

CITY OF PALM SPRINGS, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2008

Prepared By:

Finance Department

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CITY OF PALM SPRINGS
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

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SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Palm Springs' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palm Springs, California, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note (1)(o), to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and 27*.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2008 on our consideration of the City of Palm Springs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Macias Fini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

December 22, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2008. 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.

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.

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.

- *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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Table 1 Net Assets (in thousands)					
	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	166,843	142,817	32,447	33,165	199,290	175,982
Capital assets	221,388	217,254	136,809	139,049	358,197	356,303
Total assets	388,231	360,071	169,256	172,214	557,487	532,285
Long-term debt outstanding	176,965	160,003	38,341	39,419	215,306	199,422
Other liabilities	25,579	23,257	5,969	5,600	31,548	28,857
Total liabilities	202,544	183,260	44,310	45,019	246,854	228,279
Net assets:						
Invested in capital assets (net of debt)	74,644	68,392	98,206	98,786	172,850	167,178
Restricted	68,039	51,462	3,518	3,837	71,557	55,299
Unrestricted	43,004	56,957	23,222	24,572	66,226	81,529
Total net assets	185,687	176,811	124,946	127,195	310,633	304,006

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

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	12,761	13,957	27,801	28,606	40,562	42,563
Operating contributions & grants	11,559	9,595	-	300	11,559	9,895
Capital contributions & grants	4,203	5,136	2,447	16,394	6,650	21,530
General revenues						
Property taxes & tax increment	32,559	28,272			32,559	28,272
Sales taxes	9,138	9,798			9,138	9,798
Transient occupancy taxes	14,464	14,466			14,464	14,466
Other taxes	15,259	15,711			15,259	15,711
Gain on sale of capital asset	-	(20)			0	(20)
Other general revenues	6,874	5,503	1,943	1,499	8,817	7,002
Total revenues	106,817	102,417	32,191	46,799	139,008	149,217
Program expenses						
General government	10,721	12,278	-	-	10,721	12,278
Culture and convention center	5,511	7,580	-	-	5,511	7,580
Public safety	35,443	33,968	-	-	35,443	33,968
Public Works	21,750	19,330	-	-	21,750	19,330
Parks and recreation	9,434	7,275	-	-	9,434	7,275
Library	2,772	2,333	-	-	2,772	2,333
Interest	11,610	7,765	-	-	11,610	7,764
Airport	-	-	23,842	21,632	23,842	21,632
Wastewater	-	-	5,192	4,659	5,192	4,659
Golf Course	-	-	4,665	3,872	4,665	3,872
Total expenses	97,241	90,529	33,699	30,163	130,940	120,692

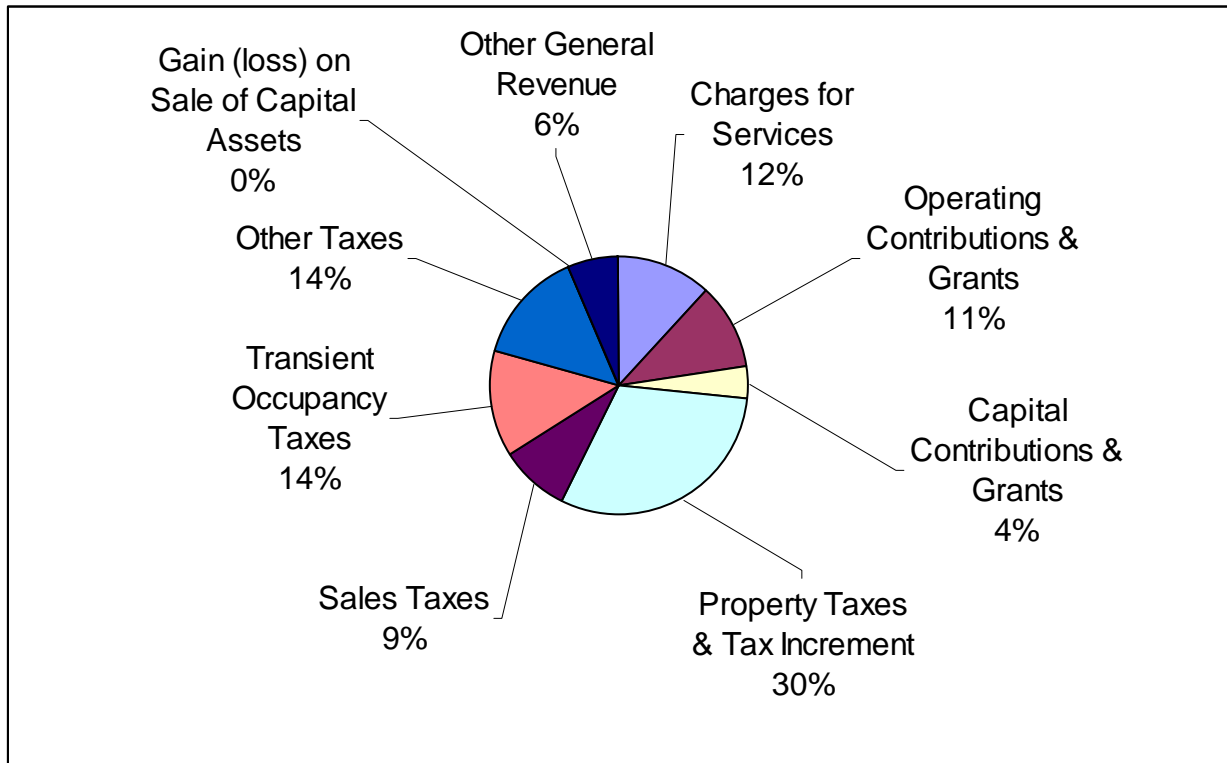
Excess (deficiency) before special items and transfers	9,576	11,888	(1,508)	16,636	8,068	28,524
Transfers	(700)	(14)	700	14	0	0
Increase (decrease) in net assets	8,876	11,874	(808)	16,650	8,068	28,524
Beginning net assets	<u>176,811</u>	<u>164,937</u>	<u>125,754</u>	<u>109,104</u>	<u>302,565</u>	<u>274,041</u>
Ending net assets	<u>185,687</u>	<u>176,811</u>	<u>124,946</u>	<u>125,754</u>	<u>310,633</u>	<u>302,565</u>

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 5.0% (\$185.7 million compared to \$176.8 million).

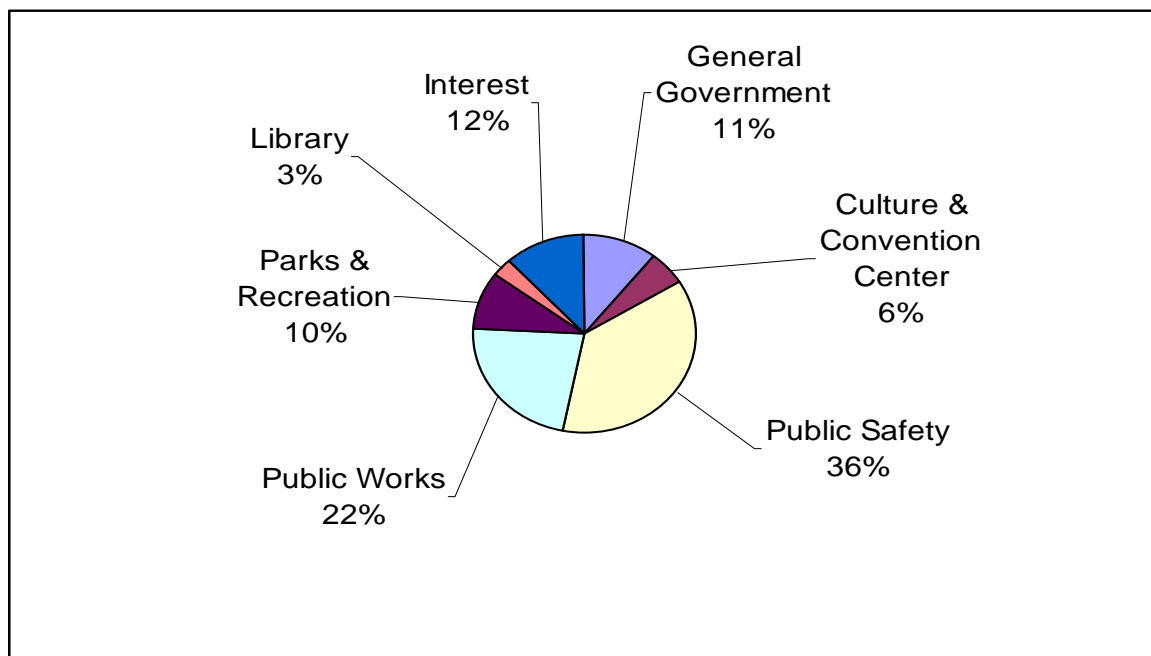
The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- The City's property tax and tax increment collections increased by 15.2% over the previous year. The increase was attributable to the tail-end of the County Assessor's tax roll increases in the selling prices of new and existing properties, especially residential properties, and the statutory 2% increase in the value of most of the properties which did not change hands during the year. These increases are expected to slow down significantly for the next couple of years.
- The Transient Occupancy Tax (TOT) collections were flat compared to the prior year. For next fiscal year the City's hotel room supply will increase with the reopening of the newly remodeled, 400 luxury room Riviera Resort. This is expected to help offset the general decline of the overall economy that has affected the travel industry.
- Sales tax collections decreased by nearly 7.4% despite a full year with the new Super Wal-Mart being open.
- Program expenses were up significantly in most categories because of large increases in personnel, workers' compensation and health insurance costs.

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



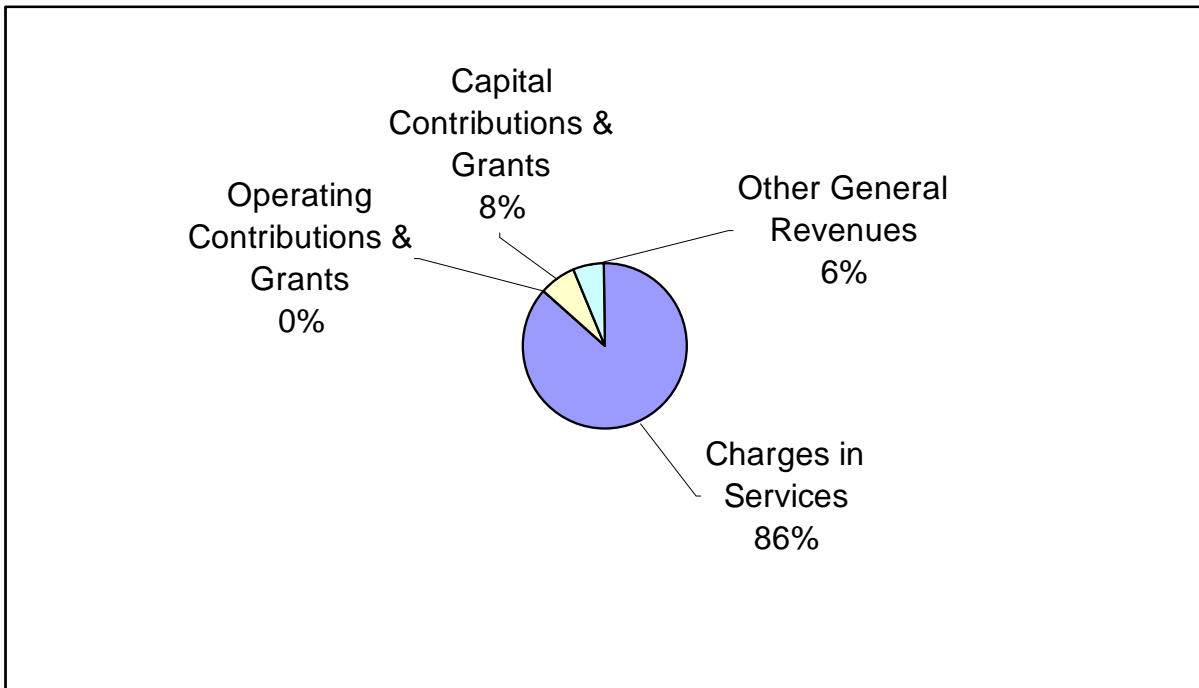
Business-Type Activities

Revenues of the City's business-type activities (see Table 2) were down from the previous year, from \$46.8 million to \$32.9 million. Expenses increased from \$30.2 million to \$33.7 million.

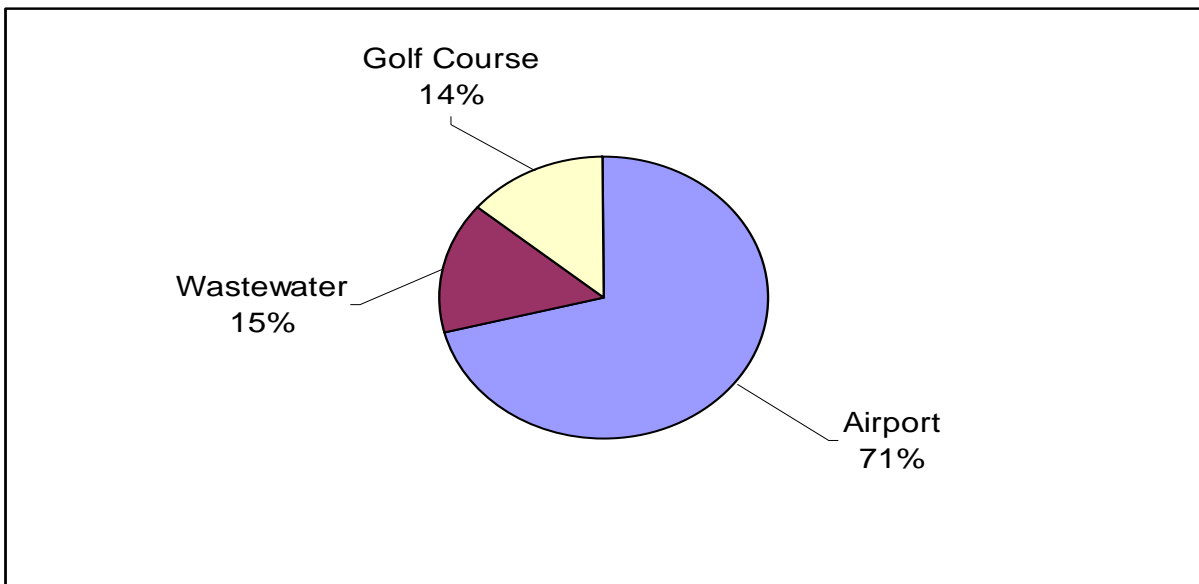
The primary reasons for the changes in revenue:

- Revenue from capital grants in the Airport decreased from \$16.4 million to \$2.4 million. This reflects a reduction in the construction of the new regional concourse. Operating revenues increased \$2.2 million due to increased income from rental car fees and parking fees.
- Operating expenses were impacted by higher personnel costs, especially for salary costs, health insurance and workers' comp insurance. Energy costs increased from \$1.7 million to \$1.9 million, for a \$200,000 increase.
- Depreciation expense increased from \$8.85 million to \$10 million.
- The Enterprise Capital Contributions and Grants decreased from \$16.4 million last year to \$2.4 million in FY 07-08 because major grants to due improvements at the Palm Springs International Airport including a new regional concourse were completed in FY 06-07.

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



MAJOR FUNDS

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

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$11.9 million, while total fund balance reached \$17.28 million. As a measure of the general fund's liquidity, unreserved fund balance represents 20.6% of total general fund expenditures, while total fund balance represents 29.8% of that same amount. It should be noted that the Community Promotion Fund has a fund balance of \$4.0 million.

Total General Fund revenue increased from \$62.9 million to \$64.5 million. Among the more significant changes:

- sales taxes decreased from \$9.7 million to \$9.1 million
- property taxes increased from \$18.1 million to \$19.3 million
- licenses and permits (Building and other) decreased from \$3.6 million to \$3.3 million
- charges for services (primarily plan checking fees) decreased from \$5.3 million to \$5.0 million
- utility user taxes decreased from \$7.3 million to \$6.8 million
- transient occupancy tax decreased from \$6.4 million to \$6.3 million

The decreases reflect the general economic slowdown that is affecting most sectors, but most significantly the residential and commercial real estate market and the resultant slowdown of the building industry. The increase in property taxes reflects the normal increases in assessments that occurs when properties are sold, the normal 2% increase in assessment for properties that do not change hands, and a modest amount of new residential and commercial construction activity.

Total General Fund expenditures increased from \$53.9 million to \$57.9 million. The most significant changes occurred in:

- Employee salaries and overtime costs increased by \$2 million from the previous year
- PERS pension benefit costs, which increased from \$6.7 million to \$9.3 million due to salary increases and a rate reduction
- Utilities increased from \$1.85 million to \$1.87 million due to increased energy costs

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 had increase in revenue from \$12 million to \$16 million. This was due primarily to increased property tax increment. Its expenditures increased from \$7.3 million to \$14.4 million due to additional pass-through payments required to be made to other agencies because of the increased tax increment to the Agency and because of interest payments on notes payable.

The Capital Projects Fund includes both projects funded by transfers from the General Fund and by grants.

The major changes are:

- a reduction in grant reimbursements and the final major payments on the construction of the Convention Center Expansion were made last fiscal year.

Major Enterprise Funds. The Unrestricted net assets of the **Airport, Wastewater and Golf Course Funds** total \$23.2 million, a decrease of \$1.4 million from last year's total of \$24.6 million. This is due to an increase in capital assets mainly from the capital improvements at the airport.

GENERAL FUND BUDGET

There was only a minor difference between the original budget and final budget for revenue in the General Fund. The increase was \$0.6 million.

On the expenditure side, the overall budget increased by about \$2.8 million, due to new Police Department grants which were awarded during the year, increase of personnel costs due to new bargaining unit agreements, and a revision of service contracts in parks maintenance. The final expenditures were \$1.1 million under budget.

The actual operating results for revenue compared to the final budget had a positive variance of slightly more than \$0.6 million (\$63.9 million budget vs. \$64.5 million actual).

All categories of expenditures, except for General Government, showed a positive variance compared to the final budget, with the actual total \$1.1 million under budget. The savings were primarily the result of salary savings from vacant positions and various other cost cutting measures.

The above deviations from budget did not significantly affect the City's liquidity, or its ability to provide future services to its residents.

CAPITAL ASSETS

There was only a minor difference in total capital assets from one fiscal year to the next fiscal year representing a net increase of \$1.9 million to \$358.2 million.

	CAPITAL ASSETS					
	(in thousands, net of depreciation)					
	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Buildings	35,441	36,594	13,575	12,861	49,016	49,455
Improvements	49,102	51,900	71,945	74,469	121,047	126,369
Furniture and equipment	2,454	2,451	722	288	3,176	2,739
Vehicles	4,418	4,310	1,587	1,740	6,005	6,050
Infrastructure	91,592	91,028	12,242	10,963	103,834	101,991
Right-of-way	14,614	14,614	-	-	14,614	14,614
Land	23,767	15,967	36,738	36,727	60,505	52,694
Construction in progress	0	390	0	2,000	0	2,390
Total	221,388	217,254	136,809	139,048	358,197	356,302

For more detailed information on capital asset activity, see the Capital Assets Footnote #4 in the Notes to the Basic Financial Statements.

LONG-TERM DEBT

As of June 30, 2008, the City had bonded debt outstanding of \$216.5 million. The City has no General Obligation debt. The table below summarizes the information presented in Note 6 to the financial statements.

	LONG TERM DEBT					
	(in thousands)					
	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Certificates of participation (COP's)	8,000	16,228	27,824	11,537	43,097	27,765
Tax Allocation Bonds	46,640	26,220	-	-	46,640	26,220
Lease Revenue Bonds	91,828	86,091	11,202	28,726	95,757	114,817
Special Assessment Bonds	11,255	12,216	-	-	11,255	12,216
Pension Obligation Bonds	19,832	19,832	-	-	19,882	19,832
	<u>177,555</u>	<u>160,587</u>	<u>39,026</u>	<u>40,263</u>	<u>216,581</u>	<u>200,850</u>

The City issued \$7.9 million refunding Bonds. The Redevelopment Agency issued \$21.1 Tax Allocation Bonds and the Airport issued \$6.9 million in Airport PFC Revenue Bonds.

