	22,204	236,710	2,528	234,182
Budgetary Fund Balance, June 30	\$ 456,788	\$ 242,282	\$ 481,279	\$ 238,997

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY - CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,282,615	\$ 17,282,615	\$ 17,282,615	\$ -
Resources (Inflows):				
Use of money and property	231,000	232,276	150,692	(81,584)
Miscellaneous	-	4,204	707,879	703,675
Transfers in	2,011,785	2,011,785	1,605,000	(406,785)
Amounts Available for Appropriation	19,525,400	19,530,880	19,746,186	215,306
Charges to Appropriation (Outflow):				
General government	836,566	1,837,337	772,093	1,065,244
Public works	855,703	9,991,681	14,019,206	(4,027,525)
Transfers out	-	-	905,036	(905,036)
Total Charges to Appropriations	1,692,269	11,829,018	15,696,335	(3,867,317)
Budgetary Fund Balance, June 30	\$ 17,833,131	\$ 7,701,862	\$ 4,049,851	\$ (3,652,011)

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,570,518	\$ 6,570,518	\$ 6,570,518	\$ -
Resources (Inflows):				
Use of money and property	4,737,810	4,737,810	148,185	(4,589,625)
Transfers in	601,387	601,387	651,387	50,000
Amounts Available for Appropriation	11,909,715	11,909,715	7,370,090	(4,539,625)
Charges to Appropriation (Outflow):				
General government	119,000	119,827	92,611	27,216
Lease	401,000	401,000	-	401,000
Debt service:				
Principal retirement	1,855,491	1,855,491	285,490	1,570,001
Interest and fiscal charges	2,963,706	2,963,706	122,778	2,840,928
Total Charges to Appropriations	5,339,197	5,340,024	500,879	4,839,145
Budgetary Fund Balance, June 30	\$ 6,570,518	\$ 6,569,691	\$ 6,869,211	\$ 299,520

CITY OF PALM SPRINGS

BUDGETARY COMPARISON SCHEDULE
 SPECIAL ASSESSMENTS
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,017,141	\$ 3,017,141	\$ 3,017,141	\$ -
Resources (Inflows):				
Assessments	1,037,420	1,037,420	945,600	(91,820)
Use of money and property	19,450	19,495	26,631	7,136
Amounts Available for Appropriation	4,074,011	4,074,056	3,989,372	(84,684)
Charges to Appropriation (Outflow):				
General government	52,000	54,403	20,636	33,767
Public works	112,000	986,519	19,971	966,548
Debt service:				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal charges	479,392	479,392	755,871	(276,479)
Total Charges to Appropriations	1,143,392	2,020,314	1,296,478	723,836
Budgetary Fund Balance, June 30	\$ 2,930,619	\$ 2,053,742	\$ 2,692,894	\$ 639,152

CITY OF PALM SPRINGS

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (4,740,053)	\$ (4,740,053)	\$ (4,740,053)	\$ -
Resources (Inflows):				
Taxes	13,992,800	13,992,800	12,971,330	(1,021,470)
Use of money and property	10,000	10,000	17,663	7,663
Miscellaneous	380,400	380,400	679,624	299,224
Amounts Available for Appropriation	9,643,147	9,643,147	8,928,564	(714,583)
Charges to Appropriation (Outflow):				
General government	9,000	9,000	6,460	2,540
Lease	110,000	110,000	110,000	-
Debt service:				
Principal retirement	2,765,897	3,365,897	710,000	2,655,897
Interest and fiscal charges	4,951,685	4,951,685	4,048,204	903,481
Pass-through agreement payments	7,711,683	7,711,683	7,201,757	509,926
Transfers out	-	-	2,205,000	(2,205,000)
Total Charges to Appropriations	15,548,265	16,148,265	14,281,421	1,866,844
Budgetary Fund Balance, June 30	\$ (5,905,118)	\$ (6,505,118)	\$ (5,352,857)	\$ 1,152,261