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 \$414 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.

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CITY OF PALM SPRINGS
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 77,946,497	\$ 29,284,995	\$ 107,231,492
Receivables:			
Accounts	6,756,807	1,617,984	8,374,791
Accrued interest	1,587,488	249,399	1,836,887
Special assessments	11,434,166	-	11,434,166
Notes	5,772,367	-	5,772,367
Internal balances	4,090,886	(4,090,886)	-
Due from other governments	5,652,648	313,790	5,966,438
Inventories	115,368	11,520	126,888
Deferred charges	1,658,389	910,162	2,568,551
Net pension asset	19,744,134	-	19,744,134
Deposits	233,619	-	233,619
Land held for resale	5,874,753	-	5,874,753
Restricted assets:			
Cash and investments with fiscal agent	25,976,025	4,150,424	30,126,449
Capital assets:			
Not being depreciated	38,381,636	36,737,608	75,119,244
Being depreciated, net	183,006,241	100,071,091	283,077,332
Total assets	<u>388,231,024</u>	<u>169,256,087</u>	<u>557,487,111</u>
Liabilities:			
Accounts payable	6,083,860	2,003,645	8,087,505
Accrued wages payable	1,273,503	184,124	1,457,627
Accrued interest payable	2,018,209	1,849,083	3,867,292
Due to other governments	92,609	-	92,609
Deposits payable	484,268	500,000	984,268
Pass-through payable	3,051,243	-	3,051,243
Note Payable	1,221,894	-	1,221,894
Claims and judgments payable:			
Due within one year	784,244	-	784,244
Due in more than one year	3,136,975	-	3,136,975
Noncurrent liabilities:			
Due within one year	7,431,575	1,432,173	8,863,748
Due in more than one year	176,965,239	38,340,913	215,306,152
Total liabilities	<u>202,543,619</u>	<u>44,309,938</u>	<u>246,853,557</u>
Net assets:			
Invested in capital assets, net of related debt	74,644,178	98,206,074	172,850,252
Restricted for:			
Public safety	1,464,697	-	1,464,697
Public works	14,528,615	3,517,715	18,046,330
Debt service requirement	9,589,080	-	9,589,080
Redevelopment agency projects	42,457,131	-	42,457,131
Unrestricted	43,003,704	23,222,716	66,226,420
Total net assets	<u>\$ 185,687,405</u>	<u>\$ 124,946,149</u>	<u>\$ 310,633,910</u>

See Accompanying Notes to Financial Statements.

CITY OF PALM SPRINGS
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 10,720,946	\$ 1,811,973	\$ -	\$ -
Cultural and convention center	5,511,222	402,890	115,239	111,125
Public safety	35,442,942	1,922,714	3,598,282	-
Public works	21,749,956	6,367,211	7,673,695	4,056,457
Parks and recreation	9,433,992	2,033,797	-	-
Library	2,772,268	222,349	172,168	35,000
Interest expense	11,609,448	-	-	-
Total governmental activities	<u>97,240,774</u>	<u>12,760,934</u>	<u>11,559,384</u>	<u>4,202,582</u>
Business-type activities:				
Airport	23,842,294	19,531,818	-	2,446,831
Wastewater	5,191,967	6,007,109	-	-
Golf course	4,664,759	2,261,723	-	-
Total Business-type activities	<u>33,699,020</u>	<u>27,800,650</u>	<u>-</u>	<u>2,446,831</u>
Total	<u>\$ 130,939,794</u>	<u>\$ 40,561,584</u>	<u>\$ 11,559,384</u>	<u>\$ 6,649,413</u>

General revenue:

Taxes:

 Property taxes

 Tax increment

 Sales taxes

 Transient occupancy taxes

 Utility users tax

 Other taxes

Motor vehicle in lieu

Investment income

Miscellaneous revenues

Transfers

 Total general revenue and transfers

 Change in net assets

Net assets, beginning, restated

Net assets, ending

See Accompanying Notes to Financial Statements.

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

Governmental Activities	Business-type Activities	Total
\$ (8,908,973)	\$ -	\$ (8,908,973)
(4,881,968)	-	(4,881,968)
(29,921,946)	-	(29,921,946)
(3,652,593)	-	(3,652,593)
(7,400,195)	-	(7,400,195)
(2,342,751)	-	(2,342,751)
(11,609,448)	-	(11,609,448)
<u>(68,717,874)</u>		<u>(68,717,874)</u>
-	(1,863,645)	(1,863,645)
-	815,142	815,142
-	(2,403,036)	(2,403,036)
-	(3,451,539)	(3,451,539)
<u>(68,717,874)</u>	<u>(3,451,539)</u>	<u>(72,169,413)</u>
19,361,221	-	19,361,221
13,197,241	-	13,197,241
9,138,355	-	9,138,355
14,464,485	-	14,464,485
6,779,542	-	6,779,542
4,422,198	-	4,422,198
4,056,920	-	4,056,920
4,580,865	1,625,626	6,206,491
2,293,329	317,450	2,610,779
(700,000)	700,000	-
<u>77,594,156</u>	<u>2,643,076</u>	<u>80,237,232</u>
8,876,282	(808,463)	8,067,819
<u>176,811,123</u>	<u>125,754,612</u>	<u>302,565,735</u>
<u>\$ 185,687,405</u>	<u>\$ 124,946,149</u>	<u>\$ 310,633,554</u>

CITY OF PALM SPRINGS
Balance Sheet
Governmental Funds
June 30, 2008

	<u>Debt Service Funds</u>		
	<u>General</u>	<u>Special Assessments</u>	<u>Community Redevelopment Agency</u>
Assets:			
Cash and investments	\$ 12,980,238	\$ 1,987,259	\$ 10,486,807
Restricted assets:			
Cash and investments with fiscal agent	-	1,430,293	1,861,207
Deposits	-	-	-
Receivables:			
Accounts	4,868,429	13,151	-
Accrued interest	793,259	14,325	-
Special assessments	-	11,434,166	-
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	-	50,284	676,020
Advances to other funds	3,221,785	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 21,863,711</u>	<u>\$ 14,929,478</u>	<u>\$ 13,024,034</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 1,557,873	\$ 4,500	\$ 849,593
Accrued wages payable	1,114,264	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Notes payable	-	-	1,221,894
Deferred revenue	1,906,715	11,434,166	-
Pass-through payable	-	-	3,051,243
Advances from other funds	-	-	5,048,376
Total liabilities	<u>4,578,852</u>	<u>11,438,666</u>	<u>10,171,106</u>
Fund balances:			
Reserved for:			
Encumbrances	259,905	-	-
Deposits	-	-	-
Notes	-	-	-
Advances to other funds	3,221,785	-	-
Land held for resale	-	-	-
Debt service requirements	-	3,490,812	2,852,928
Low and moderate housing	-	-	-
Continuing appropriations	816,332	-	-
911 fees	1,104,800	-	-
Unreserved, designated:			
Special purposes	-	-	-
Capital projects	-	-	-
Unreserved-undesignated:			
General fund	11,882,037	-	-
Special revenue funds	-	-	-
Total fund balances	<u>17,284,859</u>	<u>3,490,812</u>	<u>2,852,928</u>
Total liabilities and fund balances	<u>\$ 21,863,711</u>	<u>\$ 14,929,478</u>	<u>\$ 13,024,034</u>

See Accompanying Notes to Financial Statements.

Capital Projects Funds Community Redevelopment Agency	Nonmajor Governmental Funds	Total
\$ 7,009,177	\$ 35,538,634	\$ 68,002,115
15,805,125	6,804,547	25,901,172
-	233,619	233,619
127,750	1,679,018	6,688,348
148,118	265,539	1,221,241
-	-	11,434,166
-	5,772,367	5,772,367
-	4,049,709	4,049,709
-	4,926,344	5,652,648
-	1,809,591	5,031,376
5,075,021	799,732	5,874,753
<u>\$ 28,165,191</u>	<u>\$ 61,879,100</u>	<u>\$ 139,861,514</u>
\$ 48,735	\$ 3,069,045	\$ 5,529,746
18,997	78,319	1,211,580
-	1,371,823	1,371,823
-	92,609	92,609
-	484,268	484,268
-	-	1,221,894
-	305,869	13,646,750
-	-	3,051,243
-	-	5,048,376
<u>67,732</u>	<u>5,401,933</u>	<u>31,658,289</u>
1,011,954	2,222,488	3,494,347
-	233,619	233,619
-	5,772,367	5,772,367
-	1,809,591	5,031,376
5,075,021	799,732	5,874,753
-	6,445,930	12,789,670
-	5,100,236	5,100,236
16,701,221	19,989,499	37,507,052
-	-	1,104,800
-	-	-
-	2,585,624	2,585,624
5,309,263	4,935,367	10,244,630
-	-	11,882,037
-	6,582,714	6,582,714
<u>28,097,459</u>	<u>56,477,167</u>	<u>108,203,225</u>
<u>\$ 28,165,191</u>	<u>\$ 61,879,100</u>	<u>\$ 139,861,514</u>

CITY OF PALM SPRINGS
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Fund balance - total governmental funds \$ 108,203,225

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. The internal service fund capital assets of \$7,383,346 are included in the internal service fund adjustment below.

Capital assets	\$ 352,385,875	
Accumulated depreciation	<u>(138,381,344)</u>	214,004,531

Long-term debt and compensated absences that have not been included in the governmental fund activity; the long-term liabilities of internal service funds of \$23,971,911 are included in the internal service fund adjustment below:

Long-term debt	\$ (153,998,055)	
Compensated absences	<u>(6,426,848)</u>	(160,424,903)

Unamortized Bond Issuance Costs are not current financial resources and are not recorded in the governmental fund statements. 1,119,449

Interest on long-term liabilities are not due and payable in the current year and therefore are not recorded in the fund statements. (1,974,389)

Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting. 13,646,750

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, employee benefits, risk management and retiree costs to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets. 11,112,742

Net assets of governmental activities	<u><u>\$ 185,687,405</u></u>
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See Accompanying Notes to Financial Statements.

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CITY OF PALM SPRINGS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Debt Service Funds		
	General Fund	Special Assessments	Community Redevelopment Agency
Revenues:			
Taxes	\$ 39,463,504	\$ -	\$ 15,532,837
Licenses and permits	3,332,131	-	-
Fines and penalties	640,187	-	-
Investment income	3,061,823	113,899	343,830
Rental income	244,977	-	-
Intergovernmental	6,013,555	-	-
Charges for services	5,070,234	-	-
Transient occupancy taxes	6,283,252	-	-
Special assessments	-	1,153,701	-
Donations and contributions	35,000	-	-
Master lease	-	-	-
Miscellaneous	383,008	115,400	868,632
Total revenues	<u>64,527,671</u>	<u>1,383,000</u>	<u>16,745,299</u>
Expenditures:			
Current:			
General government	8,957,134	191,156	4,240
Cultural and convention center	-	-	-
Public safety	31,885,940	-	-
Public works	8,559,571	24,076	-
Parks and recreation	5,956,366	-	-
Library	2,552,966	-	-
Lease	-	-	-
Debt service:			
Principal	-	961,000	525,000
Interest	-	428,497	6,030,241
Bond issuance costs	-	-	785,989
Payment to escrow agent	-	-	-
Pass-through payments	-	-	7,087,437
Total expenditures	<u>57,911,977</u>	<u>1,604,729</u>	<u>14,432,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,615,694</u>	<u>(221,729)</u>	<u>2,312,392</u>
Other financing sources (uses):			
Proceeds from sale of assets	-	-	-
Proceeds from debt	-	-	1,171,000
Transfers in	1,000,000	140,000	-
Transfers out	(3,522,864)	-	(3,271,785)
Total other financing sources (uses)	<u>(2,522,864)</u>	<u>140,000</u>	<u>(2,100,785)</u>
Net change in fund balances	<u>4,092,830</u>	<u>(81,729)</u>	<u>211,607</u>
Fund balances, beginning	13,192,029	3,572,541	2,641,321
Fund balances, ending	<u>\$ 17,284,859</u>	<u>\$ 3,490,812</u>	<u>\$ 2,852,928</u>

See Accompanying Notes to Financial Statements.

Capital Projects Funds		
Community Redevelopment Agency	Nonmajor Governmental Funds	Total
\$ -	\$ 6,455,465	\$ 61,451,806
-	526,399	3,858,530
-	141,469	781,656
1,065,990	2,147,479	6,733,021
247,776	12,148	504,901
-	9,922,492	15,936,047
-	1,120,227	6,190,461
-	8,181,233	14,464,485
-	602,251	1,755,952
-	953,237	988,237
-	1,256,252	1,256,252
125,051	356,953	1,849,044
<u>1,438,817</u>	<u>31,675,605</u>	<u>115,770,392</u>
1,218,085	3,847,372	14,217,987
-	2,345,989	2,345,989
-	2,834,216	34,720,156
8,343,590	12,666,518	29,593,755
-	2,066,948	8,023,314
-	191,677	2,744,643
-	1,601,000	1,601,000
-	2,723,378	4,209,378
-	3,504,865	9,963,603
-	101,437	887,426
-	3,661,948	3,661,948
-	-	7,087,437
<u>9,561,675</u>	<u>35,545,348</u>	<u>119,056,636</u>
<u>(8,122,858)</u>	<u>(3,869,743)</u>	<u>(3,286,244)</u>
-	35,000	35,000
20,004,000	3,760,036	24,935,036
2,011,785	8,786,580	11,938,365
-	(6,743,716)	(13,538,365)
<u>22,015,785</u>	<u>5,837,900</u>	<u>23,370,036</u>
<u>13,892,927</u>	<u>1,968,157</u>	<u>20,083,792</u>
<u>14,204,532</u>	<u>54,509,010</u>	<u>88,119,433</u>
<u>\$ 28,097,459</u>	<u>\$ 56,477,167</u>	<u>\$ 108,203,225</u>

CITY OF PALM SPRINGS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ 20,083,792

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

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

Capital outlay	\$ 14,631,482	
Depreciation expense	<u>(10,416,117)</u>	4,215,365

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

Issuance of new debt	\$ (24,935,036)	
Repayment of old debt	3,507,456	
Principal payments	4,209,378	
Costs of Issuance	887,426	
Interest expense on capital appreciation bonds	(144,195)	
Amortization of debt issuance	<u>(57,530)</u>	(16,532,501)

The statement of net assets includes accrued interest on long-term debt. (371,840)

To record as an expense the net change in compensated absences in the statement of activities. (564,350)

Deferred revenue is recognized as revenue in government-wide statements as it has been earned on the accrual basis. This amount represents the change in deferred revenue from prior year. (2,289,638)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 4,335,454

Change in net assets of governmental activities \$ 8,876,282

See Accompanying Notes to Financial Statements.

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CITY OF PALM SPRINGS
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Airport	Wastewater	Golf Course
Assets:			
Current assets:			
Cash and investments	\$ 15,983,388	\$ 13,301,607	\$ -
Accounts receivable	1,615,582	2,377	25
Accrued interest	128,095	103,065	18,239
Due from other governments	-	313,790	-
Inventories	11,520	-	-
Total current assets	<u>17,738,585</u>	<u>13,720,839</u>	<u>18,264</u>
Noncurrent assets:			
Net pension asset	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	4,150,068	-	356
Capital Assets, Net of accumulated depreciation	94,827,294	34,222,316	7,759,089
Advances to other funds	-	1,227,000	-
Unamortized debt issuance cost	596,710	-	313,452
Total noncurrent assets	<u>99,574,072</u>	<u>35,449,316</u>	<u>8,072,897</u>
Total assets	<u>117,312,657</u>	<u>49,170,155</u>	<u>8,091,161</u>
Liabilities and net assets:			
Liabilities:			
Current liabilities:			
Accounts payable	1,259,140	744,505	-
Accrued wages payable	178,492	1,496	4,136
Accrued interest payable	632,709	-	1,216,374
Due to other funds	-	-	2,677,886
Compensated absences	378,287	-	-
Claims and judgements payable	-	-	-
Bonds payable	630,000	-	423,886
Total current liabilities	<u>3,078,628</u>	<u>746,001</u>	<u>4,322,282</u>
Noncurrent liabilities:			
Deposits payable	-	-	500,000
Compensated absences payable	368,288	-	-
Claims and judgments payable	-	-	-
Advances from other funds	-	-	2,640,000
Capital lease obligations	-	-	-
Bonds payable	27,194,468	-	10,778,157
Total noncurrent liabilities	<u>27,562,756</u>	<u>-</u>	<u>13,918,157</u>
Total liabilities	<u>30,641,384</u>	<u>746,001</u>	<u>18,240,439</u>
Net assets:			
Invested in capital assets, net of related debt	67,002,826	34,222,316	(3,019,068)
Restricted for debt service	3,517,359	-	-
Unrestricted	16,151,088	14,201,838	(7,130,210)
Total net assets (deficits)	<u>\$ 86,671,273</u>	<u>\$ 48,424,154</u>	<u>\$ (10,149,278)</u>

See Accompanying Notes to Financial Statements.