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2011

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Assets:				
Current:				
Cash and investments	\$ 3,696,711	\$ 884,951	\$ 573,033	\$ 5,076,551
Receivables:				
Accounts	-	-	-	-
Accrued interest	7,252	-	294,348	11,211
Inventories	150,929	-	-	-
Deferred Charges	-	-	385,853	-
Net pension asset	-	-	20,731,802	-
Restricted:				
Cash with fiscal agent	-	-	-	-
Total Current Assets	3,854,892	884,951	21,985,036	5,087,762
Noncurrent:				
Advances to other funds	-	-	1,430,000	-
Capital assets - net of accumulated depreciation	4,279,713	-	-	-
Total Noncurrent Assets	4,279,713	-	1,430,000	-
Total Assets	\$ 8,134,605	\$ 884,951	\$ 23,415,036	\$ 5,087,762
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 350,079	\$ 124,717	\$ 300	\$ 138,925
Accrued liabilities	22,470	53,023	-	13,878
Accrued interest	-	-	-	-
Accrued compensated absences	36,845	50,558	-	17,356
Accrued claims and judgments	-	-	-	2,169,162
Bonds, notes, and capital leases	173,741	-	200,182	-
Total Current Liabilities	583,135	228,298	200,482	2,339,321
Noncurrent:				
Accrued compensated absences	20,854	28,617	-	9,823
Accrued claims and judgments	-	-	-	1,573,872
Bonds, notes, and capital leases	833,500	-	20,112,476	-
Total Noncurrent Liabilities	854,354	28,617	20,112,476	1,583,695
Total Liabilities	1,437,489	256,915	20,312,958	3,923,016
Net Assets:				
Invested in capital assets, net of related debt	3,272,472	-	-	-
Unrestricted	3,424,644	628,036	3,102,078	1,164,746
Total Net Assets	6,697,116	628,036	3,102,078	1,164,746
Total Liabilities and Net Assets	\$ 8,134,605	\$ 884,951	\$ 23,415,036	\$ 5,087,762

CITY OF PALM SPRINGS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
Assets:			
Current:			
Cash and investments	\$ 356,782	\$ 2,746,885	\$ 13,334,913
Receivables:			
Accounts	13,500	16,834	30,334
Accrued interest	-	-	312,811
Inventories	-	-	150,929
Deferred Charges	-	88,304	474,157
Net pension asset	-	-	20,731,802
Restricted:			
Cash with fiscal agent	-	1	1
Total Current Assets	370,282	2,852,024	35,034,947
Noncurrent:			
Advances to other funds	-	-	1,430,000
Capital assets - net of accumulated depreciation	-	2,244,866	6,524,579
Total Noncurrent Assets	-	2,244,866	7,954,579
Total Assets	\$ 370,282	\$ 5,096,890	\$ 42,989,526
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ -	\$ 20,414	\$ 634,435
Accrued liabilities	-	-	89,371
Accrued interest	-	34,500	34,500
Accrued compensated absences	-	-	104,759
Accrued claims and judgments	-	-	2,169,162
Bonds, notes, and capital leases	-	206,000	579,923
Total Current Liabilities	-	260,914	3,612,150
Noncurrent:			
Accrued compensated absences	-	-	59,294
Accrued claims and judgments	-	-	1,573,872
Bonds, notes, and capital leases	-	2,892,275	23,838,251
Total Noncurrent Liabilities	-	2,892,275	25,471,417
Total Liabilities	-	3,153,189	29,083,567
Net Assets:			
Invested in capital assets, net of related debt	-	(853,409)	2,419,063
Unrestricted	370,282	2,797,110	11,486,896
Total Net Assets	370,282	1,943,701	13,905,959
Total Liabilities and Net Assets	\$ 370,282	\$ 5,096,890	\$ 42,989,526

CITY OF PALM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Governmental Activities - Internal Service Funds			
	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits	Risk Management
Operating Revenues:				
Sales and service charges	\$ 2,733,881	\$ 3,494,309	\$ 9,285,036	\$ 9,944,400
Miscellaneous	1,703	-	-	4,225
Sale of electricity	-	-	-	-
Total Operating Revenues	2,735,584	3,494,309	9,285,036	9,948,625
Operating Expenses:				
Administration and general	94,832	41,905	-	1,479,037
Maintenance shop operations	2,207,793	-	-	-
Facilities maintenance	-	3,425,643	2,500	-
Retirement	-	-	7,912,334	-
Other claims and insurance	5,368	22,213	-	3,142,810
Depreciation expense	1,024,173	-	-	-
Heat, light and power	-	-	-	-
Other charges and services	2,355	-	-	-
Cogeneration	-	-	-	-
Medical, health, and life insurance	-	-	-	6,068,802
Workers compensation	-	-	-	1,291,950
Total Operating Expenses	3,334,521	3,489,761	7,914,834	11,982,599
Operating Income (Loss)	(598,937)	4,548	1,370,202	(2,033,974)
Nonoperating Revenues (Expenses):				
Interest revenue	23,802	-	3,886	30,061
Interest expense	(60,434)	-	(1,011,875)	-
Gain (loss) on disposal of capital assets	(161,465)	-	-	-
Total Nonoperating Revenues (Expenses)	(198,097)	-	(1,007,989)	30,061
Income (Loss) Before Transfers	(797,034)	4,548	362,213	(2,003,913)
Transfers in	-	-	-	-
Transfers out	-	-	-	(260,000)
Changes in Net Assets	(797,034)	4,548	362,213	(2,263,913)
Net Assets:				
Beginning of Year	7,494,150	623,488	2,739,865	3,428,659
End of Fiscal Year	\$ 6,697,116	\$ 628,036	\$ 3,102,078	\$ 1,164,746

CITY OF PALM SPRINGS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Funds		
	Retiree Health Insurance	Cogeneration Plant	Totals
Operating Revenues:			
Sales and service charges	\$ 1,422,966	\$ 3,314,005	\$ 30,194,597
Miscellaneous	-	-	5,928
Sale of electricity	-	127,836	127,836
Total Operating Revenues	1,422,966	3,441,841	30,328,361
Operating Expenses:			
Administration and general	-	3,075	1,618,849
Maintenance shop operations	-	-	2,207,793
Facilities maintenance	-	-	3,428,143
Retirement	-	-	7,912,334
Other claims and insurance	1,677,973	44,946	4,893,310
Depreciation expense	-	124,714	1,148,887
Heat, light and power	-	1,310,031	1,310,031
Other charges and services	-	-	2,355
Cogeneration	-	755,868	755,868
Medical, health, and life insurance	-	-	6,068,802
Workers compensation	-	-	1,291,950
Total Operating Expenses	1,677,973	2,238,634	30,638,322
Operating Income (Loss)	(255,007)	1,203,207	(309,961)
Nonoperating Revenues (Expenses):			
Interest revenue	-	(4,848)	52,901
Interest expense	-	(153,951)	(1,226,260)
Gain (loss) on disposal of capital assets	-	-	(161,465)
Total Nonoperating Revenues (Expenses)	-	(158,799)	(1,334,824)
Income (Loss) Before Transfers	(255,007)	1,044,408	(1,644,785)
Transfers in	260,000	-	260,000
Transfers out	-	-	(260,000)
Changes in Net Assets	4,993	1,044,408	(1,644,785)
Net Assets:			
Beginning of Year	365,289	899,293	15,550,744
End of Fiscal Year	\$ 370,282	\$ 1,943,701	\$ 13,905,959

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

	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	\$ 2,735,620	\$ 3,494,309	\$ 9,285,036	\$ 9,949,839
Cash paid to suppliers for goods and services	(2,035,106)	(3,419,182)	(8,224,583)	(9,318,263)
Cash paid to employees for services	(119,200)	(109,255)	-	(1,509,832)
Net Cash Provided (Used) by Operating Activities	581,314	(34,128)	1,060,453	(878,256)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	-	(260,000)
Cash transfers in	-	-	-	-
Principal paid on non-capital debt	-	-	(174,273)	-
Interest paid on non-capital debt	-	-	(858,404)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(1,032,677)	(260,000)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(215,682)	-	-	-
Principal paid on capital debt	(165,460)	-	-	-
Interest paid on capital debt	(60,434)	-	-	-
Proceeds from sales of capital assets	180,000	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(261,576)	-	-	-
Cash Flows from Investing Activities:				
Interest received	24,256	-	3,869	33,241
Net Cash Provided (Used) by Investing Activities	24,256	-	3,869	33,241
Net Increase (Decrease) in Cash and Cash Equivalents	343,994	(34,128)	31,645	(1,105,015)
Cash and Cash Equivalents at Beginning of Year	3,352,717	919,079	541,388	6,181,566
Cash and Cash Equivalents at End of Year	\$ 3,696,711	\$ 884,951	\$ 573,033	\$ 5,076,551
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (598,937)	\$ 4,548	\$ 1,370,202	\$ (2,033,974)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	1,024,173	-	-	-
(Increase) decrease in accounts receivable	36	-	-	1,214
(Increase) decrease in inventories	(35,067)	-	-	-
(Increase) decrease in net pension asset	-	-	(310,049)	-
(Increase) decrease in due from other governments	-	-	-	-
(Increase) decrease in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	215,477	28,674	300	95,660
Increase (decrease) in accrued liabilities	(36,260)	(66,680)	-	(26,439)
Increase (decrease) in deposits payable	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	1,089,639
Increase (decrease) in compensated absences	11,892	(670)	-	(4,356)
Total Adjustments	1,180,251	(38,676)	(309,749)	1,155,718
Net Cash Provided (Used) by Operating Activities	\$ 581,314	\$ (34,128)	\$ 1,060,453	\$ (878,256)