Business-type Activities Enterprise Funds Total	Governmental Activities Internal Service Funds
\$ 29,284,995	\$ 9,944,382
1,617,984	68,459
249,399	366,247
313,790	-
11,520	115,368
<u>31,477,688</u>	<u>10,494,456</u>
-	19,744,134
-	-
4,150,424	74,853
136,808,699	7,383,346
1,227,000	1,430,000
910,162	538,940
<u>143,096,285</u>	<u>29,171,273</u>
<u>174,573,973</u>	<u>39,665,729</u>
2,003,645	554,114
184,124	61,923
1,849,083	43,820
2,677,886	-
378,287	-
-	784,244
1,053,886	235,824
<u>8,146,911</u>	<u>1,679,925</u>
500,000	-
368,288	138,679
-	3,136,975
2,640,000	-
-	174,107
37,972,625	23,423,301
<u>41,480,913</u>	<u>26,873,062</u>
<u>49,627,824</u>	<u>28,552,987</u>
98,206,074	3,382,702
3,517,359	-
23,222,716	7,730,040
<u>\$ 124,946,149</u>	<u>\$ 11,112,742</u>

CITY OF PALM SPRINGS
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Airport	Wastewater	Golf Course
Operating revenues:			
Charges for services:			
Rentals	\$ 11,552,899	\$ -	\$ 399,357
Landing fees	1,766,533	-	-
Concessions	555,671	-	-
Green fees and car rentals	-	-	1,849,140
Sewer service charges	-	5,069,841	-
Sewer connection and main charges	9,375	937,268	-
Passenger facility charge	3,001,112	-	-
Internal service charges	-	-	-
Sale of electricity	-	-	-
Miscellaneous	2,646,228	-	13,226
Total operating revenues	<u>19,531,818</u>	<u>6,007,109</u>	<u>2,261,723</u>
Operating expenses:			
Personnel services	6,596,499	25,590	112,340
Material and supplies	188,409	-	-
Heat, light and power	1,736,344	181,565	-
Other charges and services	4,635,028	3,806,809	2,208,280
Administration	885,494	3,284	12,419
Cogeneration	319	-	-
Facilities maintenance	-	-	-
Maintenance shop operations	-	-	-
Workers' compensation	-	-	-
Other claims and insurance	-	-	-
Depreciation	8,374,231	1,174,719	475,830
Total operating expenses	<u>22,416,324</u>	<u>5,191,967</u>	<u>2,808,869</u>
Operating income (loss)	<u>(2,884,506)</u>	<u>815,142</u>	<u>(547,146)</u>
Nonoperating revenues (expenses):			
Investment income	797,412	779,375	48,839
Interest expense	(1,425,970)	-	(1,855,890)
Gain (loss) on sale of assets	-	10,000	307,450
Total nonoperating revenues (expenses)	<u>(628,558)</u>	<u>789,375</u>	<u>(1,499,601)</u>
Income (loss) before contributions and transfers	(3,513,064)	1,604,517	(2,046,747)
Transfers in	3,642,295	-	700,000
Transfers out	-	(3,642,295)	-
Capital contributions	2,446,831	-	-
Change in net assets	<u>2,576,062</u>	<u>(2,037,778)</u>	<u>(1,346,747)</u>
Net assets (deficits), beginning, restated	<u>84,095,211</u>	<u>50,461,932</u>	<u>(8,802,531)</u>
Net assets (deficits), ending	<u>\$ 86,671,273</u>	<u>\$ 48,424,154</u>	<u>\$ (10,149,278)</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	Total
\$ 11,952,256	\$ -
1,766,533	-
555,671	-
1,849,140	-
5,069,841	-
946,643	-
3,001,112	-
-	33,087,631
-	275,666
2,659,454	44,411
<u>27,800,650</u>	<u>33,407,708</u>
6,734,429	14,520,206
188,409	-
1,917,909	2,051,977
10,650,117	22,035
901,197	1,584,063
319	755,868
-	3,629,981
-	2,198,808
-	1,040,414
-	2,728,510
10,024,780	932,705
<u>30,417,160</u>	<u>29,464,567</u>
<u>(2,616,510)</u>	<u>3,943,141</u>
1,625,626	396,592
(3,281,860)	(917,788)
317,450	13,509
<u>(1,338,784)</u>	<u>(507,687)</u>
(3,955,294)	3,435,454
4,342,295	900,000
(3,642,295)	-
2,446,831	-
<u>(808,463)</u>	<u>4,335,454</u>
125,754,612	6,777,288
<u>\$ 124,946,149</u>	<u>\$ 11,112,742</u>

CITY OF PALM SPRINGS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Airport	Wastewater	Golf Course
Cash flows from operating activities:			
Cash received from customers	\$ 19,293,675	\$ 5,996,993	\$ 2,261,748
Cash received from user departments	-	-	-
Cash payments to suppliers for goods and services	(6,889,351)	(3,975,276)	(790,390)
Cash payments to employees for services	(6,440,231)	(24,666)	(110,457)
Net cash provided by operating activities	<u>5,964,093</u>	<u>1,997,051</u>	<u>1,360,901</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	3,642,295		700,000
Cash paid to other funds		(3,642,295)	
Net cash provided by (used for) noncapital financing activities	<u>3,642,295</u>	<u>(3,642,295)</u>	<u>700,000</u>
Cash flows from capital and related financing activities:			
Cash paid for acquisition and construction of capital assets	(5,969,787)	(1,804,541)	-
Proceeds from sale of capital assets	-	-	307,450
Capital contributions received	2,446,831	-	-
Payments on debt	(1,087,014)	-	(674,822)
Interest paid on debt	(1,585,366)	-	(1,856,326)
Repayment on capital lease obligations	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(6,195,336)</u>	<u>(1,804,541)</u>	<u>(2,223,698)</u>
Cash flows from investing activities:			
Proceeds from sale and maturities of investments	-	-	-
Interest received on investments	792,829	843,580	48,839
Net cash provided by (used for) investing activities	<u>792,829</u>	<u>843,580</u>	<u>48,839</u>
Net increase (decrease) in cash and cash equivalents	4,203,881	(2,606,205)	(113,958)
Cash and cash equivalents, beginning	<u>15,929,575</u>	<u>15,907,812</u>	<u>114,314</u>
Cash and cash equivalents, ending	<u>\$ 20,133,456</u>	<u>\$ 13,301,607</u>	<u>\$ 356</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities Enterprise Funds	Governmental - Activities Internal Service Funds
Total	Total
\$ 27,552,416	\$ -
-	33,448,191
(11,655,017)	(20,832,287)
(6,575,354)	(8,898,578)
9,322,045	3,717,326
4,342,295	900,000
(3,642,295)	
700,000	900,000
(7,774,328)	(875,748)
307,450	38,236
2,446,831	
(1,761,836)	(437,207)
(3,441,692)	(1,224,405)
-	(197,428)
(10,223,575)	(2,696,552)
-	287,288
1,685,248	402,908
1,685,248	690,196
1,483,718	2,610,970
31,951,701	7,408,265
\$ 33,435,419	\$ 10,019,235

(Continued)

CITY OF PALM SPRINGS
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Airport	Wastewater	Golf Course
Reconciliation of cash and cash equivalents to amounts reported on the statement of net assets:			
Reported on the statement of net assets:			
Cash and investments	\$ 15,983,388	\$ 13,301,607	\$ -
Cash and investments with fiscal agent	4,150,068	-	356
Cash and cash equivalents, ending	<u>\$ 20,133,456</u>	<u>13,301,607</u>	<u>\$ 356</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (2,884,506)</u>	<u>\$ 815,142</u>	<u>\$ (547,146)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	8,374,231	1,174,719	475,830
(Increase) Decrease in accounts receivable	(238,143)	7,139	25
(Increase) Decrease in due from other governments	-	(17,255)	-
(Increase) Decrease in inventories	(11,520)	-	-
Increase (Decrease) in accounts payable	567,763	16,382	(6,046)
Increase (Decrease) in accrued wages payable	31,732	924	1,883
Increase (Decrease) in due to other funds	-	-	1,436,355
Increase (Decrease) in compensated absences	124,536	-	-
Increase (Decrease) in claims and judgments payable	-	-	-
Total adjustments	<u>8,848,599</u>	<u>1,181,909</u>	<u>1,908,047</u>
Net cash provided by (used for) operating activities	<u>\$ 5,964,093</u>	<u>\$ 1,997,051</u>	<u>\$ 1,360,901</u>
Noncash, capital, financing and investing activities:			
Bond proceeds used to refund debt	<u>\$ 6,582,141</u>	<u>\$ -</u>	<u>\$ 11,202,043</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities Enterprise Funds	Governmental - Activities Internal Service Funds
Total	Total
\$ 29,284,995	\$ 9,944,382
4,150,424	74,853
<u>\$ 33,435,419</u>	<u>\$ 10,019,235</u>
<u>\$ (2,616,510)</u>	<u>\$ 3,943,141</u>
10,024,780	932,705
(230,979)	14,872
(17,255)	25,611
(11,520)	19,455
578,099	64,955
34,539	9,389
1,436,355	(1,696)
124,536	(29,644)
-	(1,261,462)
<u>11,938,555</u>	<u>(225,815)</u>
<u>\$ 9,322,045</u>	<u>\$ 3,717,326</u>
<u>\$ 17,784,184</u>	<u>\$ 3,826,537</u>

CITY OF PALM SPRINGS
Statement of Fiduciary Net Assets
June 30, 2008

	Private-Purpose Trust Fund	Agency Fund
	Historical Society	Special Deposits
Assets:		
Cash and investments	\$ 250,000	\$ 1,362,512
Liabilities and net assets:		
Liabilities:		
Deposits payable	\$ -	\$ 1,362,512
Net assets:		
Restricted for historical society	\$ 250,000	

See Accompanying Notes to Financial Statements.

CITY OF PALM SPRINGS
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund - Historical Society
For the Year Ended June 30, 2008

	<u>Private-Purpose Trust Fund Historical Society</u>
Net assets, beginning	\$ 250,000
Net assets, ending	\$ 250,000

See Accompanying Notes to Financial Statements.

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CITY OF PALM SPRINGS
Notes to Financial Statements
June 30, 2008

(1) Summary of Significant Accounting Policies

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

(a) Description of Reporting Entity

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

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

Blended Component Units:

Community Redevelopment Agency of the City of Palm Springs

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

City of Palm Springs Financing Authority

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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 interfund data of the primary government. The Community Redevelopment Agency of the City of Palm Springs and the Palm Springs Financing Authority issue separate component unit financial statements. Upon their completion, financial statements of these component units can be obtained at City Hall.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund 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.

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

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

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

Fiduciary Funds:

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) fines, forfeits and penalties, 3) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function and 4) other miscellaneous revenues that directly benefit a particular function and do not fit into any other category. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the airport, wastewater and golf enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

The City has elected, for all proprietary type activities, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

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

(d) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus the increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of Palm Springs accrues only those taxes which are received within 60 days after year end.

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 10	30% Advance
January 16	Collection No. 1
April 10	10% Advance
May 15	Collection No. 2
July 31	Collection No. 3

(e) Budgetary Control and Accounting

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

Total appropriations for each fund may only be increased or decreased by the City Council by passage of a resolution amending the budget, with the exception of budget adjustments which involve offsetting revenues and expenditures. In cases involving offsetting revenues and expenditures, the Finance Director is authorized to increase or decrease an appropriation for a specific purpose where said appropriation is offset by unbudgeted revenue which is designated for said specific purpose. During the year, there were supplemental budgetary appropriations amounting to \$58,229,926.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

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

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

(f) 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. Certain restricted assets and deposits of proprietary funds consist of investments which are not considered to be cash equivalents as defined above and therefore excluded from the statements of cash flows.

(g) Cash and Investments

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

(h) Inventories

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

(i) 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.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

(j) 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.

(k) 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.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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.

(l) 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 account for the City's self insurance activities.

(m) Other Post-Employment Benefits

The City provides post-retirement health insurance for employees who retire with at least 20 years of continuous employment with the City. Partial coverage is available for employees who retire with service years ranging between 7.5 and 20 years. All employee groups are covered.

(n) 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.

(o) New pronouncements

In May 2007, GASB issued Statement No. 50, *Pension Disclosures*, which more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Application of this statement is effective for the City's fiscal year ended June 30, 2008. The additional disclosure concerning the implementation of GASB 50 is available in Note 8.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 107,231,492
Cash and investments held by fiscal agent	30,126,449

Fiduciary funds:

Cash and investments	1,612,512
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Total cash and investments	<u>\$ 138,970,453</u>
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Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 23,276
Deposits with financial institutions	1,737,852
Investments	<u>137,209,325</u>

Total cash and investments	<u>\$ 138,970,453</u>
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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, 2008, the carrying amount of the City's demand deposits was \$1,737,852 and the bank balance was \$2,042,903. The \$305,051 difference represents outstanding checks, deposits in transit, and other reconciling items.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

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

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

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	More than 60 months
Negotiable Certificates of Deposit	\$ 2,034,000	\$ 2,034,000	\$ -	\$ -	\$ -
Local Agency Investment Fund	74,131,435	74,131,435	-	-	-
Federal Agency Securities	28,176,695	2,980,618	14,412,860	10,783,217	-
Medium Term Notes	2,815,400	2,815,400	-	-	-
Fiscal agent:					
Investment Agreements	8,840,364	-	-	-	8,840,364
Mutual Funds - Money Market	21,211,431	21,211,431	-	-	-
	<u>\$ 137,209,325</u>	<u>\$ 103,172,884</u>	<u>\$ 14,412,860</u>	<u>\$ 10,783,217</u>	<u>\$ 8,840,364</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Fair Value	Minimum Credit Rating	Rating as of Year End			
			AAA	AA	A	Not Rated
Negotiable Certificates of Deposit	\$ 2,034,000	N/A	\$ 2,034,000	\$ -	\$ -	\$ -
Local Agency Investment Fund	74,131,435	N/A	-	-	-	74,131,435
Federal Agency Securities	28,176,695	N/A	28,176,695	-	-	-
Medium Term Notes	2,815,400	A	-	1,792,730	1,022,670	-
Fiscal agent:						
Investment Agreements	8,840,364	N/A	-	-	-	8,840,364
Mutual Funds - Money Market	21,211,431	AAA	21,211,431	-	-	-
Total	<u>\$ 137,209,325</u>		<u>\$ 51,422,126</u>	<u>\$ 1,792,730</u>	<u>\$ 1,022,670</u>	<u>\$ 82,971,799</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 9,853,173
Federal Home Loan Mortgage Corp.	Federal Agency Securities	14,238,407

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 the California Government Code 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, 2008

LAIF management has indicated that as of June 30, 2008, the amortized cost of the pool was \$70,027,950,242 and the estimated fair value of the pool was \$70,024,464,150. Included in the LAIF's investment portfolio are structured notes, totaling \$6,113.006 million and asset backed securities totaling \$4,188.272 million.

(3) Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances at June 30, 2008 are as follows:

	Due from Other Funds	Due to Other Funds
Nonmajor governmental funds	\$ 4,049,709	\$ 1,371,823
Proprietary funds:		
Golf Course Enterprise Fund	-	2,677,886
Totals	\$ 4,049,709	\$ 4,049,709

Interfund balances are the result of short-term borrowing to cover negative cash balances at June 30, 2008.

The City has authorized several interfund advances to be used for the operations of the funds receiving the advances. At June 30, 2008 the outstanding advances are:

	Advances to Other Funds	Advances from Other Funds
General fund	\$ 3,221,785 (c)	\$ -
Debt service fund:		
Community Redevelopment Agency	-	5,048,376 (c) (d)
Internal service fund:		
Employee Benefits	1,430,000 (b)	-
Enterprise fund:		
Wastewater Treatment Plant	1,227,000 (a) (c)	-
Golf Course	-	2,640,000 (a) (b)
Nonmajor special revenue fund:		
Low/Mod Housing Fund	1,809,591 (d)	-
Totals	\$ 7,688,376	\$ 7,688,376

(a) The Golf Course Fund initially received \$2,000,000 from the General Fund at 6% over 20 years. At June 30, 2008, the outstanding balance is \$1,210,000. The remaining balance of \$1,430,000 is owed to the Employee Benefits Fund and as of June 30, 2008 there has not been any repayment of this loan to the Employee Benefits Fund.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

- (b) The Employee Benefits 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) City of Palm Springs have advanced monies to the Community Redevelopment Agency Debt Service Fund at interest rates of 6%.
- (d) The Community Redevelopment Agency Debt Service Fund received tax increment monies totaling \$1,809,591 that are owed to the Low and Moderate Housing Special Revenue Fund.

Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Special Revenue Fund	\$ 600,000 (a)
	Nonmajor Capital Project Fund	400,000 (b)
Special Assessment		
Debt Service Fund	General Fund	140,000 (c)
Nonmajor Debt Service Fund	General Fund	888,364 (d)
	Nonmajor Special Revenue Funds	4,693,313 (e)
	Nonmajor Capital Project Funds	350,403 (f)
Nonmajor Special Revenue Fund	General Fund	545,000 (g)
	Community Redevelopment Agency	
	Debt Service Fund	1,260,000 (h)
Nonmajor Capital Project Funds	General Fund	1,049,500 (i)
Community Redevelopment Agency	Community Redevelopment Agency	
Capital Projects Fund	Debt Service Fund	2,011,785 (j)
Airport Enterprise Fund	Waste Water Enterprise Fund	3,642,295 (k)
Golf Course Enterprise Fund	Nonmajor Special Revenue Fund	700,000 (l)
Internal Service Funds	General Fund	900,000 (m)
		<u>\$ 17,180,660</u>

- (a) The Gas Tax nonmajor special revenue fund transferred \$600,000 to the General Fund for reimbursement for street and traffic related costs.
- (b) The Capital Projects nonmajor capital projects fund transferred \$400,000 to the General Fund for Measure Y.
- (c) The General Fund transferred \$140,000 to Special Assessment Debt Service to cover Series B debt service.
- (d) The General Fund transferred \$888,364 to the General Debt Service nonmajor fund for various debt service costs.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

- (e) The Community Promotion nonmajor special revenue fund transferred \$4,693,313 to the General Debt Service nonmajor fund for the Convention Center debt service payment.
- (f) The Capital Projects nonmajor capital project fund transferred \$350,403 to the General Debt Service nonmajor fund for Future debt service requirements.
- (g) The General Fund transferred \$545,000 to various nonmajor funds to cover operating and capital expenditure.
- (h) The Community Redevelopment Debt Service Fund transferred \$1,260,000 to the Community Promotion nonmajor special revenue fund to reclassify loan to cover up front costs for PSL-236.
- (i) The General Fund transferred \$1,049,500 to Capital Projects nonmajor capital projects fund to cover operations.
- (j) The Community Redevelopment Agency debt service fund transferred \$2,011,785 to Community Redevelopment Agency capital project fund to cover operating and capital expenditures.
- (k) The Waste Water Enterprise Fund transferred \$3,642,295 to the Airport Enterprise Fund to acquire land held by the Airport.
- (l) The Community Promotion nonmajor special revenue fund transferred \$700,000 to the Golf Course Fund to fund the operations of the golf course.
- (m) The General Fund transferred \$900,000 to the Retiree Health Insurance Internal Service Fund to cover the cost of retiree health insurance.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

(4) Capital Assets

A summary of changes in capital assets activity for the year ended June 30, 2008 is as follows:

Governmental Activities	Balance at June 30, 2007	Increases	Decreases	Balance at June 30, 2008
Capital assets not being depreciated:				
Land	\$ 15,967,140	\$ 7,800,000	\$ -	\$ 23,767,140
Construction in progress	389,556	-	(389,556)	-
Right-of-way	14,614,496	-	-	14,614,496
Total capital assets, not being depreciated	<u>30,971,192</u>	<u>7,800,000</u>	<u>(389,556)</u>	<u>38,381,636</u>
Capital assets being depreciated:				
Buildings	67,269,730	171,343	-	67,441,073
Improvements	69,054,058	395,788	-	69,449,846
Furniture and equipment	9,408,008	520,038	(2,022,591)	7,905,455
Vehicles	12,036,000	875,748	(1,272,326)	11,639,422
Infrastructure:				
Pavement	96,044,833	4,860,106	-	100,904,939
Curbs and gutters	36,781,050	-	-	36,781,050
Sidewalks	17,429,964	-	-	17,429,964
Other	21,748,784	1,295,128	-	23,043,912
Total capital assets, being depreciated	<u>329,772,427</u>	<u>8,118,151</u>	<u>(3,294,917)</u>	<u>334,595,661</u>
Less accumulated depreciation for:				
Buildings	(30,675,814)	(1,324,529)	-	(32,000,343)
Improvements	(17,154,523)	(3,192,894)	-	(20,347,417)
Furniture and equipment	(6,956,663)	(496,338)	2,001,227	(5,451,774)
Vehicles	(7,725,900)	(743,485)	1,247,598	(7,221,787)
Infrastructure:				
Pavement	(58,396,961)	(3,699,567)	-	(62,096,528)
Curbs and gutters	(10,812,664)	(681,275)	-	(11,493,939)
Sidewalks	(5,163,403)	(352,525)	-	(5,515,928)
Other	(6,603,495)	(858,208)	-	(7,461,703)
Total accumulated depreciation	<u>(143,489,423)</u>	<u>(11,348,822)</u>	<u>3,248,825</u>	<u>(151,589,420)</u>
Total capital assets, being depreciated, net	<u>186,283,004</u>	<u>(3,230,671)</u>	<u>(46,092)</u>	<u>183,006,241</u>
Governmental activities capital assets, net	<u>\$ 217,254,196</u>	<u>\$ 4,569,329</u>	<u>\$ (435,648)</u>	<u>\$ 221,387,877</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

General government	\$ 288,261
Cultural and convention center	3,173,286
Public safety	1,124,800
Public works	6,481,561
Parks and recreation	210,548
Library	<u>70,366</u>
 Total depreciation	 <u><u>\$ 11,348,822</u></u>

<u>Business-type Activities</u>	<u>Balance at June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 36,727,608	\$ 10,000	\$ -	\$ 36,737,608
Construction in progress	<u>2,000,559</u>	<u>-</u>	<u>(2,000,559)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>38,728,167</u>	<u>10,000</u>	<u>(2,000,559)</u>	<u>36,737,608</u>
Capital assets being depreciated:				
Buildings	36,208,540	1,646,034	-	37,854,574
Improvements	155,983,144	5,774,171	-	161,757,315
Machinery and equipment	1,802,000	550,141	(126,167)	2,225,974
Motor vehicles	2,422,428	-	-	2,422,428
Subsurface lines	<u>26,291,171</u>	<u>1,804,541</u>	<u>-</u>	<u>28,095,712</u>
Total capital assets being depreciated	<u>222,707,283</u>	<u>9,774,887</u>	<u>(126,167)</u>	<u>232,356,003</u>
Less accumulated depreciation for:				
Buildings	(23,347,261)	(931,955)	-	(24,279,216)
Improvements	(81,514,167)	(8,297,862)	-	(89,812,029)
Machinery and equipment	(1,513,994)	(116,009)	126,167	(1,503,836)
Motor vehicles	(682,426)	(153,131)	-	(835,557)
Subsurface lines	<u>(15,328,451)</u>	<u>(525,823)</u>	<u>-</u>	<u>(15,854,274)</u>
Total accumulated depreciation	<u>(122,386,299)</u>	<u>(10,024,780)</u>	<u>126,167</u>	<u>(132,284,912)</u>
Total capital assets, being depreciated, net	<u>100,320,984</u>	<u>(249,893)</u>	<u>-</u>	<u>100,071,091</u>
Business-type activities, capital assets, net	<u><u>\$ 139,049,151</u></u>	<u><u>\$ (239,893)</u></u>	<u><u>\$ (2,000,559)</u></u>	<u><u>\$ 136,808,699</u></u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

Airport	\$	8,374,231
Wastewater		1,174,719
Golf course		<u>475,830</u>
Total depreciation	\$	<u><u>10,024,780</u></u>

(5) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net assets as of June 30, 2008:

		<u>Deficit Balance</u>
Major funds:		
Golf Course Fund	\$	10,149,278
Internal service funds:		
Cogeneration Plant Fund		452,794

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

Golf Course Enterprise Fund

The deficit in net assets of \$10,149,278 was a result of prior year's deficit and current year shortfalls. The course did not open until early 1995 and was closed shortly thereafter due to a series of storms. The course re-opened during 1996 and it is anticipated that the losses will be recovered in future years.