CITY OF PALM SPRINGS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from/(paid to) interfund service provided	\$ 1,419,888	\$ 3,454,378	\$ 30,339,070
Cash paid to suppliers for goods and services	(1,677,973)	(2,270,116)	(26,945,223)
Cash paid to employees for services	-	(3,075)	(1,741,362)
Net Cash Provided (Used) by Operating Activities	(258,085)	1,181,187	1,652,485
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	-	(260,000)
Cash transfers in	260,000	-	260,000
Principal paid on non-capital debt	-	-	(174,273)
Interest paid on non-capital debt	-	-	(858,404)
Net Cash Provided (Used) by Non-Capital Financing Activities	260,000	-	(1,032,677)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	(215,682)
Principal paid on capital debt	-	(255,110)	(420,570)
Interest paid on capital debt	-	(148,812)	(209,246)
Proceeds from sales of capital assets	-	-	180,000
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(403,922)	(665,498)
Cash Flows from Investing Activities:			
Interest received	-	(4,848)	56,518
Net Cash Provided (Used) by Investing Activities	-	(4,848)	56,518
Net Increase (Decrease) in Cash and Cash Equivalents	1,915	772,417	10,828
Cash and Cash Equivalents at Beginning of Year	354,867	1,974,469	13,324,086
Cash and Cash Equivalents at End of Year	\$ 356,782	\$ 2,746,886	\$ 13,334,914
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (255,007)	\$ 1,203,207	\$ (309,961)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	124,714	1,148,887
(Increase) decrease in accounts receivable	(3,078)	12,537	10,709
(Increase) decrease in inventories	-	-	(35,067)
(Increase) decrease in net pension asset	-	-	(310,049)
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in prepaid expense	-	-	-
Increase (decrease) in accounts payable	-	(159,271)	180,840
Increase (decrease) in accrued liabilities	-	-	(129,379)
Increase (decrease) in deposits payable	-	-	-
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in claims and judgments	-	-	1,089,639
Increase (decrease) in compensated absences	-	-	6,866
Total Adjustments	(3,078)	(22,020)	1,962,446
Net Cash Provided (Used) by Operating Activities	\$ (258,085)	\$ 1,181,187	\$ 1,652,485

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2011

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<u>Special Deposits</u>				
Assets:				
Pooled cash and investments	\$ 2,133,859	\$ -	\$ 1,212,757	\$ 921,102
Total Assets	<u>\$ 2,133,859</u>	<u>\$ -</u>	<u>\$ 1,212,757</u>	<u>\$ 921,102</u>
Liabilities:				
Deposits payable	\$ 2,133,859	\$ -	\$ 1,212,757	\$ 921,102
Total Liabilities	<u>\$ 2,133,859</u>	<u>\$ -</u>	<u>\$ 1,212,757</u>	<u>\$ 921,102</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 2,133,859	\$ -	\$ 1,212,757	\$ 921,102
Total Assets	<u>\$ 2,133,859</u>	<u>\$ -</u>	<u>\$ 1,212,757</u>	<u>\$ 921,102</u>
Liabilities:				
Deposits payable	\$ 2,133,859	\$ -	\$ 1,212,757	\$ 921,102
Total Liabilities	<u>\$ 2,133,859</u>	<u>\$ -</u>	<u>\$ 1,212,757</u>	<u>\$ 921,102</u>



Comprehensive Annual Financial Report

STATISTICAL SECTION

Fiscal year ended June 30, 2011



CITY OF PALM SPRINGS
FINANCIAL STATEMENTS
JUNE 30, 2011
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.

TABLE OF CONTENTS

	<u>PAGE</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	142
Revenue Capacity	
These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.	147
Debt Capacity	
These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	152
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	160
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	163

CITY OF PALM SPRINGS

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

	2011	2010	2009	2008	2007	2006
Governmental activities:						
Invested in capital assets, net of related debt	\$ 92,188,168	\$ 73,197,631	\$ 73,048,922	\$ 74,644,178	\$ 68,392,428	\$ 89,544,865
Restricted	59,544,531	63,883,617	65,682,688	68,039,523	51,461,583	47,008,169
Unrestricted	<u>10,785,032</u>	<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>\$162,517,731</u>	<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	\$ 88,813,375	\$ 94,457,741	\$ 102,404,738	\$ 98,206,074	\$ 98,785,796	\$ 93,694,049
Restricted	4,026,199	4,288,145	3,633,197	3,517,715	3,836,949	-
Unrestricted	<u>27,502,074</u>	<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>\$120,341,648</u>	<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	\$181,001,543	\$167,655,372	\$175,453,660	\$172,850,252	\$167,178,224	\$183,238,914
Restricted	63,570,730	68,171,762	69,315,885	71,557,238	55,298,532	47,008,169
Unrestricted	<u>38,287,106</u>	<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>\$282,859,379</u>	<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 six years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2011	2010	2009	2008	2007	2006
Expenses:						
Governmental activities:						
General government	\$ 10,149,638	\$ 11,784,609	\$ 15,700,926	\$ 10,720,946	\$ 12,278,124	\$ 12,664,186
Public safety	36,069,196	39,310,585	38,382,590	35,442,942	33,968,442	30,377,849
Cultural and convention center	6,167,127	5,589,972	7,693,125	5,511,222	7,580,033	5,894,286
Parks and recreation	8,903,287	7,052,825	9,532,099	9,433,992	7,275,052	7,056,619
Public works	22,102,401	25,469,426	21,959,270	21,749,956	19,329,974	15,178,234
Lease	1,484,855	1,779,463	-	-	-	-
Library	2,265,212	2,041,643	2,937,321	2,772,268	2,332,577	2,562,084
Interest on long-term debt	9,183,561	11,967,641	14,636,613	11,609,448	7,764,472	8,416,117
Total governmental activities expenses	<u>96,325,277</u>	<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	24,526,812	24,586,610	24,637,583	23,842,294	21,631,538	20,154,371
Wastewater	5,863,229	6,126,747	5,854,655	5,191,967	4,658,947	3,617,124
Golf Course	5,441,285	5,153,882	5,374,561	4,664,759	3,872,346	3,615,866
Total business-type activities expenses	<u>35,831,326</u>	<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>132,156,603</u>	<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	3,606,184	3,904,814	1,868,359	1,811,973	1,527,808	2,985,457
Public safety	2,847,413	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	1,376,238	1,223,793	1,823,445	2,033,797	814,512	1,502,694
Public works	4,359,177	2,644,951	3,249,898	6,367,211	7,968,799	8,064,647
Lease	-	-	-	-	-	-
Library	42,727	42,126	124,726	222,349	386,807	212,725
Operating grants and contributions	6,886,447	6,425,017	9,480,506	11,559,384	9,595,013	9,148,403
Capital grants and contributions	13,271,770	3,212,335	6,269,961	4,202,582	5,135,785	6,955,885
Total governmental activities program revenues	<u>32,389,956</u>	<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	18,747,127	18,998,409	18,465,121	19,531,818	17,938,788	14,581,454
Wastewater	6,045,209	5,928,827	6,006,812	6,007,109	7,456,041	6,428,919
Golf Course	4,832,305	4,687,694	4,130,497	2,261,723	3,210,941	2,887,216
Operating grants and contributions	29,056	-	-	-	299,718	283,674
Capital grants and contributions	483,618	523,239	10,051,905	2,446,831	16,394,397	6,005,185
Total business-type activities program revenues	<u>30,137,315</u>	<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>62,527,271</u>	<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 Six Fiscal Years
(accrual basis of accounting)**

	2011 (continued)	2010 (continued)	2009 (continued)	2008 (continued)	2007 (continued)	2006 (continued)
Net revenues (expenses):						
Governmental activities	(63,935,321)	(84,470,848)	(85,743,918)	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	<u>(5,694,011)</u>	<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>(69,629,332)</u>	<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	25,786,509	24,547,656	30,747,373	32,558,462	28,272,695	22,933,538
Sales tax	9,633,250	8,221,763	8,796,538	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	15,731,036	13,370,831	12,753,078	14,464,485	14,465,639	14,677,511
Other taxes	12,533,135	12,185,850	10,709,406	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu, unrestricted	3,797,122	3,942,507	4,180,689	4,056,920	3,640,542	3,398,819
Use of money and property	860,532	5,537,407	1,610,201	4,580,865	1,678,144	984,833
Other general revenues	203,793	28,328	7,241,006	2,293,329	3,804,702	1,413,164
Transfers	<u>589,848</u>	<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>69,135,225</u>	<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	336,189	436,926	900,328	1,625,626	1,498,991	808,752
Other revenue	295,897	10,402	1,150	317,450	-	-
Transfers	<u>(589,848)</u>	<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>42,238</u>	<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>69,177,463</u>	<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	5,199,904	(17,136,506)	(11,845,627)	8,876,282	11,874,162	11,206,142
Business-type activities	<u>(5,651,773)</u>	<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>\$ (451,869)</u>	<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 six years of data for this schedule.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2011 *	2010	2009	2008	2007	2006
General fund:						
Reserved	\$ -	\$ 3,913,779	\$ 5,664,944	\$ 5,402,822	\$ 3,972,662	\$ 4,045,302
Unreserved	-	6,730,561	7,055,671	11,882,037	9,219,367	2,419,770
Nonspendable	3,015,000	-	-	-	-	-
Assigned	3,932,735	-	-	-	-	-
Unassigned	<u>11,779,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 18,727,108</u>	<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	-	1,299,214	23,370,030	10,244,630	12,936,479	21,860,630
Nonspendable	13,290,989	-	-	-	-	-
Restricted	46,253,542	-	-	-	-	-
Committed	1,568,370	-	-	-	-	-
Assigned	2,961,717	-	-	-	-	-
Unassigned	<u>(5,352,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 58,721,761</u>	<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 six years of data for this schedule.