Cogeneration Plant Internal Service Fund

The \$452,794 deficit in net assets constitutes a cumulative gain of \$1,152,452 since the opening of the plant and a one-time noncash loss and expense related to the advance refunding of the 1984 Cogeneration Facilities and Police Building Certificates of Participation of \$1,605,246. The advance refunding of the 1984 Cogeneration Facilities and Police Building Certificates of Participation by the City in April 1987 decreases its total debt service by \$1,841,305 over the remaining 18 years of the issue. In management's opinion, the accumulated deficit will be recovered in future years through the reduction of interest payments.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 (including unamortized discounts and refunding costs) are as follows:

<u>Governmental Activities</u>	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>	<u>Due within One Year</u>
Compensated absences payable	\$ 6,030,821	\$ 4,532,895	\$ (3,998,189)	\$ 6,565,527	\$ 3,213,240
Special assessment debt with government commitment	12,216,000	-	(961,000)	11,255,000	960,000
Capital lease obligations	371,535	-	(197,428)	174,107	137,794
Notes payable	118,590	-	(16,949)	101,641	17,999
Bonds Payable:					
2001 Housing Tax Allocation Bonds	4,775,000	-	(230,000)	4,545,000	235,000
2004 Tax Allocation Bonds, Series A	12,900,000	-	(380,000)	12,520,000	395,000
2004 Tax Allocation Bonds, Series B	8,545,000	-	(145,000)	8,400,000	150,000
2007 Tax Allocation Bonds, Series A,B,C	-	21,175,000	-	21,175,000	-
1991 Lease Revenue Bonds	2,291,068	144,195	(1,215,000)	1,220,263	1,220,263
2001 Lease Revenue Bonds	26,230,000	-	-	26,230,000	-
2004 Lease Revenue Bonds	57,570,000	-	(465,000)	57,105,000	480,000
2007 Refunding Lease	-	7,920,558	(606,614)	7,313,944	501,114
Unamortized discount	-	(43,427)	2,171	(41,256)	-
2007 Pension Obligation Bonds	19,832,588	-	-	19,832,588	121,165
Certificates of Participation:					
1996 Multiple Capital Facilities Refunding Certificates of Participation	6,365,000	-	(6,365,000)	-	-
Unamortized discount	(67,013)	-	67,013	-	-
1998 Multiple Capital Facilities Refunding Certificates of Participation	1,930,000	-	(1,930,000)	-	-
2002 Taxable Variable Rate Certificates of Participation	8,000,000	-	-	8,000,000	-
Total governmental long-term liabilities, net	<u>\$ 167,108,589</u>	<u>\$ 33,729,221</u>	<u>\$ (16,440,996)</u>	<u>\$ 184,396,814</u>	<u>\$ 7,431,575</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

The above schedule includes \$174,107 of capital lease obligations, \$138,679 of compensated absences payable, \$3,826,537 of Lease Revenue Bonds and \$19,832,588 of pension obligation bonds recorded in the City's internal service funds. Governmental compensated absences are generally liquidated by the general fund.

Business-type Activities	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008	Due in One Year
Compensated absences	\$ 622,039	\$ 361,552	\$ (237,016)	\$ 746,575	\$ 378,287
Airport Revenue bonds payable:					
1998 Airport Revenue Bonds	7,125,000	-	(7,125,000)	-	-
1998 Airport PFC Revenue Bonds	10,685,000	-	(290,000)	10,395,000	305,000
2006 Airport PFC Revenue Bonds	12,115,000	-	(310,000)	11,805,000	325,000
2008 Airport PFC Revenue Bonds	-	6,895,000	-	6,895,000	-
	<u>29,925,000</u>	<u>6,895,000</u>	<u>(7,725,000)</u>	<u>29,095,000</u>	<u>630,000</u>
Unamortized discount	(575,860)	(312,859)	196,769	(691,950)	-
Unamortized refund charge	(623,088)	-	44,506	(578,582)	-
Airport Revenue bonds payable, net	<u>28,726,052</u>	<u>6,582,141</u>	<u>(7,483,725)</u>	<u>27,824,468</u>	<u>630,000</u>
2007 Refunding Lease	-	12,444,442	(598,386)	11,846,056	423,886
Unamortized refund charge	-	(677,908)	33,895	(644,013)	-
2007 Refunding Lease, net	<u>-</u>	<u>11,766,534</u>	<u>(564,491)</u>	<u>11,202,043</u>	<u>423,886</u>
Certificates of Participation:					
1996 Multiple Capital Facilities Refunding Certificates of Participation	12,730,000	-	(12,730,000)	-	-
Unamortized discount	(172,050)	-	172,050	-	-
Unamortized Refund Charge	(1,020,647)	-	1,020,647	-	-
1996 MCF- Certificates of Participation, net	<u>11,537,303</u>	<u>-</u>	<u>(11,537,303)</u>	<u>-</u>	<u>-</u>
Total business-type long-term liabilities	<u>\$ 40,885,394</u>	<u>\$ 18,710,227</u>	<u>\$ (19,822,535)</u>	<u>\$ 39,773,086</u>	<u>\$ 1,432,173</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Special Assessment Debt with Government Commitment

At June 30, 2008, the City of Palm Springs has five outstanding Assessment District (A.D.) Improvement Bonds ("Bonds") issued in the aggregate amount of \$11,255,000 pursuant to the Improvement Bond Act of 1915. The proceeds of the Bonds were used to fund construction of street improvements, sewage collection systems and other public improvements within the A.D. If a delinquency occurs in the payment of any assessment installment, the City, at or before the end of the fiscal year of delinquency, has a duty to transfer into the redemption fund the amount of the delinquency out of available funds of the City.

A.D. 155

\$5,100,000 Bonds issued 3/2/98; Bonds mature between 9/2/98 and 9/2/09 in amounts ranging from \$405,000 through \$585,000; Bonds maturing on any March 2 or September 2 may be redeemed prior to its fixed maturity date, at the option of the City Treasurer, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, plus a premium; secured by tax bills sent to property owners; interest rates range between 4.0% and 5.4%; reserve of \$283,300 is required which is fully funded at June 30, 2008.

\$1,085,000

A.D. 157/158

\$2,345,000 Bonds issued 8/9/01; Bonds mature between 9/2/02 and 9/2/12 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, 2008.

\$830,000

A.D. 161

\$4,752,500 Bonds issued 2/5/04; Bonds mature between 9/2/05 and 9/2/24 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, 2008.

\$4,395,000

A.D. 162

\$1,300,000 bonds issued 11/10/04; bonds mature between 9/2/06 and 9/2/22 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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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, 2008.

\$1,235,000

A.D. 164

\$3,806,000 bonds issued 7/12/05; bonds mature between 9/2/07 and 9/2/30 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, 2008.

\$3,710,000

Total Special Assessment Debt with Government Commitment

\$11,255,000

Annual requirements to amortize outstanding special assessment debt as of June 30, 2008 are as follows:

June 30	A.D. 155		A.D. 157/158		A.D. 161		A.D. 162		A.D. 164	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 500,000	\$ 44,839	\$ 210,000	\$ 39,600	\$ 120,000	\$ 222,368	\$ 35,000	\$ 62,474	\$ 95,000	\$ 178,264
2010	585,000	15,795	220,000	28,200	125,000	218,505	35,000	61,275	100,000	175,129
2011	-	-	230,000	15,935	130,000	214,102	35,000	59,971	105,000	171,429
2012	-	-	80,000	7,370	135,000	209,130	40,000	58,478	105,000	167,334
2013	-	-	90,000	2,565	135,000	203,697	40,000	56,798	110,000	163,081
2014-2018	-	-	-	-	795,000	916,114	220,000	255,460	630,000	739,455
2019-2023	-	-	-	-	1,010,000	689,907	285,000	192,517	795,000	576,275
2024-2028	-	-	-	-	1,310,000	372,596	370,000	103,040	1,025,000	354,817
2029-2031	-	-	-	-	635,000	36,301	175,000	9,940	745,000	78,023
Total	<u>\$ 1,085,000</u>	<u>\$ 60,634</u>	<u>\$ 830,000</u>	<u>\$ 93,670</u>	<u>\$ 4,395,000</u>	<u>\$ 3,082,720</u>	<u>\$ 1,235,000</u>	<u>\$ 859,953</u>	<u>\$ 3,710,000</u>	<u>\$ 2,603,807</u>

Capital Lease Obligations

Fire Equipment Lease (Master Lease #1)

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

The financing was obtained from CaLease Public Funding Corporation during November 1999 for \$1,091,953 with an interest rate of 4.78% and semi-annual payments of \$69,724 through the end of the lease (December 2008). The outstanding balance at June 30, 2008 is \$68,098.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Fire Vehicles Lease (Master Lease #4)

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

The total cost of vehicles acquired was \$614,000 and is recorded in vehicles asset category in Motor Vehicles Replacement Internal Service Fund.

The financing was obtained from CaLease Public Funding Corporation in September 1999 for \$614,572 with an interest rate of 5.58% and semi-annual payments ranging from \$41,542 to \$37,327 through the end of the lease (September 2009). The outstanding balance at June 30, 2008 is \$106,009.

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

Year Ending June 30	Master Lease # 1	Master Lease # 4	Total
2009	\$ 69,724	\$ 74,654	\$ 144,378
2010		37,327	37,327
Subtotal	69,724	111,981	181,705
Less: Amount representing interest	(1,626)	(5,972)	(7,598)
Total	<u>\$ 68,098</u>	<u>\$ 106,009</u>	<u>\$ 174,107</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.

\$101,641

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Annual requirements to amortize outstanding notes payable as of June 30, 2008 is as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 17,999	\$ 5,833	\$ 23,832
2010	19,096	4,737	23,833
2011	20,258	3,574	23,832
2012	21,487	2,346	23,833
2013	22,801	1,032	23,833
Total	<u>\$ 101,641</u>	<u>\$ 17,522</u>	<u>\$ 119,163</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, 2008 the reserve was fully funded. The amount of bonds outstanding at June 30, 2008 is \$4,545,000.

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.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

The required reserve for the 2004 Series A and B bonds is \$1,037,200 and \$614,256, respectively. As of June 30, 2008, both reserves were fully funded. The amount of bonds outstanding at June 30, 2008 for the 2004 Series A and B bonds is \$12,520,000 and \$8,400,000, respectively.

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 A Bonds maturing on September 1, 2030 and September 1, 2034 are Term Bonds and 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 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 first portion of the term bonds with principal of \$1,140,000 accrues interest at a rate of 5.59% and matures on September 1, 2017. The second portion of the term bonds with principal of \$5,355,000 accrues interest at a rate of 6.411% and matures on September 1, 2034.

The balance outstanding as of June 30, 2008 was \$21,175,000.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Fiscal Year Ending June 30	Series A		Series B		Series C	
	Principal	Interest	Principal	Interest	Principal	Interest
	2009	\$ -	\$ 619,225	\$ -	\$ 117,293	\$ -
2010	-	619,225	-	117,293	-	407,035
2011	-	619,225	-	117,293	120,000	403,681
2012	-	619,225	-	117,293	125,000	396,833
2013	-	619,225	-	117,293	130,000	389,706
2014-2018	350,000	3,089,125	60,000	584,623	765,000	1,828,206
2019-2023	1,445,000	2,858,063	370,000	513,695	1,045,000	1,557,072
2024-2028	2,770,000	2,484,375	490,000	383,198	1,415,000	1,166,001
2029-2033	5,555,000	1,386,375	660,000	207,873	1,940,000	632,766
2034-2035	2,650,000	134,000	330,000	20,512	955,000	62,026
Total	\$ 12,770,000	\$ 13,048,063	\$ 1,910,000	\$ 2,296,366	\$ 6,495,000	\$ 7,250,361

Convention Center Lease Revenue Bonds

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

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

1991 Convention Center Lease Revenue Bonds

The remaining 1991 lease revenue bonds only consist of capital appreciation bonds, which have a face value of \$6,140,000. By their nature, there are no regular interest payments associated with capital appreciation bonds. The "interest" on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. The \$6,140,000 of face value capital appreciation bonds were initially recorded at the amount of proceeds received, \$2,125,540. Each year, the outstanding balance is increased for the accretion of interest associated with the bonds. The amount of bonds outstanding at June 30, 2008 is \$1,220,263.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

2001 Convention Center Lease Revenue Bonds

The 2001 bonds consist of \$14,315,000 of serial bonds and \$14,225,000 of term bonds. The serial bonds accrue interest at rates between 3.50% and 5.25% and mature between November 1, 2002 and November 1, 2019. The first portion of term bonds with principal of \$5,600,000 accrue interest at a rate of 5.00% and mature on November 1, 2022. The second portion of term bonds with principal of \$2,735,000 accrue interest at 4.75% and mature on November 1, 2023. The third portion of term bonds with principal of \$5,890,000 accrue interest at a rate of 5.00% and mature on November 1, 2025. The amount of bonds outstanding at June 30, 2008 is \$26,230,000.

2004 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, 2020 in amounts ranging from \$450,000 to \$1,105,000. The required reserve for the 1991, 2001 and 2004 Convention Center Lease Revenue Bonds is \$5,871,080. At June 30, 2008, the reserve fund was fully funded. The amount of bonds outstanding at June 20, 2007 is \$57,105,000.

Annual requirements to amortize outstanding bonds payable (excluding unamortized accretion of \$69,737) as of June 30, 2008 are as follows:

Fiscal Year Ending June 30	2001 Housing Bond		2004 Series A and B Revenue Bonds		Convention Center Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2009	\$ 235,000	\$ 224,000	\$ 545,000	\$ 1,091,134	\$ 1,770,000
2010	245,000	214,094	570,000	1,068,834	1,495,000	4,320,913
2011	255,000	203,278	590,000	1,045,634	1,555,000	4,256,612
2012	270,000	191,593	610,000	1,020,509	1,625,000	4,186,263
2013	280,000	178,868	640,000	991,184	1,700,000	4,112,662
2014-2018	1,630,000	664,714	3,725,000	4,428,065	9,975,000	19,179,844
2019-2023	1,630,000	185,116	4,765,000	3,337,301	12,865,000	16,220,619
2024-2028	-	-	3,590,000	2,120,833	16,465,000	12,504,706
2029-2033	-	-	3,965,000	1,126,280	21,340,000	7,414,000
2034-2036	-	-	1,920,000	110,106	15,835,000	1,337,463
Total	\$ 4,545,000	\$ 1,861,663	\$ 20,920,000	\$ 16,339,880	\$ 84,625,000	\$ 77,893,494

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 refunding resulted in a reduction of its total debt service payments over the next 19 years by \$2.5 million. The economic gain (difference between present values of the old and new debt service payments) from this transaction was \$1.7 million.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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, 2025 in amounts ranging from \$795,000 and \$1,205,000. The only portion of the term bonds with principal of \$2,525,000 accrues interest at a rate of 4.50% and matures on April 1, 2017.

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

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

The outstanding 2007 Refunding Lease Revenue Bonds at June 30, 2008 are reflected in the accompanying financial statements as follows:

	Balance at June 30, 2008
Governmental activities:	
Police building project & Master lease	\$ 3,446,151
Cogeneration plant fund	3,867,793
Less unamortized discount	(41,256)
Total governmental activities	\$ 7,272,688
Business-type activities:	
Golf Course fund	\$ 11,846,056
Less unamortized discount & refund charge	(644,013)
Total business-type activities	\$ 11,202,043

Fiscal Year Ending June 30	2007 Refunding Lease Revenue Bonds	
	Principal	Interest
2009	\$ 925,000	\$ 833,100
2010	960,000	796,100
2011	995,000	757,700
2012	1,030,000	717,900
2013	1,080,000	676,700
2014-2018	4,460,000	2,782,902
2019-2023	4,900,000	1,833,475
2024-2027	4,810,000	571,675
Total	\$ 19,160,000	\$ 8,969,552

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

2007 Taxable Pension Obligation Bonds

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

Interest on Series A-1 Current Interest Bonds of \$14,790,000, is payable on June 1 and December 1, commencing December 1, 2007. The rate of interest varies from 5.37% to 5.56% per annum. Principal is payable in annual installments ranging from \$605,000 to \$2,430,000 commencing on June 1, 2019 and ending on June 1, 2035. The balance outstanding as of June 20, 2008 was \$19,832,588.

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Year Ending June 30	Series A-1		Series A-2	
	Principal	Interest	Principal	Capital Appreciation (Interest)
2009	\$ -	\$ 814,648	\$ 121,165	\$ 617,196
2010	-	814,648	153,529	309,446
2011	-	814,648	174,273	317,395
2012	-	814,648	200,182	324,029
2013	-	814,648	222,610	328,674
2014-2018	-	4,073,238	1,370,144	1,627,230
2019-2023	2,765,000	3,746,473	497,090	1,636,558
2024-2028	3,530,000	2,760,216	935,623	1,757,043
2029-2033	3,850,000	2,257,146	1,367,972	534,841
2034-2035	4,645,000	392,946	-	-
Total	\$ 14,790,000	\$ 17,303,259	\$ 5,042,588	\$ 7,452,412

Certificates of Participation:

1996 Multiple Capital Facilities

On October 9, 1996, the Palm Springs Financing Authority (a component unit of the City of Palm Springs) issued \$24,135,000 Multiple Capital Facilities Refunding Certificates of Participation to defease the remaining \$14,050,000 of 1991 Golf Course Expansion Certificates of Participation and the remaining \$9,075,000 of 1987 Certificates of Participation Cogeneration Facilities and Police Building.

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.

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 of 1996 Multiple Capital Facilities Refunding Certificates of Participation.

1998 Multiple Capital Facilities Certificates

On September 17, 1998, the Palm Springs Financing Authority issued \$3,065,000 Multiple Capital Facilities Refunding Certificates of Participation to refund a portion of the Palm Springs Public Facility Corporation's 1989 Wastewater Certificates of Participation.