* The City implemented GASB 54 in 2011 and as a result has classified fund balance differently than in previous years.

Source: City of Palm Springs, Finance Department

CITY OF PALM SPRINGS

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

	2011	2010	2009	2008	2007	2006
Revenues:						
Taxes	\$ 72,408,230	\$ 72,253,106	\$ 72,269,596	\$ 75,916,291	\$ 72,093,648	\$ 67,085,805
Licenses and permits	3,119,482	2,714,339	3,068,452	3,858,530	5,044,241	5,098,958
Fines and penalties	107,824	270,853	824,131	781,656	1,167,855	944,495
Use of money and property	2,349,620	5,004,081	7,485,174	7,237,922	4,327,432	3,031,815
Intergovernmental	20,914,362	10,338,051	15,049,300	15,936,047	9,651,107	8,847,596
Charges for services	7,068,669	6,715,640	5,038,889	6,190,461	8,138,350	6,486,118
Other	3,265,240	2,929,498	5,496,259	5,849,485	6,027,493	418,714
Total revenues	<u>109,233,427</u>	<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	9,562,837	11,362,793	14,090,558	14,217,987	13,056,812	12,756,285
Public safety	32,864,416	38,472,546	38,116,499	34,720,156	33,438,801	30,153,554
Cultural and convention center	2,966,030	2,455,668	4,756,377	3,946,989	5,319,373	9,797,133
Parks and recreation	8,772,280	7,725,705	8,608,714	8,023,314	7,242,156	7,096,167
Public works	40,578,391	23,473,774	23,788,035	29,593,755	16,305,743	20,190,731
Lease	1,484,855	1,779,463	1,601,000	-	-	-
Library	2,290,305	2,177,906	2,924,851	2,744,643	2,232,037	2,481,292
Debt service:						
Principal retirement	3,799,956	4,264,044	3,793,289	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	7,966,940	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	7,201,757	12,027,631	7,440,446	7,087,437	5,505,436	3,973,940
Total expenditures	<u>117,487,767</u>	<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>(8,254,340)</u>	<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	9,726,647	28,298,755	20,150,156	11,938,365	11,029,443	12,229,942
Transfers out	(9,136,799)	(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	-	-	(77,303)	35,000	-	-
Total other financing sources (uses)	<u>589,848</u>	<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>\$ (7,664,492)</u>	<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	13.1%	14.1%	15.6%	13.6%	15.5%	11.7%

The City of Palm Springs has elected to show only six 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)**

<u>Fiscal Year Ended June 30</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other (Note 2)</u>	<u>Total Net Taxable Assessed Value</u>	<u>Total Direct Rate</u>
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	0.38020
2011	5,239,135	1,034,191	193,415	2,728,132	9,194,873	0.37071

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 Nonuniversity, 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)**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	0.08745	0.08903	0.07851	0.07732	0.02616	0.04091	0.05259	0.06000	0.00000	0.00000
Coachella Valley Water District	0.08000	0.06000	0.04000	0.04000	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	0.01995	0.01994	0.00000	0.00000	0.00000
Desert Water Agency	0.08000	0.08000	0.08000	0.08000	0.08000	0.06000	0.06000	0.06000	0.07000	0.07000
Palm Springs Unified B & I 1992-A	0.13224	0.12628	0.06007	0.05468	0.05912	0.05012	0.05715	0.06052	0.06002	0.06192
San Geronio Pass Memorial Hospital	0.09914	0.10676	0.03365	0.03272	0.03272	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct and Overlapping Tax Rates	1.49878	1.48202	1.31218	1.30467	1.23875	1.19178	1.21048	1.20132	1.15082	1.15272
City Share of 1% Levy (Note 3)	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505	0.27505
Redevelopment Rate (Note 4)	1.08000	1.08000	1.08000	1.08000	1.08000	1.06000	1.06000	1.06000	1.07000	1.07000
Total Direct Rate (Note 5)	0.37071	0.38020	0.37320	0.36688	0.34726	0.32631	0.31188	0.29565	0.30241	0.30865