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

2002 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. At June 30, 2008, the outstanding balance is \$8,000,000.

Future requirements to amortize outstanding certificates of participation as of June 30, 2008 are as follows:

Fiscal Year	2002 Taxable	
Ending	Variable Rate	
June 30	Principal	Interest
2009	\$ -	\$ 112,000
2010	190,000	112,000
2011	205,000	109,340
2012	215,000	106,470
2013	230,000	103,460
2014-2018	1,805,000	456,470
2019-2023	2,600,000	306,740
2024-2027	2,755,000	99,470
Total	<u>\$ 8,000,000</u>	<u>\$ 1,405,950</u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Business-type Activities:

Bonds Payable

1998 Airport Revenue Bonds

On June 1, 1998, the Authority issued \$8,260,000 Airport Revenue Bonds, Series 1998 to provide funds to finance certain improvements to the airport. These bonds were issued simultaneously with the 1998 Airport Passenger Facility Charge Revenue Bonds which were also issued to finance certain improvements to the airport.

On May 14, 2008, the City issued \$6,895,000 Airport Passenger Facility Charge Revenue Bonds, to defease the remaining \$7,125,000 of 1998 Airport Revenue Bonds.

1998 Airport Passenger Facility Charge Revenue Bonds

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

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

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

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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, 2008, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2008 is \$10,223,667 net of \$171,333 of unamortized discount.

2006 Airport Passenger Facility Charge Revenue Bonds

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

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

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

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

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

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

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:

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Redemption Dates	Redemption Prices
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, 2008, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2008 is \$11,018,661 net of \$207,757 of unamortized discount and \$578,582 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 refunding resulted in an increase in the debt service payments over the next 20 years by \$827,523. The economic gain (difference between the present values of the old and new debt service payments) from this transaction was \$544,966.

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:

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

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:

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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

The required reserve for the 2008 Airport Passenger Facility Charge Revenue Bonds is \$644,000. At June 30, 2008, the reserve fund was fully funded. The amount of bonds outstanding at June 30, 2008 is \$6,582,141 net of \$312,859 unamortized discount.

Future requirements to amortize outstanding business-type bonds payable (excluding \$691,950 of unamortized discounts and \$885,115 of deferred refunding charges) as of June 30, 2008 are as follows:

Fiscal Year Ending June 30	2008 PFC Airport Bonds		2006 Airport Bonds		1998 PFC Airport Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ -	\$ -	\$ 325,000	\$ 622,168	\$ 305,000	\$ 550,443
2010	175,000	463,614	340,000	605,848	320,000	535,193
2011	225,000	415,410	355,000	588,453	335,000	519,193
2012	240,000	403,485	370,000	569,953	355,000	502,443
2013	245,000	390,765	390,000	550,063	375,000	484,338
2014-2018	1,455,000	1,730,880	2,280,000	2,400,164	2,175,000	2,113,932
2019-2023	1,935,000	1,230,420	2,960,000	1,672,142	2,825,000	1,487,376
2024-2028	2,620,000	531,240	4,785,000	705,683	3,705,000	633,875
Total	\$ 6,895,000	\$ 5,165,814	\$ 11,805,000	\$ 7,714,474	\$ 10,395,000	\$ 6,826,793

(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 American Home Assurance Company. 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 \$1,000,000 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, 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, 2008, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$3,921,219, of which \$784,244 represents the current portion.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2007 and 2008 for the Risk Management Fund are as follows:

<u>Fiscal Year Ending</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Change in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2006-2007	\$ 4,250,840	\$ 3,448,540	\$ (2,516,699)	\$ 5,182,681
2007-2008	5,182,681	2,968,302	(4,229,764)	3,921,219

(8) Defined Benefit Pension Plan (PERS)

(a) California Public Employees' Retirement System Plan Description

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

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 14.42% for non-safety employees, and 22.84% 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 2007-2008, the City's annual pension cost was \$8,089,339 and the City actually contributed \$8,451,039. The required contribution was determined as part of the June 30, 2005, 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 26 years for miscellaneous plan and 32 years for safety plan.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

The City's change in net pension asset for the year ended June 30, 2008 were as follows (amounts in thousands):

Annual required contribution	\$ (8,451)
Interest on beginning net pension asset	1,502
Adjustment to the annual required contribution	<u>(1,140)</u>
Annual pension cost	(8,089)
Contributions made	<u>8,451</u>
Change in net pension asset	362
Net pension asset, beginning of year	<u>19,382</u>
Net pension asset, end of year	<u><u>\$ 19,744</u></u>

The City's contribution to the plan in the fiscal year ended June 30, 2007 included \$19,382,434 from the proceeds of the Pension Obligation Refunding Bonds Series 2007. The City's contributions for 2008 was equal to the annual required contribution, which was more than the annual pension cost as a result of the pension obligation bond transaction.

TREND INFORMATION FOR PERS

Schedule of Employer Contributions (\$ Amount in Thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
06/30/06	\$ 7,933	\$ 7,933	100%	\$ -
06/30/07	8,557	8,557	227%	19,382
06/30/08	8,089	8,451	104%	19,744

Schedule of Funding Progress (\$ Amount in Thousands)

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability (b)</u>	<u>Actuarial Asset Value (a)</u>	<u>Unfunded AAL (UAAL) [(b) - (a)]</u>	<u>Funded Ratio [(a)/(b)]</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll {(b)-(a)/(c)}</u>
06/30/07						
Misc.	\$ 124,338	\$ 116,642	\$ 7,696	93.8%	\$ 18,180	42.3%
Safety	150,805	134,772	16,033	89.4%	12,123	132.3%
Total	<u><u>\$ 275,143</u></u>	<u><u>\$ 251,414</u></u>	<u><u>\$ 23,729</u></u>	<u><u>91.4%</u></u>	<u><u>\$ 30,303</u></u>	<u><u>78.3%</u></u>

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

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

(9) Post Retirement Benefits

In addition to the pension benefits described in Note 8, the City provides postretirement medical insurance benefits, in accordance with contractual provisions of the various Memoranda of Understanding with the City's recognized employee organizations, to all vested employees who retire from the City hired before various dates in 2005, 2006, and 2007 depending upon the bargaining unit. Currently 96 retirees meet those eligibility requirements. The City contributes between \$341 and \$1,633, and pays 75% to 100% of that amount per month, depending on number of service years, toward medical insurance coverage for retirees. For those retirees who are eligible for Medicare, the City contributes towards Medicare supplemental insurance coverage. Employees hired prior to April 1, 1986 are not enrolled in Medicare and therefore will continue to receive health insurance coverage from the City. Upon retirement, vested full-time employees may, at their own cost, convert group life insurance coverage to individual life insurance coverage, as long as they are less than 65.

Expenditures for postretirement medical insurance benefits are recognized as annual premiums and are paid on a pay-as-you-go basis. During the year, expenditures of \$990,090 were recognized for postretirement medical insurance. Increases over the prior year expenditure of \$894,926 were attributed to increased monthly contributions and increased number of retirees.

Post employment benefits for employees that separate for reasons other than retirement are limited to those required under the provisions of COBRA and require no contribution by the City.

(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

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

from the property once developed. Voss Properties eventually went into foreclosure, and the sublease was turned into a direct lease with the Bureau of Indian Affairs. The basic rent of \$470,450 for the Wyndham Hotel has been adjusted by increases in the Consumer Price Index to \$860,766. 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, 2008 payment for the fiscal year ending June 30, 2009. The subleases expire in 2059.

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

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

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 Palm Springs Community Redevelopment Agency 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.

CITY OF PALM SPRINGS
Notes to Financial Statements (Continued)
June 30, 2008

(11) Restatement

The beginning net assets at July 1, 2007 of the Golf Course Enterprise fund was restated to reflect the overstatement of Golf Course revenues as follows:

	Golf Course Fund	Government-wide Business-type Activities
Beginning net assets (deficit), July 1, 2007	\$ (7,362,211)	\$ 127,194,932
Restatement	(1,440,320)	(1,440,320)
Beginning net assets (deficit), July 1, 2007, restated	\$ (8,802,531)	\$ 125,754,612

(12) Sale of Land

On September 15, 1949, 39.07 acres of land (Parcel 111) was included in a Quit Claim Deed from the Federal Government to the Airport Enterprise Fund. This property contained an old wastewater treatment plant built by the Army Corps of Engineers that served the airport. During the fiscal year ended June 30, 2004, 24.96 acres of this property was transferred from the Airport Enterprise Fund to the Wastewater Treatment Plant Fund. On February 20, 2008, the City Council adopted a resolution approving the sale of the remaining 14.11 acres of airport property to the Wastewater Treatment Plant Fund for \$3,642,295. As required by GASB standards, this sale of land is treated as a transfer at June 30, 2008 and the Wastewater Treatment Plant Fund recorded a nominal carrying value of this property of \$10,000.

(13) Interagency Long-term Debt

During the fiscal year ended June 30, 2008, the City of Palm Springs transferred land, building equipment and improvements in exchange for promissory notes totaling \$65,260,000 to the Community Redevelopment Agency. The carrying value of these assets were \$8,140,572. These capital assets consisted of the Convention Center parking lot, Frank Stevens Park, Visitors Center, Village Green and Sunrise Park. These assets will be used for further redevelopment housing projects. Interest will be paid on June 30 each year at 6% to 10% determined by the City Council on or before April 15 of each year. As required by GASB No. 34, this intraentity 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.

(14) Subsequent Event

The State Legislature passed AB 1389, which became effective September 30, 2008. The bill includes a requirement for a payment to the Educational Revenue Augmentation Fund (ERAF) by each redevelopment agency by May 10, 2009. The California Redevelopment Association's estimate of the Agency payment is \$869,265.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

CITY OF PALM SPRINGS
Required Supplementary Information (Unaudited)
June 30, 2008

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

Schedule of Funding Progress (\$ Amount in Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded AAL (UAAL) [(a) - (b)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
06/30/05						
Misc.	\$ 110,863	\$ 92,477	\$ 18,386	83.4%	\$ 15,692	117.2%
Safety	<u>129,917</u>	<u>107,401</u>	<u>22,516</u>	<u>82.7%</u>	<u>9,806</u>	<u>229.6%</u>
Total	<u>\$ 240,780</u>	<u>\$ 199,878</u>	<u>\$ 40,902</u>	<u>83.0%</u>	<u>\$ 25,498</u>	<u>160.4%</u>
06/30/06						
Misc.	\$ 117,385	\$ 99,789	\$ 17,596	85.0%	\$ 16,733	105.2%
Safety	<u>138,621</u>	<u>115,168</u>	<u>23,453</u>	<u>83.1%</u>	<u>11,006</u>	<u>213.1%</u>
Total	<u>\$ 256,006</u>	<u>\$ 214,957</u>	<u>\$ 41,049</u>	<u>84.0%</u>	<u>\$ 27,739</u>	<u>148.0%</u>
06/30/07						
Misc.	\$ 124,338	\$ 116,642	\$ 7,696	93.8%	\$ 18,180	42.3%
Safety	<u>150,805</u>	<u>134,772</u>	<u>16,033</u>	<u>89.4%</u>	<u>12,123</u>	<u>132.3%</u>
Total	<u>\$ 275,143</u>	<u>\$ 251,414</u>	<u>\$ 23,729</u>	<u>91.4%</u>	<u>\$ 30,303</u>	<u>78.3%</u>

CITY OF PALM SPRINGS
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2008

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Taxes	\$ 42,733,748	\$ 42,733,744	\$ 39,463,504	\$ (3,270,240)
Licenses and permits	3,125,250	3,275,849	3,332,131	56,282
Fines and penalties	386,000	386,000	640,187	254,187
Investment income	568,000	568,000	3,061,823	2,493,823
Rental income	516,000	516,000	244,977	(271,023)
Intergovernmental	5,273,281	5,440,558	6,013,555	572,997
Charges for services	3,986,288	4,290,145	5,070,234	780,089
Transient occupancy taxes	6,403,000	6,403,004	6,283,252	(119,752)
Donations and contributions	15,000	35,000	35,000	-
Miscellaneous	256,000	275,646	383,008	107,362
Total Revenues	<u>63,262,567</u>	<u>63,923,946</u>	<u>64,527,671</u>	<u>603,725</u>
Expenditures:				
Current:				
General government	7,646,484	7,859,703	8,957,134	(1,097,431)
Public safety	31,443,570	32,729,620	31,885,940	843,680
Public works	8,651,985	9,236,354	8,559,571	676,783
Parks and recreation	5,818,385	6,344,474	5,956,366	388,108
Library	2,641,425	2,837,698	2,552,966	284,732
Total Expenditures	<u>56,201,849</u>	<u>59,007,849</u>	<u>57,911,977</u>	<u>1,095,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,060,718</u>	<u>4,916,097</u>	<u>6,615,694</u>	<u>1,699,597</u>
Other Financing Sources (Uses):				
Transfers in	600,000	1,000,000	1,000,000	-
Transfers out	(3,242,864)	(3,342,864)	(3,522,864)	(180,000)
Total Other Financing Sources (Uses)	<u>(2,642,864)</u>	<u>(2,342,864)</u>	<u>(2,522,864)</u>	<u>(180,000)</u>
Net Change in Fund Balance	4,417,854	2,573,233	4,092,830	1,519,597
Fund Balance, Beginning	<u>13,192,029</u>	<u>13,192,029</u>	<u>13,192,029</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 17,609,883</u>	<u>\$ 15,765,262</u>	<u>\$ 17,284,859</u>	<u>\$ 1,519,597</u>

See Accompanying Note to Required Supplementary Information.

CITY OF PALM SPRINGS
Note to Required Supplementary Information
June 30, 2008

(1) Budgetary Control and Accounting

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

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

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

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

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

SUPPLEMENTARY INFORMATION

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Assessment Debt Service Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 55,119	\$ 113,899	\$ 58,780
Special assessments	1,403,757	1,153,701	(250,056)
Miscellaneous	115,400	115,400	-
	<u>1,574,276</u>	<u>1,383,000</u>	<u>(191,276)</u>
Expenditures:			
Current:			
General government	109,179	191,156	(81,977)
Public works	238,743	24,076	214,667
Debt service:			
Principal	861,233	961,000	(99,767)
Interest	630,003	428,497	201,506
	<u>1,839,158</u>	<u>1,604,729</u>	<u>234,429</u>
Excess (deficiency) of revenues over expenditures	<u>(264,882)</u>	<u>(221,729)</u>	<u>43,153</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>140,000</u>	<u>140,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>140,000</u>	<u>140,000</u>
Net Change in Fund Balance	(264,882)	(81,729)	183,153
Fund balance, beginning of year	<u>3,572,541</u>	<u>3,572,541</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,307,659</u>	<u>\$ 3,490,812</u>	<u>\$ 183,153</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Redevelopment Agency Debt Service Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 15,916,419	\$ 15,532,837	\$ (383,582)
Investment income	223,921	343,830	119,909
Miscellaneous	-	868,632	868,632
	<u>16,140,340</u>	<u>16,745,299</u>	<u>604,959</u>
Expenditures:			
Current:			
General government	8,000	4,240	3,760
Bond issuance cost	820,895	785,989	34,906
Debt service:			
Principal	770,000	525,000	245,000
Interest	8,297,031	6,030,241	2,266,790
Pass-through payments	9,054,517	7,087,437	1,967,080
	<u>18,950,443</u>	<u>14,432,907</u>	<u>4,517,536</u>
Excess (deficiency) of revenues over expenditures	<u>(2,810,103)</u>	<u>2,312,392</u>	<u>5,122,495</u>
Other financing sources (uses):			
Proceeds from debt	7,639,419	1,171,000	(6,468,419)
Transfers out	-	(3,271,785)	(3,271,785)
	<u>7,639,419</u>	<u>(2,100,785)</u>	<u>(9,740,204)</u>
Net change in fund balance	4,829,316	211,607	(4,617,709)
Fund balance (deficit), beginning of year	<u>2,641,321</u>	<u>2,641,321</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,470,637</u>	<u>\$ 2,852,928</u>	<u>\$ (4,617,709)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Redevelopment Agency Capital Projects Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 519,076	\$ 1,065,990	\$ 546,914
Rental income	170,000	247,776	77,776
Charges for services	545,000	-	(545,000)
Miscellaneous	1,591,785	125,051	(1,466,734)
	<u>2,825,861</u>	<u>1,438,817</u>	<u>(1,387,044)</u>
Expenditures:			
Current:			
General government	1,368,417	1,218,085	150,332
Public works	26,329,772	8,343,590	17,986,182
	<u>27,698,189</u>	<u>9,561,675</u>	<u>18,136,514</u>
Excess (deficiency) of revenues over expenditures	<u>(24,872,328)</u>	<u>(8,122,858)</u>	<u>16,749,470</u>
Other financing sources (uses):			
Proceeds from debt	20,004,000	20,004,000	-
Transfers in	-	2,011,785	2,011,785
	<u>20,004,000</u>	<u>22,015,785</u>	<u>2,011,785</u>
Net change in fund balance	(4,868,328)	13,892,927	18,761,255
Fund balance, beginning of year	<u>14,204,532</u>	<u>14,204,532</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,336,204</u>	<u>\$ 28,097,459</u>	<u>\$ 18,761,255</u>

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Recycling – AB939 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 Involvement – To account for revenues and costs related to specific neighborhood improvement groups.

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

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

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

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

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

DEBT SERVICE FUND

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

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

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

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

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

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

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CITY OF PALM SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Community Promotion</u>	<u>Forfeiture</u>	<u>Safety Augmentation</u>
Assets:			
Cash and investments	\$ -	\$ 676,960	\$ 755,446
Cash and investments with fiscal agent	-	-	-
Deposits	200,000	-	-
Receivables:			
Accounts	1,237,550	-	-
Accrued interest	-	5,471	6,309
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	64,016
Advances to other funds	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 1,437,550</u>	<u>\$ 682,431</u>	<u>\$ 825,771</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 152,646	\$ 25,867	\$ 680
Accrued wages payable	-	-	16,957
Due to other funds	1,021,393	-	-
Due to other governments	-	-	-
Deposits payable	190,201	-	-
Deferred revenue	-	10,027	-
Total liabilities	<u>1,364,240</u>	<u>35,894</u>	<u>17,637</u>
Fund balances:			
Reserved for:			
Encumbrances	1,472	8,720	8,072
Deposits	200,000	-	-
Notes receivable	-	-	-
Advances to other funds	-	-	-
Land held for resale	-	-	-
Debt service requirements	-	-	-
Low and moderate housing	-	-	-
Continuing appropriations	254,161	551,300	239,551
Unreserved-designated for:			
Special purposes	-	-	-
Capital projects	-	-	-
Unreserved-undesignated	(382,323)	86,517	560,511
Total fund balances	<u>73,310</u>	<u>646,537</u>	<u>808,134</u>
Total liabilities and fund balances	<u>\$ 1,437,550</u>	<u>\$ 682,431</u>	<u>\$ 825,771</u>

Special Revenue Funds

Indian Gaming						
Special Distribution	Special Development	CSA 152	Recycling AB 939	Villagefest	Neighborhood Involvements	
\$ 16,216	\$ 684,296	\$ -	\$ 442,394	\$ 101,571	\$ 8,702	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	134,178	89,366	-	-	
-	5,496	-	35,389	-	69	
-	-	-	1,221,894	-	-	
-	-	-	4,049,709	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 16,216</u>	<u>\$ 689,792</u>	<u>\$ 134,178</u>	<u>\$ 5,838,752</u>	<u>\$ 101,571</u>	<u>\$ 8,771</u>	
\$ -	\$ -	\$ 12,244	\$ 1,813,503	\$ 2,070	\$ 279	
16,216	-	700	554	5,475	-	
-	-	118,863	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>16,216</u>	<u>-</u>	<u>131,807</u>	<u>1,814,057</u>	<u>7,545</u>	<u>279</u>	
-	-	47,847	217,177	-	-	
-	-	-	-	-	-	
-	-	-	1,221,894	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	532,917	-	-	-	7,280	
-	-	-	2,585,624	-	-	
-	-	-	-	-	-	
-	156,875	(45,476)	-	94,026	1,212	
-	<u>689,792</u>	<u>2,371</u>	<u>4,024,695</u>	<u>94,026</u>	<u>8,492</u>	
<u>\$ 16,216</u>	<u>\$ 689,792</u>	<u>\$ 134,178</u>	<u>\$ 5,838,752</u>	<u>\$ 101,571</u>	<u>\$ 8,771</u>	

(Continued)

CITY OF PALM SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Parking</u>	<u>Gas Tax</u>	<u>Measure A Improvements</u>
Assets:			
Cash and investments	\$ 127,679	\$ 1,021,970	\$ 4,760,959
Cash and investments with fiscal agent	-	-	-
Deposits	-	-	-
Receivables:			
Accounts	-	-	-
Accrued interest	-	9,117	41,677
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	4,093	278,318	4,321,034
Advances to other funds	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 131,772</u>	<u>\$ 1,309,405</u>	<u>\$ 9,123,670</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 20,392	\$ 31,745	\$ 688,098
Accrued wages payable	575	927	8,629
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Deferred revenue	-	-	29,850
Total liabilities	<u>20,967</u>	<u>32,672</u>	<u>726,577</u>
Fund balances:			
Reserved for:			
Encumbrances	820	2,009	1,606,099
Deposits	-	-	-
Notes receivable	-	-	-
Advances to other funds	-	-	-
Land held for resale	-	-	-
Debt service requirements	-	-	-
Low and moderate housing	-	-	-
Continuing appropriations	-	1,192,257	6,790,994
Unreserved-designated for:			
Special purposes	-	-	-
Capital projects	-	-	-
Unreserved-undesignated	109,985	82,467	-
Total fund balances	<u>110,805</u>	<u>1,276,733</u>	<u>8,397,093</u>
Total liabilities and fund balances	<u>\$ 131,772</u>	<u>\$ 1,309,405</u>	<u>\$ 9,123,670</u>

Special Revenue Funds

Drainage Construction	Community Development Block Grant	Master Lease	Air Quality Management	Public Arts	Library
\$ 5,932,870	\$ -	\$ 204,579	\$ 46,363	\$ 919,425	\$ 2,974,793
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
48,558	-	-	310	7,949	21,824
-	-	-	-	-	-
-	-	-	-	-	-
-	244,226	-	14,625	-	32
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,981,428</u>	<u>\$ 244,226</u>	<u>\$ 204,579</u>	<u>\$ 61,298</u>	<u>\$ 927,374</u>	<u>\$ 2,996,649</u>
\$ 710	\$ 9,886	\$ -	\$ 12,945	\$ 2,268	\$ 1,335
1,554	1,997	-	1,030	2,463	-
-	231,567	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	294,067
-	-	-	-	-	-
<u>2,264</u>	<u>243,450</u>	<u>-</u>	<u>13,975</u>	<u>4,731</u>	<u>295,402</u>
33,121	-	-	-	5,851	66,669
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,225,053	776	-	-	17,268	719,962
-	-	-	-	-	-
-	-	-	-	-	-
720,990	-	204,579	47,323	899,524	1,914,616
<u>5,979,164</u>	<u>776</u>	<u>204,579</u>	<u>47,323</u>	<u>922,643</u>	<u>2,701,247</u>
<u>\$ 5,981,428</u>	<u>\$ 244,226</u>	<u>\$ 204,579</u>	<u>\$ 61,298</u>	<u>\$ 927,374</u>	<u>\$ 2,996,649</u>

(Continued)

CITY OF PALM SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2008

	Special Revenue Funds		
	Quimby Act Fees	Special Projects	Low and Moderate Housing
Assets:			
Cash and investments	\$ 3,218,945	\$ 1,428,535	\$ 6,751,607
Cash and investments with fiscal agent	-	-	472,479
Deposits	-	-	33,619
Receivables:			
Accounts	-	38,049	-
Accrued interest	25,912	-	50,395
Notes	-	-	4,550,473
Due from other funds	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	1,809,591
Land held for resale	-	-	799,732
Total assets	<u>\$ 3,244,857</u>	<u>\$ 1,466,584</u>	<u>\$ 14,467,896</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 20,739	\$ 23,340	\$ 6,147
Accrued wages payable	-	2,443	9,468
Due to other funds	-	-	-
Due to other governments	-	-	92,609
Deposits payable	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>20,739</u>	<u>25,783</u>	<u>108,224</u>
Fund balances:			
Reserved for:			
Encumbrances	127,500	20,429	66,145
Deposits	-	-	33,619
Notes receivable	-	-	4,550,473
Advances to other funds	-	-	1,809,591
Land held for resale	-	-	799,732
Debt service requirements	-	-	-
Low and moderate housing	-	-	5,100,236
Continuing appropriations	1,048,217	1,409,887	1,999,876
Unreserved-designated for:			
Special purposes	-	-	-
Capital projects	-	-	-
Unreserved-undesignated	2,048,401	10,485	-
Total fund balances	<u>3,224,118</u>	<u>1,440,801</u>	<u>14,359,672</u>
Total liabilities and fund balances	<u>\$ 3,244,857</u>	<u>\$ 1,466,584</u>	<u>\$ 14,467,896</u>

Special Revenue Funds		Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
CFD Public Safety #1	Business Improvement District	General Debt Service	Capital Projects	Parking Projects	
\$ 34,611	\$ 52,628	\$ 110,914	\$ 4,815,027	\$ 452,144	\$ 35,538,634
-	-	6,332,068	-	-	6,804,547
-	-	-	-	-	233,619
6,032	-	-	173,843	-	1,679,018
-	463	2,948	-	3,652	265,539
-	-	-	-	-	5,772,367
-	-	-	-	-	4,049,709
-	-	-	-	-	4,926,344
-	-	-	-	-	1,809,591
-	-	-	-	-	799,732
<u>\$ 40,643</u>	<u>\$ 53,091</u>	<u>\$ 6,445,930</u>	<u>\$ 4,988,870</u>	<u>\$ 455,796</u>	<u>\$ 61,879,100</u>
\$ -	\$ 1,582	\$ -	\$ 242,569	\$ -	\$ 3,069,045
8,593	-	-	738	-	78,319
-	-	-	-	-	1,371,823
-	-	-	-	-	92,609
-	-	-	-	-	484,268
-	-	-	265,992	-	305,869
<u>8,593</u>	<u>1,582</u>	<u>-</u>	<u>509,299</u>	<u>-</u>	<u>5,401,933</u>
10,557	-	-	-	-	2,222,488
-	-	-	-	-	233,619
-	-	-	-	-	5,772,367
-	-	-	-	-	1,809,591
-	-	-	-	-	799,732
-	-	6,445,930	-	-	6,445,930
-	-	-	-	-	5,100,236
-	-	-	-	-	19,989,499
-	-	-	-	-	2,585,624
-	-	-	4,479,571	455,796	4,935,367
21,493	51,509	-	-	-	6,582,714
<u>32,050</u>	<u>51,509</u>	<u>6,445,930</u>	<u>4,479,571</u>	<u>455,796</u>	<u>56,477,167</u>
<u>\$ 40,643</u>	<u>\$ 53,091</u>	<u>\$ 6,445,930</u>	<u>\$ 4,988,870</u>	<u>\$ 455,796</u>	<u>\$ 61,879,100</u>

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Community Promotion</u>	<u>Forfeiture</u>	<u>Safety Augmentation</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 834,836
Licenses and permits	-	-	-
Fines and penalties	-	50,052	-
Investment income	-	30,220	31,545
Rental income	12,148	-	-
Intergovernmental	-	-	-
Charges for services	1,000	-	31,075
Transient occupancy taxes	8,181,233	-	-
Special assessments	-	-	-
Donations and contributions	115,239	-	109,999
Master lease	-	-	-
Miscellaneous	39,096	-	-
Total revenues	<u>8,348,716</u>	<u>80,272</u>	<u>1,007,455</u>
Expenditures:			
Current:			
General government	3,042,554	-	-
Cultural and convention center	2,345,989	-	-
Public safety	-	210,888	929,683
Public works	-	-	-
Parks and recreation	1,234,881	-	-
Library	-	-	-
Lease	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Payment to escrow agent	-	-	-
Total expenditures	<u>6,623,424</u>	<u>210,888</u>	<u>929,683</u>
Excess (deficiency) of revenues over expenditures	<u>1,725,292</u>	<u>(130,616)</u>	<u>77,772</u>
Other financing sources (uses):			
Proceeds from sale of assets	-	-	-
Proceeds from debt	-	-	-
Transfers in	1,260,000	-	-
Transfers out	(5,393,313)	-	-
Total other financing sources (uses)	<u>(4,133,313)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,408,021)</u>	<u>(130,616)</u>	<u>77,772</u>
Fund balances (deficit), beginning	<u>2,481,331</u>	<u>777,153</u>	<u>730,362</u>
Fund balances (deficit), ending	<u>\$ 73,310</u>	<u>\$ 646,537</u>	<u>\$ 808,134</u>

Special Revenue Funds

Indian Gaming Special Distribution	Special Development	CSA 152	Recycling AB 939	Villagefest	Neighborhood Involvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	384,322	-
-	-	-	-	-	-
15,296	28,282	-	285,848	-	352
-	-	-	-	-	-
1,097,544	-	-	12,341	-	-
-	5,366	-	371,924	-	-
-	-	-	-	-	-
-	-	275,401	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20	15,108	-
<u>1,112,840</u>	<u>33,648</u>	<u>275,401</u>	<u>670,133</u>	<u>399,430</u>	<u>352</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,117,949	-	-	-	-	-
-	-	275,401	2,537,091	-	-
-	-	-	-	376,522	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,117,949</u>	<u>-</u>	<u>275,401</u>	<u>2,537,091</u>	<u>376,522</u>	<u>-</u>
<u>(5,109)</u>	<u>33,648</u>	<u>-</u>	<u>(1,866,958)</u>	<u>22,908</u>	<u>352</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(5,109)</u>	<u>33,648</u>	<u>-</u>	<u>(1,866,958)</u>	<u>22,908</u>	<u>352</u>
<u>5,109</u>	<u>656,144</u>	<u>2,371</u>	<u>5,891,653</u>	<u>71,118</u>	<u>8,140</u>
<u>\$ -</u>	<u>\$ 689,792</u>	<u>\$ 2,371</u>	<u>\$ 4,024,695</u>	<u>\$ 94,026</u>	<u>\$ 8,492</u>

(Continued)

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Parking</u>	<u>Gas Tax</u>	<u>Measure A Improvements</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 1,737,420
Licenses and permits	-	-	-
Fines and penalties	91,417	-	-
Investment income	-	39,590	289,569
Rental income	-	-	-
Intergovernmental	-	1,590,730	5,181,491
Charges for services	1,237	-	-
Transient occupancy taxes	-	-	-
Special assessments	-	-	-
Donations and contributions	-	-	-
Master lease	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>92,654</u>	<u>1,630,320</u>	<u>7,208,480</u>
Expenditures:			
Current:			
General government	-	-	-
Cultural and convention center	-	-	-
Public safety	-	-	-
Public works	312,812	233,221	5,428,287
Parks and recreation	-	-	-
Library	-	-	-
Lease	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Payment to escrow agent	-	-	-
Total expenditures	<u>312,812</u>	<u>233,221</u>	<u>5,428,287</u>
Excess (deficiency) of revenues over expenditures	<u>(220,158)</u>	<u>1,397,099</u>	<u>1,780,193</u>
Other financing sources (uses):			
Proceeds from sale of assets	-	-	-
Proceeds from debt	-	-	-
Transfers in	215,000	-	-
Transfers out	-	(600,000)	-
Total other financing sources (uses)	<u>215,000</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balances	<u>(5,158)</u>	<u>797,099</u>	<u>1,780,193</u>
Fund balances (deficit), beginning	<u>115,963</u>	<u>479,634</u>	<u>6,616,900</u>
Fund balances (deficit), ending	<u>\$ 110,805</u>	<u>\$ 1,276,733</u>	<u>\$ 8,397,093</u>

Special Revenue Funds

Drainage Construction	Community Development Block Grant	Master Lease	Air Quality Management	Public Arts	Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(22,572)	-	-	-	-	-
-	-	-	-	-	-
302,190	454	865	1,568	41,361	159,021
-	-	-	-	-	-
-	658,959	-	55,966	-	-
-	-	-	-	427,881	979
-	-	-	-	-	-
-	-	-	-	17,268	13,147
-	-	1,256,252	-	-	-
-	5,803	-	-	-	-
<u>279,618</u>	<u>665,216</u>	<u>1,257,117</u>	<u>57,534</u>	<u>486,510</u>	<u>173,147</u>
-	-	1,673	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
92,150	700,697	-	49,304	522,407	-
-	-	-	-	-	-
-	-	-	-	-	80,681
-	-	1,200,000	-	-	-
-	-	234,064	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>92,150</u>	<u>700,697</u>	<u>1,435,737</u>	<u>49,304</u>	<u>522,407</u>	<u>80,681</u>
187,468	(35,481)	(178,620)	8,230	(35,897)	92,466
-	35,000	-	-	-	-
-	-	-	-	-	-
-	-	150,000	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>35,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
187,468	(481)	(28,620)	8,230	(35,897)	92,466
5,791,696	1,257	233,199	39,093	958,540	2,608,781
<u>\$ 5,979,164</u>	<u>\$ 776</u>	<u>\$ 204,579</u>	<u>\$ 47,323</u>	<u>\$ 922,643</u>	<u>\$ 2,701,247</u>

(Continued)

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Quimby Act Fees</u>	<u>Special Projects</u>	<u>Low and Moderate Housing</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 3,883,209
Licenses and permits	-	-	-
Fines and penalties	-	-	-
Investment income	160,655	11,318	314,547
Rental income	-	-	-
Intergovernmental	-	-	-
Charges for services	39,765	231,000	-
Transient occupancy taxes	-	-	-
Special assessments	-	-	-
Donations and contributions	-	629,884	-
Master lease	-	-	-
Miscellaneous	-	-	288,298
Total revenues	<u>200,420</u>	<u>872,202</u>	<u>4,486,054</u>
Expenditures:			
Current:			
General government	-	-	461,910
Cultural and convention center	-	-	-
Public safety	-	-	-
Public works	-	727,444	989,249
Parks and recreation	95,661	-	-
Library	-	-	-
Lease	-	-	-
Debt service:			
Principal	-	-	230,000
Interest	-	-	233,070
Bond issuance costs	-	-	-
Payment to escrow agent	-	-	-
Total expenditures	<u>95,661</u>	<u>727,444</u>	<u>1,914,229</u>
Excess (deficiency) of revenues over expenditures	<u>104,759</u>	<u>144,758</u>	<u>2,571,825</u>
Other financing sources (uses):			
Proceeds from sale of assets	-	-	-
Proceeds from debt	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	104,759	144,758	2,571,825
Fund balances (deficit), beginning	3,119,359	1,296,043	11,787,847
Fund balances (deficit), ending	<u>\$ 3,224,118</u>	<u>\$ 1,440,801</u>	<u>\$ 14,359,672</u>

Special Revenue Funds		Debt Service Funds	Capital Projects Funds		
CFD Public Safety #1	Business Improvement District	General Debt Service	Capital Projects	Parking Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,455,465
-	-	-	164,649	-	526,399
-	-	-	-	-	141,469
-	2,108	272,829	141,034	18,827	2,147,479
-	-	-	-	-	12,148
-	-	-	1,325,461	-	9,922,492
-	-	-	-	10,000	1,120,227
-	-	-	-	-	8,181,233
216,327	110,523	-	-	-	602,251
-	-	-	67,700	-	953,237
-	-	-	-	-	1,256,252
-	-	-	8,628	-	356,953
<u>216,327</u>	<u>112,631</u>	<u>272,829</u>	<u>1,707,472</u>	<u>28,827</u>	<u>31,675,605</u>
-	-	7,110	334,125	-	3,847,372
-	-	-	-	-	2,345,989
377,379	-	-	198,317	-	2,834,216
-	61,122	-	735,124	2,209	12,666,518
-	-	-	359,884	-	2,066,948
-	-	-	110,996	-	191,677
-	-	401,000	-	-	1,601,000
-	-	2,259,314	-	-	2,723,378
-	-	3,271,795	-	-	3,504,865
-	-	101,437	-	-	101,437
-	-	3,661,948	-	-	3,661,948
<u>377,379</u>	<u>61,122</u>	<u>9,702,604</u>	<u>1,738,446</u>	<u>2,209</u>	<u>35,545,348</u>
<u>(161,052)</u>	<u>51,509</u>	<u>(9,429,775)</u>	<u>(30,974)</u>	<u>26,618</u>	<u>(3,869,743)</u>
-	-	-	-	-	35,000
-	-	3,760,036	-	-	3,760,036
180,000	-	5,932,080	1,049,500	-	8,786,580
-	-	-	(750,403)	-	(6,743,716)
<u>180,000</u>	<u>-</u>	<u>9,692,116</u>	<u>299,097</u>	<u>-</u>	<u>5,837,900</u>
<u>18,948</u>	<u>51,509</u>	<u>262,341</u>	<u>268,123</u>	<u>26,618</u>	<u>1,968,157</u>
<u>13,102</u>	<u>-</u>	<u>6,183,589</u>	<u>4,211,448</u>	<u>429,178</u>	<u>54,509,010</u>
<u>\$ 32,050</u>	<u>\$ 51,509</u>	<u>\$ 6,445,930</u>	<u>\$ 4,479,571</u>	<u>\$ 455,796</u>	<u>\$ 56,477,167</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Community Promotion Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Rental income	\$ 10,000	\$ 12,148	\$ 2,148
Charges for services	41,000	1,000	(40,000)
Transient occupancy taxes	8,396,000	8,181,233	(214,767)
Donations and contributions	89,739	115,239	25,500
Miscellaneous	55,000	39,096	(15,904)
	<u>8,591,739</u>	<u>8,348,716</u>	<u>(243,023)</u>
Total revenues			
Expenditures:			
Current:			
General government	3,101,043	3,042,554	58,489
Cultural and convention center	2,632,398	2,345,989	286,409
Parks and recreation	1,342,351	1,234,881	107,470
	<u>7,075,792</u>	<u>6,623,424</u>	<u>452,368</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,515,947</u>	<u>1,725,292</u>	<u>209,345</u>
Other financing sources (uses):			
Transfers in	-	1,260,000	1,260,000
Transfers out	-	(5,393,313)	(5,393,313)
	<u>-</u>	<u>(4,133,313)</u>	<u>(4,133,313)</u>
Total Other Financing Sources (Uses)			
Net change in fund balance	1,515,947	(2,408,021)	(3,923,968)
Fund balance, beginning	<u>2,481,331</u>	<u>2,481,331</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,997,278</u>	<u>\$ 73,310</u>	<u>\$ (3,923,968)</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Forfeiture Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and penalties	\$ 50,052	\$ 50,052	\$ -
Investment income	2,000	30,220	28,220
	<hr/>	<hr/>	<hr/>
Total revenues	52,052	80,272	28,220
Expenditures:			
Current:			
Public safety	770,908	210,888	560,020
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(718,856)	(130,616)	588,240
Fund balance, beginning	777,153	777,153	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 58,297</u>	<u>\$ 646,537</u>	<u>\$ 588,240</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Safety Augmentation Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 833,863	\$ 834,836	\$ 973
Investment income	8,000	31,545	23,545
Charges for services	31,075	31,075	-
Donations and contributions	109,999	109,999	-
	<hr/>	<hr/>	<hr/>
Total revenues	982,937	1,007,455	24,518
Expenditures:			
Current:			
Public safety	1,213,707	929,683	284,024
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(230,770)	77,772	308,542
Fund balance, beginning	730,362	730,362	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 499,592</u>	<u>\$ 808,134</u>	<u>\$ 308,542</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Indian Gaming Special Distribution Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 15,296	\$ 15,296	\$ -
Intergovernmental	<u>1,097,544</u>	<u>1,097,544</u>	<u>-</u>
Total revenues	1,112,840	1,112,840	-
Expenditures:			
Current:			
Public safety	<u>1,117,949</u>	<u>1,117,949</u>	<u>-</u>
Net change in fund balance	(5,109)	(5,109)	-
Fund balance, beginning	<u>5,109</u>	<u>5,109</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Special Development Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 28,282	\$ 28,282
Charges for services	5,366	5,366	-
	<hr/>	<hr/>	<hr/>
Total revenues	5,366	33,648	28,282
Expenditures:			
Current:			
Public works	532,917	-	532,917
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(527,551)	33,648	561,199
Fund balance, beginning	656,144	656,144	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 128,593</u>	<u>\$ 689,792</u>	<u>\$ 561,199</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
CSA 152 Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 565,895	\$ 275,401	\$ (290,494)
Expenditures:			
Current:			
Public works	<u>407,354</u>	<u>275,401</u>	<u>131,953</u>
Net change in fund balance	158,541	-	(158,541)
Fund balance, beginning	<u>2,371</u>	<u>2,371</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ 160,912</u></u>	<u><u>\$ 2,371</u></u>	<u><u>\$ (158,541)</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Recycling - AB 939 Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 125,000	\$ 285,848	\$ 160,848
Intergovernmental	-	12,341	12,341
Charges for services	476,147	371,924	(104,223)
Miscellaneous	-	20	20
	<u>601,147</u>	<u>670,133</u>	<u>68,966</u>
Expenditures:			
Current:			
Public works	<u>2,979,848</u>	<u>2,537,091</u>	<u>442,757</u>
Net change in fund balance	(2,378,701)	(1,866,958)	511,723
Fund balance, beginning	<u>5,891,653</u>	<u>5,891,653</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 3,512,952</u></u>	<u><u>\$ 4,024,695</u></u>	<u><u>\$ 511,723</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Villagefest Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 366,000	\$ 384,322	\$ 18,322
Miscellaneous	14,250	15,108	858
Total revenues	380,250	399,430	19,180
Expenditures:			
Current:			
Parks and recreation	413,589	376,522	37,067
Net change in fund balance	(33,339)	22,908	56,247
Fund balance, beginning	71,118	71,118	-
Fund balance, ending	<u>\$ 37,779</u>	<u>\$ 94,026</u>	<u>\$ 56,247</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Neighborhood Involvements Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 352	\$ 352
Expenditures:			
Current:			
Public works	<u>7,280</u>	<u>-</u>	<u>7,280</u>
Net change in fund balance	(7,280)	352	7,632
Fund balance, beginning	<u>8,140</u>	<u>8,140</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 860</u></u>	<u><u>\$ 8,492</u></u>	<u><u>\$ 7,632</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Parking Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and penalties	\$ 94,000	\$ 91,417	\$ (2,583)
Charges for services	6,000	1,237	(4,763)
Total revenues	100,000	92,654	(7,346)
Expenditures:			
Current:			
Public works	364,435	312,812	51,623
Excess (deficiency) of revenues over expenditures	(264,435)	(220,158)	44,277
Other financing sources (uses):			
Transfers in	-	215,000	215,000
Net change in fund balance	(264,435)	(5,158)	259,277
Fund balance (deficit), beginning	115,963	115,963	-
Fund balance (deficit), ending	<u>\$ (148,472)</u>	<u>\$ 110,805</u>	<u>\$ 259,277</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 17,000	\$ 39,590	\$ 22,590
Intergovernmental revenues	1,591,679	1,590,730	(949)
Total revenues	1,608,679	1,630,320	21,641
Expenditures:			
Current:			
Public works	1,440,010	233,221	1,206,789
Excess (deficiency) of revenues over expenditures	168,669	1,397,099	1,228,430
Other financing uses:			
Transfer out	-	(600,000)	(600,000)
Net change in fund balance	168,669	797,099	628,430
Fund balance, beginning	479,634	479,634	-
Fund balance, ending	\$ 648,303	\$ 1,276,733	\$ 628,430