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>2011</u>		<u>2002</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.	\$ 111,625,739	1.21%	\$ 80,430,985	1.58%
Indigo Generation LLC	66,400,000	0.72%	-	0.00%
Donahue Schriber Realty Group	57,024,645	0.62%	-	0.00%
John Wessman	50,599,246	0.55%	-	0.00%
Endure Investment	45,854,968	0.50%	-	0.00%
Suncal PSV	42,933,939	0.47%	-	0.00%
San Gorgonio Westwinds II LLC	42,911,000	0.47%	36,336,000	0.71%
Lola J. Preckel	41,222,484	0.45%	-	0.00%
HH Palm Springs	39,700,000	0.43%	-	0.00%
Palm Springs HH LLC	36,048,473	0.39%	-	0.00%
Skywest Airlines	-	0.00%	37,011,849	0.73%
RPS Resort Corporation	-	0.00%	35,806,063	0.70%
Pacific Monarch Resorts	-	0.00%	35,390,943	0.69%
AP APH Palm Springs	-	0.00%	31,212,000	0.61%
Palm Springs Desert Museum Inc	-	0.00%	30,504,205	0.60%
American Airlines	-	0.00%	28,074,665	0.55%
Alaska Airlines	-	0.00%	27,473,648	0.54%
EPIC Resorts Palm Springs Marquis Villa II	-	0.00%	<u>27,404,163</u>	0.54%
	<u>\$ 534,320,494</u>	5.81%	<u>\$ 369,644,521</u>	7.25%

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 Six Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		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%
2011	36,589,289	33,749,104	92.24%	617,134	34,366,238	93.92%

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

Source: Riverside County Auditor Controller's Office

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PALM SPRINGS

**Ratios of Outstanding Debt by Type
Last Six 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
2011	20,312,658	93,372,989	44,080,000	44,288	157,809,935

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

CITY OF PALM SPRINGS

Ratios of Outstanding Debt by Type

**Last Six 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
25,995,000	10,522,011	36,517,011	194,326,946	0.11245	4,045
* Personal Income		1,728,191,000			
* Total Population		48,040			

CITY OF PALM SPRINGS

**Ratio of General Bonded Debt Outstanding
Last Six 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
2011	20,313	93,373	44,080	157,766	1.72%	3,284

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

CITY OF PALM SPRINGS
Direct and Overlapping Debt
June 20, 2011

City Assessed Valuation	\$ 9,156,830,625
Redevelopment Agency Incremental Valuation	1,634,627,398
	\$ 7,522,203,227

	Percentage Applicable (1)	Outstanding Debt 6/30/11	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	23.195%	\$ 322,389,659	\$ 74,778,281
Banning Unified School District	0.270%	46,349,000	125,142
Palm Springs Unified School District	56.378%	338,021,439	190,569,727
San Geronio Memorial Hospital District	0.097%	107,960,000	104,721
City of Palm Springs 1915 Act Bonds	100%	8,410,000	8,410,000
		823,130,098	273,987,872

Ratios to 2010-2011 Assessed Valuation:
Total overlapping tax and assessment debt 2.99%

Direct and Overlapping General Fund Debt:			
Riverside County General Fund Obligations	5.144%	696,634,853	35,834,897
Riverside County Pension Obligations	5.144%	366,945,000	18,875,651
Riverside County Board of Education Certificates of Participation	5.144%	6,170,000	317,385
Mt. San Jacinto Community College District General Fund Obligation	0.009%	12,215,000	1,099
City of Palm Springs General Fund Obligations	100%	103,895,000	103,895,000
City of Palm Springs Pension Obligations	100%	19,383,620	19,383,620
Coachella Valley County Water District Storm Water Unit	0.212%	2,750,000	5,830

Less: Riverside County Self-Supporting Obligations		710,036
Total Net Direct and Overlapping General Fund Debt	\$	1,207,993,473
		\$ 177,603,446

Total Direct Debt		\$ 123,278,620
Total Gross Overlapping Debt		329,022,733
Total Net Overlapping Debt		328,312,697
Gross Combined Total Debt		452,301,353
Net Combined Total Debt		451,591,317

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$123,278,620) 1.64%
Gross Combined Total Debt 6.01%
Net Combined Total Debt 6.00%

State School Building and Repayable as of 6/30/11 \$0

AB (\$450)

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 portion 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.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PALM SPRINGS

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Valuation	\$ 9,194,873	\$ 9,731,822	\$ 10,247,857	\$ 9,844,632	\$ 8,611,490	\$ 7,417,806
Conversion percentage	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,298,718	2,432,956	2,561,964	2,461,158	2,152,873	1,854,452
Debt limit percentage	15%	15%	15%	15%	15%	15%
Debt limit	344,808	364,943	384,295	369,174	322,931	278,168
Total net debt applicable to limit: General Obligation Bonds	93,373	95,655	97,667	99,939	102,319	107,733
Legal debt Margin	<u>\$ 251,435</u>	<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	 27.1%	 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 six years of information has been provided, prior years are unavailable.