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Measure A Improvements Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,989,000	\$ 1,737,420	\$ (251,580)
Investment income	120,000	289,569	169,569
Intergovernmental	5,005,685	5,181,491	175,806
	<hr/>	<hr/>	<hr/>
Total revenues	7,114,685	7,208,480	93,795
Expenditures:			
Current:			
Public works	15,593,073	5,428,287	10,164,786
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(8,478,388)	1,780,193	10,258,581
Fund balance, beginning	6,616,900	6,616,900	-
	<hr/>	<hr/>	<hr/>
Fund balance (deficit), ending	<u>\$ (1,861,488)</u>	<u>\$ 8,397,093</u>	<u>\$ 10,258,581</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Drainage Construction Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 750,000	\$ (22,572)	\$ (772,572)
Investment income	150,000	302,190	152,190
	<hr/>	<hr/>	<hr/>
Total revenues	900,000	279,618	(620,382)
Expenditures:			
Current:			
Public works	5,350,324	92,150	5,258,174
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(4,450,324)	187,468	4,637,792
Fund balance, beginning	5,791,696	5,791,696	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 1,341,372</u>	<u>\$ 5,979,164</u>	<u>\$ 4,637,792</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 1,503	\$ 454	\$ (1,049)
Intergovernmental	517,881	658,959	141,078
Miscellaneous	5,803	5,803	-
	<u>525,187</u>	<u>665,216</u>	<u>140,029</u>
Expenditures:			
Current:			
Public works	<u>1,146,866</u>	<u>700,697</u>	<u>446,169</u>
Excess (deficiency) of revenues over expenditures	(621,679)	(35,481)	586,198
Other financing sources:			
Proceeds from sale of assets	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net change in fund balance	(586,679)	(481)	586,198
Fund balance, beginning	<u>1,257</u>	<u>1,257</u>	<u>-</u>
Fund balance, ending	<u>\$ (585,422)</u>	<u>\$ 776</u>	<u>\$ 586,198</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Master Lease Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 5,000	\$ 865	\$ (4,135)
Master lease	1,257,000	1,256,252	(748)
	<u>1,262,000</u>	<u>1,257,117</u>	<u>(4,883)</u>
Total revenues			
Expenditures:			
Current:			-
General government	6,107	1,673	4,434
Lease	1,200,000	1,200,000	-
Debt service:			-
Principal	160,931	234,064	(73,133)
Interest	68,699	-	68,699
	<u>1,435,737</u>	<u>1,435,737</u>	<u>-</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(173,737)	(178,620)	(4,883)
Other financing sources (uses):			
Transfers in	-	150,000	150,000
	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Net change in fund balance	(173,737)	(28,620)	145,117
Fund balance, beginning	233,199	233,199	-
Fund balance, ending	<u>\$ 59,462</u>	<u>\$ 204,579</u>	<u>\$ 145,117</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Air Quality Management Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 500	\$ 1,568	\$ 1,068
Intergovernmental	<u>52,500</u>	<u>55,966</u>	<u>3,466</u>
Total revenues	53,000	57,534	4,534
Expenditures:			
Current:			
Public works	<u>63,000</u>	<u>49,304</u>	<u>13,696</u>
Net change in fund balance	(10,000)	8,230	18,230
Fund balance, beginning	<u>39,093</u>	<u>39,093</u>	-
Fund balance, ending	<u><u>\$ 29,093</u></u>	<u><u>\$ 47,323</u></u>	<u><u>\$ 18,230</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Public Arts Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 15,000	\$ 41,361	\$ 26,361
Charges for services	252,925	427,881	174,956
Donations and contributions	17,268	17,268	-
	<u>285,193</u>	<u>486,510</u>	<u>201,317</u>
Expenditures:			
Current:			
Public works	<u>793,419</u>	<u>522,407</u>	<u>271,012</u>
Net change in fund balance	(508,226)	(35,897)	472,329
Fund balance, beginning	<u>958,540</u>	<u>958,540</u>	<u>-</u>
Fund balance, ending	<u>\$ 450,314</u>	<u>\$ 922,643</u>	<u>\$ 472,329</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Library Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ 49,000	\$ 159,021	\$ 110,021
Charges for services	11,000	979	(10,021)
Donations and contributions	15,000	13,147	(1,853)
Miscellaneous	1,000	-	(1,000)
	<hr/>	<hr/>	<hr/>
Total revenues	76,000	173,147	97,147
Expenditures:			
Current:			
Library	835,866	80,681	755,185
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(759,866)	92,466	852,332
Fund balance, beginning	2,608,781	2,608,781	-
	<hr/>	<hr/>	<hr/>
Fund balance, ending	<u>\$ 1,848,915</u>	<u>\$ 2,701,247</u>	<u>\$ 852,332</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Quimby Act Fees Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 160,655	\$ 160,655
Charges for services	-	39,765	39,765
Total revenues	-	200,420	200,420
Expenditures:			
Current:			
Parks and recreation	1,271,376	95,661	1,175,715
Net change in fund balance	(1,271,376)	104,759	1,376,135
Fund balance, beginning	3,119,359	3,119,359	-
Fund balance, ending	<u>\$ 1,847,983</u>	<u>\$ 3,224,118</u>	<u>\$ 1,376,135</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Special Projects Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 11,318	\$ 11,318
Charges for services	231,000	231,000	-
Donations and contributions	629,885	629,884	(1)
	<u>860,885</u>	<u>872,202</u>	<u>11,317</u>
Expenditures:			
Current:			
Public safety	231,000	-	231,000
Public works	1,813,022	727,444	1,085,578
Parks and recreation	113,740	-	113,740
	<u>(1,296,877)</u>	<u>144,758</u>	<u>1,441,635</u>
Net change in fund balance			
Fund balance, beginning	<u>1,296,043</u>	<u>1,296,043</u>	<u>-</u>
Fund balance, ending	<u>\$ (834)</u>	<u>\$ 1,440,801</u>	<u>\$ 1,441,635</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Low and Moderate Housing Special Revenue Fund
For the Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,747,400	\$ 3,883,209	\$ 1,135,809
Investment income	50,000	314,547	264,547
Miscellaneous	61,173	288,298	227,125
	<u>2,858,573</u>	<u>4,486,054</u>	<u>1,627,481</u>
Expenditures:			
Current:			
General government	477,506	461,910	15,596
Public works	3,118,245	989,249	2,128,996
Debt service:			
Principal	230,000	230,000	-
Interest	233,070	233,070	-
	<u>4,058,821</u>	<u>1,914,229</u>	<u>2,144,592</u>
Net change in fund balance	(1,200,248)	2,571,825	3,772,073
Fund balance, beginning	<u>11,787,847</u>	<u>11,787,847</u>	-
Fund balance, ending	<u><u>\$ 10,587,599</u></u>	<u><u>\$ 14,359,672</u></u>	<u><u>\$ 3,772,073</u></u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
CFD Public Safety #1 Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 271,951	\$ 216,327	\$ (55,624)
Expenditures:			
Current:			
Public safety	387,935	377,379	10,556
Excess (deficiency) of revenues over expenditures	(115,984)	(161,052)	(45,068)
Other financing uses:			
Transfer in	-	180,000	180,000
Net change in fund balance	(115,984)	18,948	134,932
Fund balance, beginning	13,102	13,102	-
Fund balance, ending	<u>\$ (102,882)</u>	<u>\$ 32,050</u>	<u>\$ 134,932</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Change in Fund Balance-Budget and Actual
Business Improvement District Special Revenue Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 2,108	\$ 2,108
Special assessments	125,000	110,523	(14,477)
Total revenues	125,000	112,631	(12,369)
Expenditures:			
Current:			
Public works	125,000	61,122	63,878
Net change in fund balance	-	51,509	51,509
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ 51,509</u>	<u>\$ 51,509</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Debt Service Fund
For the Year Ended June 30, 2008

	<u>Budget Final</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment income	\$ 273,000	\$ 272,829	\$ (171)
Total revenues	<u>273,000</u>	<u>272,829</u>	<u>(171)</u>
Expenditures:			
Current:			
General government	57,500	7,110	50,390
Lease	401,000	401,000	-
Bond issuance costs	-	101,437	(101,437)
Payment to escrow agent	-	3,661,948	(3,661,948)
Debt service:			
Principal	1,284,759	1,434,074	(149,315)
Interest	<u>4,297,398</u>	<u>4,097,035</u>	<u>200,363</u>
Total expenditures	<u>6,040,657</u>	<u>9,702,604</u>	<u>(3,661,947)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,767,657)</u>	<u>(9,429,775)</u>	<u>(3,662,118)</u>
Other financing sources (uses):			
Proceeds from debt	200,980	3,760,036	3,559,056
Transfers in	<u>-</u>	<u>5,932,080</u>	<u>5,932,080</u>
Total Other Financing Sources (Uses)	<u>200,980</u>	<u>9,692,116</u>	<u>9,491,136</u>
Net change in fund balances	(5,566,677)	262,341	5,829,018
Fund balances, beginning	<u>6,183,589</u>	<u>6,183,589</u>	<u>-</u>
Fund balances, ending	<u>\$ 616,912</u>	<u>\$ 6,445,930</u>	<u>\$ 5,829,018</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 270,300	\$ 164,649	\$ (105,651)
Investment income	-	141,034	141,034
Intergovernmental	1,601,923	1,325,461	(276,462)
Donations and contributions	517,700	67,700	(450,000)
Miscellaneous	-	8,628	8,628
	<u>2,389,923</u>	<u>1,707,472</u>	<u>(682,451)</u>
Expenditures:			
Current:			
General government	1,694,037	334,125	1,359,912
Culture and convention center	247,316		247,316
Public safety	795,002	198,317	596,685
Public works	6,714,080	735,124	5,978,956
Parks and recreation	1,044,783	359,884	684,899
Library	575,714	110,996	464,718
	<u>11,070,932</u>	<u>1,738,446</u>	<u>9,332,486</u>
Excess (deficiency) of revenues over expenditures	<u>(8,681,009)</u>	<u>(30,974)</u>	<u>8,650,035</u>
Other financing sources (uses):			
Transfers in	-	1,049,500	1,049,500
Transfers out	-	(750,403)	(750,403)
	<u>-</u>	<u>299,097</u>	<u>299,097</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>299,097</u>	<u>299,097</u>
Net change in fund balance	(8,681,009)	268,123	8,949,132
Fund balance, beginning of year	<u>4,211,448</u>	<u>4,211,448</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (4,469,561)</u>	<u>\$ 4,479,571</u>	<u>\$ 8,949,132</u>

CITY OF PALM SPRINGS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Parking Projects Capital Projects Fund
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 18,827	\$ 18,827
Charges for services	-	10,000	10,000
	<hr/>	<hr/>	<hr/>
Total revenues	-	28,827	28,827
Expenditures:			
Current:			
Public works	22,209	2,209	20,000
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(22,209)	26,618	48,827
Fund balance, beginning of year	429,178	429,178	-
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 406,969</u>	<u>\$ 455,796</u>	<u>\$ 48,827</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF PALM SPRINGS
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits
Assets:			
Current assets:			
Cash and investments	\$ 2,399,403	\$ 367,544	\$ 416,994
Accounts receivable	-	-	-
Accrued interest	18,331	-	295,854
Inventories	115,368	-	-
Total current assets	<u>2,533,102</u>	<u>367,544</u>	<u>712,848</u>
Noncurrent assets:			
Net pension asset	-	-	19,744,134
Restricted assets:			
Cash and investments with fiscal agents	74,654	-	-
Capital assets, net of accumulated depreciation	4,759,547	4,790	-
Advances to other funds	-	-	1,430,000
Unamortized debt issuance costs	-	-	434,079
Total noncurrent assets	<u>4,834,201</u>	<u>4,790</u>	<u>21,608,213</u>
Total assets	<u>7,367,303</u>	<u>372,334</u>	<u>22,321,061</u>
Liabilities:			
Current liabilities:			
Accounts payable	265,462	91,589	-
Accrued wages payable	20,817	32,905	-
Accrued interest payable	1,972	-	-
Claims and judgements payable	-	-	-
Lease revenue bonds	-	-	-
Total current liabilities	<u>288,251</u>	<u>124,494</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences payable	35,865	75,825	-
Claims and judgments payable	-	-	-
Capital lease obligations	174,107	-	-
Bonds payable	-	-	19,832,588
Total noncurrent liabilities	<u>209,972</u>	<u>75,825</u>	<u>19,832,588</u>
Total liabilities	<u>498,223</u>	<u>200,319</u>	<u>19,832,588</u>
Net assets:			
Invested in capital assets, net of related debt	4,585,440	4,790	-
Unrestricted	2,283,640	167,225	2,488,473
Total net assets (deficit)	<u>\$ 6,869,080</u>	<u>\$ 172,015</u>	<u>\$ 2,488,473</u>

Risk Management	Retiree Health Insurance	Cogeneration Plant	Total
\$ 5,753,628	\$ 195,651	\$ 811,162	\$ 9,944,382
1,218	12,565	54,676	68,459
44,958	-	7,104	366,247
-	-	-	115,368
<u>5,799,804</u>	<u>208,216</u>	<u>872,942</u>	<u>10,494,456</u>
-	-	-	19,744,134
-	-	199	74,853
-	-	2,619,009	7,383,346
-	-	-	1,430,000
-	-	104,861	538,940
-	-	<u>2,724,069</u>	<u>29,171,273</u>
<u>5,799,804</u>	<u>208,216</u>	<u>3,597,011</u>	<u>39,665,729</u>
15,643	-	181,420	554,114
8,201	-	-	61,923
-	-	41,848	43,820
784,244	-	-	784,244
-	-	235,824	235,824
<u>808,088</u>	<u>-</u>	<u>459,092</u>	<u>1,679,925</u>
26,989	-	-	138,679
3,136,975	-	-	3,136,975
-	-	-	174,107
-	-	3,590,713	23,423,301
<u>3,163,964</u>	<u>-</u>	<u>3,590,713</u>	<u>26,873,062</u>
<u>3,972,052</u>	<u>-</u>	<u>4,049,805</u>	<u>28,552,987</u>
-	-	(1,207,528)	3,382,702
1,827,752	208,216	754,734	7,730,040
<u>\$ 1,827,752</u>	<u>\$ 208,216</u>	<u>\$ (452,794)</u>	<u>\$ 11,112,742</u>

CITY OF PALM SPRINGS
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits
Operating revenues:			
Charges for services	\$ 3,871,461	\$ 3,748,488	\$ 9,539,227
Sale of electricity	-	-	-
Miscellaneous	6,115	-	-
Total operating revenues	<u>3,877,576</u>	<u>3,748,488</u>	<u>9,539,227</u>
Operating expenses:			
Heat, light and power	-	-	-
Other charges and services	3,035	-	3,000
Administration	94,484	103,135	-
Cogeneration	-	-	-
Retirement	-	-	8,509,499
Medical life and health insurance	-	-	-
Facilities maintenance	-	3,629,981	-
Maintenance shop operations	2,198,808	-	-
Worker's compensation	-	-	-
Other claims and insurance	21,407	61,622	-
Depreciation	805,402	2,589	-
Total operating expenses	<u>3,123,136</u>	<u>3,797,327</u>	<u>8,512,499</u>
Operating income (loss)	<u>754,440</u>	<u>(48,839)</u>	<u>1,026,728</u>
Nonoperating revenues (expenses):			
Investment income	108,739	-	5,258
Interest expense	(35,964)	-	(571,566)
Gain (loss) on sale of assets	13,509	-	-
Total nonoperating revenues (expenses)	<u>86,284</u>	<u>-</u>	<u>(566,308)</u>
Income (loss) before transfers	<u>840,724</u>	<u>(48,839)</u>	<u>460,420</u>
Transfers in	-	-	-
Change in net assets	<u>840,724</u>	<u>(48,839)</u>	<u>460,420</u>
Net assets (deficits), beginning	<u>6,028,356</u>	<u>220,854</u>	<u>2,028,053</u>
Net assets (deficits), ending	<u>\$ 6,869,080</u>	<u>\$ 172,015</u>	<u>\$ 2,488,473</u>

Risk Management	Retiree Health Insurance	Cogeneration Plant	Total
\$ 11,902,244	\$ 179,378	\$ 3,846,833	\$ 33,087,631
-	-	275,666	275,666
38,296	-	-	44,411
<u>11,940,540</u>	<u>179,378</u>	<u>4,122,499</u>	<u>33,407,708</u>
-	-	2,051,977	2,051,977
15,000	-	1,000	22,035
1,383,444	-	3,000	1,584,063
-	-	755,868	755,868
-	-	-	8,509,499
6,010,707	-	-	6,010,707
-	-	-	3,629,981
-	-	-	2,198,808
1,040,414	-	-	1,040,414
1,614,583	990,089	40,809	2,728,510
-	-	124,714	932,705
<u>10,064,148</u>	<u>990,089</u>	<u>2,977,368</u>	<u>29,464,567</u>
<u>1,876,392</u>	<u>(810,711)</u>	<u>1,145,131</u>	<u>3,943,141</u>
265,050	-	17,545	396,592
-	-	(310,258)	(917,788)
-	-	-	13,509
<u>265,050</u>	<u>-</u>	<u>(292,713)</u>	<u>(507,687)</u>
2,141,442	(810,711)	852,418	3,435,454
-	900,000	-	900,000
2,141,442	89,289	852,418	4,335,454
(313,690)	118,927	(1,305,212)	6,777,288
<u>\$ 1,827,752</u>	<u>\$ 208,216</u>	<u>\$ (452,794)</u>	<u>\$ 11,112,742</u>

CITY OF PALM SPRINGS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	Motor Vehicle Replacement	Facilities Maintenance	Employee Benefits
Cash flows from operating activities:			
Cash receipts from interfund services provided	\$ 3,901,491	\$ 3,748,488	\$ 9,539,227
Cash payment to suppliers for goods and services	(2,126,578)	(3,649,130)	(8,512,499)
Cash payment to employees for services	(105,406)	(109,535)	-
Net cash provided by (used for) operating activities	<u>1,669,507</u>	<u>(10,177)</u>	<u>1,026,728</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Cash paid for acquisition of capital assets	(875,748)	-	-
Proceeds from sale of capital assets	38,236	-	-
Principal paid on debt	-	-	-
Interest paid on debt	(37,191)	-	(917,191)
Repayment on obligation under capital lease	(197,428)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(1,072,131)</u>	<u>-</u>	<u>(917,191)</u>
Cash flows from investing activities:			
Proceeds from sale and maturities of investments	-	-	-
Interest received on investments	110,149	-	5,736
Net cash provided by (used for) investing activities	<u>110,149</u>	<u>-</u>	<u>5,736</u>
Net increase (decrease) in cash and cash equivalents	707,525	(10,177)	115,273
Cash and cash equivalents, beginning	<u>1,766,532</u>	<u>377,721</u>	<u>301,721</u>
Cash and cash equivalents, ending	<u><u>\$ 2,474,057</u></u>	<u><u>\$ 367,544</u></u>	<u><u>\$ 416,994</u></u>

Risk Management	Retiree Health Insurance	Cogeneration Plant	Total
\$ 11,967,583	\$ 173,708	\$ 4,117,694	\$ 33,448,191
(2,650,055)	(990,089)	(2,903,936)	(20,832,287)
(8,683,637)	-	-	(8,898,578)
<u>633,891</u>	<u>(816,381)</u>	<u>1,213,758</u>	<u>3,717,326</u>
-	900,000	-	900,000
-	900,000	-	900,000
-	-	-	(875,748)
-	-	-	38,236
-	-	(437,207)	(437,207)
-	-	(270,023)	(1,224,405)
-	-	-	(197,428)
-	-	(707,230)	(2,696,552)
-	-	287,288	287,288
269,478	-	17,545	402,908
<u>269,478</u>	<u>-</u>	<u>304,833</u>	<u>690,196</u>
903,369	83,619	811,361	2,610,970
4,850,259	112,032	-	7,408,265
<u>\$ 5,753,628</u>	<u>\$ 195,651</u>	<u>\$ 811,361</u>	<u>\$ 10,019,235</u>

CITY OF PALM SPRINGS
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2008

	<u>Motor Vehicle Replacement</u>	<u>Facilities Maintenance</u>	<u>Employee Benefits</u>
Reconciliation of cash and cash equivalents to amounts reported on statement of net assets:			
Reported on statement of net assets:			
Cash and investments	\$ 2,399,403	\$ 367,544	\$ 416,994
Cash and investments with fiscal agent	74,654	-	-
Cash and cash equivalents, ending	<u>\$ 2,474,057</u>	<u>\$ 367,544</u>	<u>\$ 416,994</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 754,440</u>	<u>\$ (48,839)</u>	<u>\$ 1,026,728</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	805,402	2,589	-
(Increase) Decrease in accounts receivable	-	-	-
(Increase) Decrease in due from other governments	23,915	-	-
(Increase) Decrease in inventory	19,455	-	-
Increase (Decrease) in accounts payable	77,217	42,473	-
Increase (Decrease) in accrued wages payable	2,663	6,172	-
Increase (Decrease) in due to other funds			
(Increase) Decrease in compensated absences	(13,585)	(12,572)	-
Increase (Decrease) in claims and judgments payable	-	-	-
Total adjustments	<u>915,067</u>	<u>38,662</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 1,669,507</u>	<u>\$ (10,177)</u>	<u>\$ 1,026,728</u>
Noncash, capital, financing and investing activities:			
Bond proceeds used to refund debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Risk Management</u>	<u>Retiree Health Insurance</u>	<u>Cogeneration Plant</u>	<u>Total</u>
\$ 5,753,628	\$ 195,651	\$ 811,162	\$ 9,944,382
-	-	199	74,853
<u>\$ 5,753,628</u>	<u>\$ 195,651</u>	<u>\$ 811,361</u>	<u>\$ 10,019,235</u>
<u>\$ 1,876,392</u>	<u>\$ (810,711)</u>	<u>\$ 1,145,131</u>	<u>\$ 3,943,141</u>
-	-	124,714	932,705
25,347	(5,670)	(4,805)	14,872
1,696	-	-	25,611
-	-	-	19,455
(5,149)	-	(49,586)	64,955
554	-	-	9,389
		(1,696)	(1,696)
(3,487)	-	-	(29,644)
<u>(1,261,462)</u>	<u>-</u>	<u>-</u>	<u>(1,261,462)</u>
<u>(1,242,501)</u>	<u>(5,670)</u>	<u>68,627</u>	<u>(225,815)</u>
<u>\$ 633,891</u>	<u>\$ (816,381)</u>	<u>\$ 1,213,758</u>	<u>\$ 3,717,326</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,826,537</u>	<u>\$ 3,826,537</u>

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AGENCY FUND

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

The City of Palm Springs has one Agency Fund.

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

CITY OF PALM SPRINGS
Statement of Changes in Assets and Liabilities
Special Deposits Agency Fund
For the Year Ended June 30, 2008

	Balance	Additions	Deletions	Balance
	July 1, 2007			June 30, 2008
Assets:				
Cash and investments	\$ 1,614,249	\$ -	\$ 251,737	\$ 1,362,512
Liabilities:				
Deposits payable	\$ 1,614,249	\$ -	\$ 251,737	\$ 1,362,512

STATISTICAL SECTION

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CITY OF PALM SPRINGS
Comprehensive Annual Financial Report
Year Ended June 30, 2008

STATISTICAL SECTION

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

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Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	148
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.</i>	154
Debt Capacity <i>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.</i>	160
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place</i>	168
Operating Information <i>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.</i>	171

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

	Fiscal Year		
	2008	2007	2006
Governmental activities:			
Invested in capital assets, net of related debt	\$ 74,644,178	\$ 68,392,428	\$ 89,544,865
Restricted	68,039,523	51,461,583	47,008,169
Unrestricted	43,003,704	56,957,112	28,383,927
Total governmental activities net assets	<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	\$ 98,206,074	\$ 98,785,796	\$ 93,694,649
Restricted	3,517,715	3,836,949	-
Unrestricted	23,222,716	24,572,187	16,849,508
Total business-type activities net assets	<u>\$ 124,946,505</u>	<u>\$ 127,194,932</u>	<u>\$ 110,544,157</u>
Primary government:			
Invested in capital assets net of related debt	\$ 173,429,974	\$ 167,178,224	\$ 183,239,514
Restricted	66,557,238	55,298,532	47,008,169
Unrestricted	65,646,342	81,529,299	45,233,435
Total primary government net assets	<u>\$ 305,633,554</u>	<u>\$ 304,006,055</u>	<u>\$ 275,481,118</u>

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

Source: City of Palm Springs, Finance Department

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

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

(Continued)

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

	Fiscal Year		
	2008	2007	2006
Net revenues (expenses):			
Governmental activities	(68,717,874)	(61,841,262)	(51,549,915)
Business-type activities	(3,451,539)	15,137,054	2,799,087
Total net revenues (expenses)	<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	32,558,462	28,272,695	22,933,538
Sales tax	9,138,355	9,798,032	8,842,715
Transient occupancy taxes	14,464,485	14,465,639	14,677,511
Other taxes	11,201,740	12,070,400	11,005,477
Motor vehicle in lieu	4,056,920	3,640,542	3,398,819
Investment income	4,580,865	1,678,144	984,833
Other general revenues	2,293,329	3,804,702	1,413,164
Transfers	(700,000)	(14,730)	(500,000)
Total governmental activities	<u>77,594,156</u>	<u>73,715,424</u>	<u>62,756,057</u>
Business-type activities:			
Investment income	1,625,626	1,498,991	808,752
Other revenue	317,450	-	-
Transfers	700,000	14,730	500,000
Total business-type activities	<u>2,643,076</u>	<u>1,513,721</u>	<u>1,308,752</u>
Total primary activities	<u>80,237,232</u>	<u>75,229,145</u>	<u>64,064,809</u>
Change in net assets:			
Governmental activities	8,876,282	11,874,162	11,206,142
Business-type activities	(808,463)	16,650,775	4,107,839
Total primary activities	<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 three years of data for this schedule.

Source: City of Palm Springs, Finance Department

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

	Fiscal Year		
	2008	2007	2006
General Fund:			
Reserved	\$ 5,402,822	\$ 3,972,662	\$ 4,045,302
Unreserved	<u>11,882,037</u>	<u>9,219,367</u>	<u>2,419,770</u>
 Total General Fund	 <u>\$ 17,284,859</u>	 <u>\$ 13,192,029</u>	 <u>\$ 6,465,072</u>
 All Other Governmental Funds:			
Reserved	\$ 71,505,398	\$ 31,258,664	\$ 39,126,531
Unreserved, reported in:			
Debt service	-	2,641,321	(433,447)
Special revenue funds	9,168,338	28,090,940	20,109,521
Capital projects funds	<u>10,244,630</u>	<u>12,936,479</u>	<u>21,860,630</u>
 Total All Other Governmental Funds	 <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 three years of data for this schedule.

Source: City of Palm Springs, Finance Department

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

	Fiscal Year		
	2008	2007	2006
Revenues:			
Taxes	\$ 75,916,291	\$ 72,093,648	\$ 67,085,805
Licenses and permits	3,858,530	5,044,241	5,098,958
Fines and penalties	781,656	1,167,855	944,495
Investment income	6,733,021	3,472,523	2,255,470
Rental income	504,901	854,909	776,345
Intergovernmental	15,936,047	9,651,107	8,847,596
Charges for services	6,190,461	8,138,350	6,486,118
Other	5,849,485	6,027,493	4,181,714
Total revenues	<u>115,770,392</u>	<u>106,450,126</u>	<u>95,676,501</u>
Expenditures:			
Current:			
General government	14,217,987	13,056,812	12,756,285
Cultural and convention center	3,946,989	5,319,373	9,797,133
Public safety	34,720,156	33,438,801	30,153,554
Public works	29,593,755	16,305,743	20,190,731
Parks and recreation	8,023,314	7,242,156	7,096,167
Library	2,744,643	2,232,037	2,481,292
Debt service:			
Principal retirement	4,209,378	6,975,994	3,362,576
Interest and fiscal charges	9,963,603	7,382,576	7,751,650
Bond issuance costs	887,426	-	-
Payment to escrow agent	3,661,948	-	-
Pass-through payments	7,087,437	5,505,436	3,973,940
Total expenditures	<u>119,056,636</u>	<u>97,458,928</u>	<u>97,563,328</u>
Excess (deficiency) of revenues over (under) expenditures	(3,286,244)	8,991,198	(1,886,827)
Other financing sources (uses):			
Transfers in	11,938,365	11,029,443	12,229,942
Transfers out	(13,538,365)	(12,564,443)	(13,214,342)
Proceeds for debt	24,935,036	-	3,806,000
Proceeds from sale of assets	35,000	-	-
Total other financing sources (uses)	<u>23,370,036</u>	<u>(1,535,000)</u>	<u>2,821,600</u>
Net change in fund balances	<u>\$ 20,083,792</u>	<u>\$ 7,456,198</u>	<u>\$ 934,773</u>
Debt service as a percentage of noncapital expenditures	20.4%	21.5%	22.3%

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

Fiscal Year Ended June 30	City			RDA			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2006	\$9,064,335	\$ 700,432	\$ 9,764,767	\$ 1,294,533	\$ 170,615	\$ 1,465,148	0.275%
2007	10,731,983	701,688	11,433,671	2,100,577	241,413	2,341,990	0.275%
2008	13,172,520	728,476	13,900,996	2,165,588	148,602	2,314,190	0.275%

NOTE:

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

Source: Riverside County Assessor's Office

CITY OF PALM SPRINGS
Direct and Overlapping Property Tax Rates
Last Three Fiscal Years
(Rate per \$100 of Assessed Value)

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

NOTE:

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

Source: Riverside County Assessor's Office

CITY OF PALM SPRINGS
Principal Property Tax Payers
Current Year

Taxpayer	2008	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Tenet Health System Desert Inc.	\$ 100,131,581	0.62%
HH Palm Springs	55,488,000	0.34%
Holdings Wessman	52,674,289	0.32%
Suncal PSV	44,023,099	0.27%
Shrode Family Trust	39,715,895	0.24%
PSMHOP	34,731,000	0.21%
Wal Mart Real Estate Business Trust	30,825,696	0.19%
Time Warner Entertainment	24,134,845	0.15%
Mountain View Power Partners III	22,872,222	0.14%
CRV Monte Sereno	20,580,371	0.13%
	\$ 425,176,998	2.61%

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

Source: Riverside County Assessor's Office

CITY OF PALM SPRINGS
Property Tax Levies and Collections
Last Three Fiscal Years

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

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

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

Source: Riverside County Auditor Controller's Office

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CITY OF PALM SPRINGS
Ratios of Outstanding Debt by Type
Last Three 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	99,827,951	46,640,000	101,641	166,402,180

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

Source: City Finance Department

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	0.00355	\$ 3,784
28,907,043	11,537,303	40,444,346	188,934,579	0.00382	3,999
29,095,000	11,846,058	40,941,058	207,343,238	0.00419	4,388

* Personal Income 49,443,185,000

* Total Population 47,251

CITY OF PALM SPRINGS
Direct and Overlapping Debt
June 30, 2008

City Assessed Valuation	\$ 13,900,996
Redevelopment Agency Incremental Valuation	<u>2,314,190</u>
	<u><u>\$ 16,215,186</u></u>

	Percentage Applicable (1)	Outstanding Debt 6/30/07	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Desert Community College District	23.026%	\$ 337,870,330	\$ 77,798,022
Banning Unified School District	0.224%	24,789,712	55,529
Palm Springs Unified School District	54.76%	237,685,000	130,161,060
San Geronio Memorial Hospital District	0.08%	25,000,000	20,000
City of Palm Springs 1915 Act Bonds	100%	<u>11,270,000</u>	<u>11,270,000</u>
 Total overlapping debt repaid with property taxes		 <u><u>\$ 636,615,042</u></u>	 <u><u>\$ 219,304,611</u></u>
Overlapping Other Debt:			
Riverside County General Fund Obligations	4.696%	\$ 701,562,556	\$ 32,945,378
Riverside County Pension Obligations	4.696%	387,995,000	18,220,245
Riverside County Board of Education Certificates of Participation	4.696%	9,275,000	435,554
Mt. San Jacinto Community College District General Fund Obligation	0.007%	12,995,000	910
City of Palm Springs General Fund Obligations	100%	110,881,000	110,881,000
City of Palm Springs Pension Obligations	100%	19,832,588	19,832,588
Coachella Valley County Water District Storm Water Unit	0.207%	<u>6,390,000</u>	<u>13,227</u>
 Less: Riverside County Self-Supporting Obligations			 <u>821,992</u>
Total overlapping other debt		<u><u>\$ 1,248,931,144</u></u>	<u><u>181,506,910</u></u>
 City direct debt			 <u><u>166,402,180</u></u>
 Total direct and overlapping debt			 <u><u>\$ 347,909,090</u></u>

Notes:

1 For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the 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.

CITY OF PALM SPRINGS
Legal Debt Margin Information
Last Three Fiscal Years
(in Thousands of Dollars)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Valuation	\$ 16,215,186	\$ 13,775,661	\$ 11,229,915
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	4,053,797	3,443,915	2,807,479
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	608,069	516,587	421,122
Total net debt applicable to limit: General Obligation Bonds	<u>99,828</u>	<u>102,319</u>	<u>107,733</u>
Legal debt Margin	<u>\$ 508,242</u>	<u>\$ 414,268</u>	<u>\$ 313,389</u>
Total Debt applicable to the limit as a percentage of debt limit	16.4%	19.8%	25.6%

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

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

**CITY OF PALM SPRINGS
Pledged-Revenue Coverage
Last Three 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

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

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

CITY OF PALM SPRINGS
Demographic and Economic Statistics
Last Three Calendar Years

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

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

Sources:

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

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

<u>Employer</u>	<u>2008</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Palm Springs Unified School District	1,992	6.28%
Desert Regional Medical Center	1,680	5.30%
Agua Caliente Gaming Casino	762	2.40%
City of Palm Springs	471	1.48%
Desert Sun	400	1.26%
Walmart	261	0.82%
Viasys Health Care	250	0.79%
Lowe's	200	0.63%
Home Depot	175	0.55%
Wyndham Hotel	150	0.47%

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

Information for the year 1999 is not available.

Source: State Employment Development Department
City of Palm Springs
Info USA

CITY OF PALM SPRINGS
Full - Time Equivalent City Employees By Department
Last Three Fiscal Years

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

Only three years has been presented, prior years unavailable.

Source: City Budget Department

CITY OF PALM SPRINGS
Operating Indicators by Function
Last Three Fiscal Years

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

Only three 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 Three Fiscal Years

	Fiscal Year		
	2008	2007	2006
Police:			
Stations	1	1	1
Fire:			
Fire Stations	5	5	5
Public Works:			
Streets (miles)	270	270	270
Streetlights	360	218	218
Traffic signals	81	76	76
Parks and recreation:			
Parks	8	8	8
Community centers	2	2	2
Airport:			
Runway (feet)	14,952	14,952	14,952
Gates	16	11	11
Wastewater:			
Sanitary sewers (miles)	260	260	260
Storm sewers (miles)	50	1	1
Maximum daily treatment capacity (thousands of gallons)	10900	10,900	10,900
Cogeneration:			
Cogeneration plants	1	1	1
Golf Course:			
Municipal golf courses	2	2	2
Convention Center:			
Square feet	250,000	250,000	250,000
Meeting rooms	13	13	13

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

Source: City of Palm Springs