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

CITY OF PALM SPRINGS

Pledged-Revenue Coverage Last Six 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
2011	16,214,162	965,000	2,389,109	4.83

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

CITY OF PALM SPRINGS

**Pledged-Revenue Coverage
Last Six 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	14,493,317	14,464,773	1,130,000	1,629,824	5.24
19,769,064	14,245,793	5,523,271	660,000	1,546,136	2.50
19,724,924	14,612,198	5,112,726	1,310,000	1,502,770	1.82

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>
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%
2010	48,040	1,728,191	35,974	11.5%

Sources:

HDL Coren and Cone

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

Employer	2011	
	Number of Employees	Percent of Total Employment
Spa Casino	1000-4999	4-22%
Desert Regional Med Ctr Rehab	1000-4999	4-22%
Care Fusion	250-499	1-2%
Palm Springs Personnel	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%
Agua Caliente Band of Indians	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%
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 High School	100-249	.5-1%
Premier Healthcare	100-249	.5-1%
Riverside County Civil Court	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%
Palm Springs Police Dept	100-249	.5-1%
Renaissance	100-249	.5-1%
Hyatt Regency-Palm Springs	100-249	.5-1%
Home Depot	100-249	.5-1%
US Post Office	100-249	.5-1%
Tarbell Realtors	100-249	.5-1%
Coldwell Banker	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 2002 information not available.

CITY OF PALM SPRINGS

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

<u>Department</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Administration	34.75	43.25	48.75	46.30	44.70	45.90
Growth Management	22.20	28.45	34.95	34.95	34.85	37.85
Quality of Life	38.25	46.00	56.25	53.90	52.65	48.90
Public Safety	184.50	208.50	214.50	215.50	207.50	195.50
Public Works & Engineering	27.00	32.00	32.75	30.60	30.10	30.10
Airport	64.50	63.50	69.50	69.65	68.15	67.00
Golf Course	0.00	0.00	0.50	0.50	0.50	0.50
Motor Vehicle	7.00	8.00	9.00	9.00	9.00	10.00
Facilities Maintenance	12.50	14.50	14.50	14.50	14.00	14.00
Risk Management	3.25	3.25	3.25	3.25	3.25	3.15
Low & Moderate Income Housing	4.30	4.55	4.55	6.80	6.50	2.35
Wastewater Treatment Plant	0.00	0.00	0.00	0.05	0.05	0.00
Total	<u>398.25</u>	<u>452.00</u>	<u>488.50</u>	<u>485.00</u>	<u>471.25</u>	<u>455.25</u>

Only six years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS

Operating Indicators by Function Last Six Fiscal Years

	<u>Fiscal Year</u> <u>2011</u>	<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	3528	4564	4319	4908	4,152	3,897
Parking Citations	1936	2977	2896	2987	3,125	2,875
Fire:						
Number of Emergency Calls	7777	7400	7054	6,928	6,876	6,772
Inspections	4204	3808	2907	3,889	2,025	576
Public Works:						
Street resurfacing (sq feet)	3,049,441	3,286,000	3,580,270	3,688,258	4,025,450	2,759,517
Parks and Recreation:						
Number of recreation classes	3171	1755	2001	1,331	1,055	1,423
Number of facility rentals	276	955	968	1,138	165	163
Airport:						
Passengers serviced	1,483,051	1,499,637	1,453,921	1,591,458	1,595,417	1,478,616
Flights	61,584	68,772	68,805	77,859	93,201	92,668
Sewer:						
New Connections	62	102	122	166	258	566
Ave Daily sewage treatment	5700	6491	6491	6491	6,491	6,500
Golf Course:						
Golf rounds played	99,592	80,699	82,966	83,705	83,979	44,039

Only six 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 Six Fiscal Years

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police: Stations	1	1	1	1	1	1
Fire: Fire Stations	5	5	5	5	5	5
Public Works: Streets (miles)	270	270	270	270	270	270
Streetlights	367	367	365	360	218	218
Traffic signals	84	84	81	81	76	76
Parks and recreation: Parks	10	9	8	8	8	8
Community centers	3	2	2	2	2	2
Airport: Runway (feet)	14,952	14,952	14,952	14,952	14,952	14,952
Gates	16	16	16	16	11	11
Wastewater: Sanitary sewers (miles)	250	260	260	260	260	260
Storm sewers (miles)	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	10,900	10,900	10,900	10,900	10,900	10,900
Cogeneration: Cogeneration plants	1	1	1	1	1	1
Golf Course: Municipal golf courses	2	2	2	2	2	2
Convention Center: Square feet	261,000	250,000	250,000	250,000	250,000	250,000
Meeting rooms	19	13	13	13	13	13

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

Source: City of Palm Springs