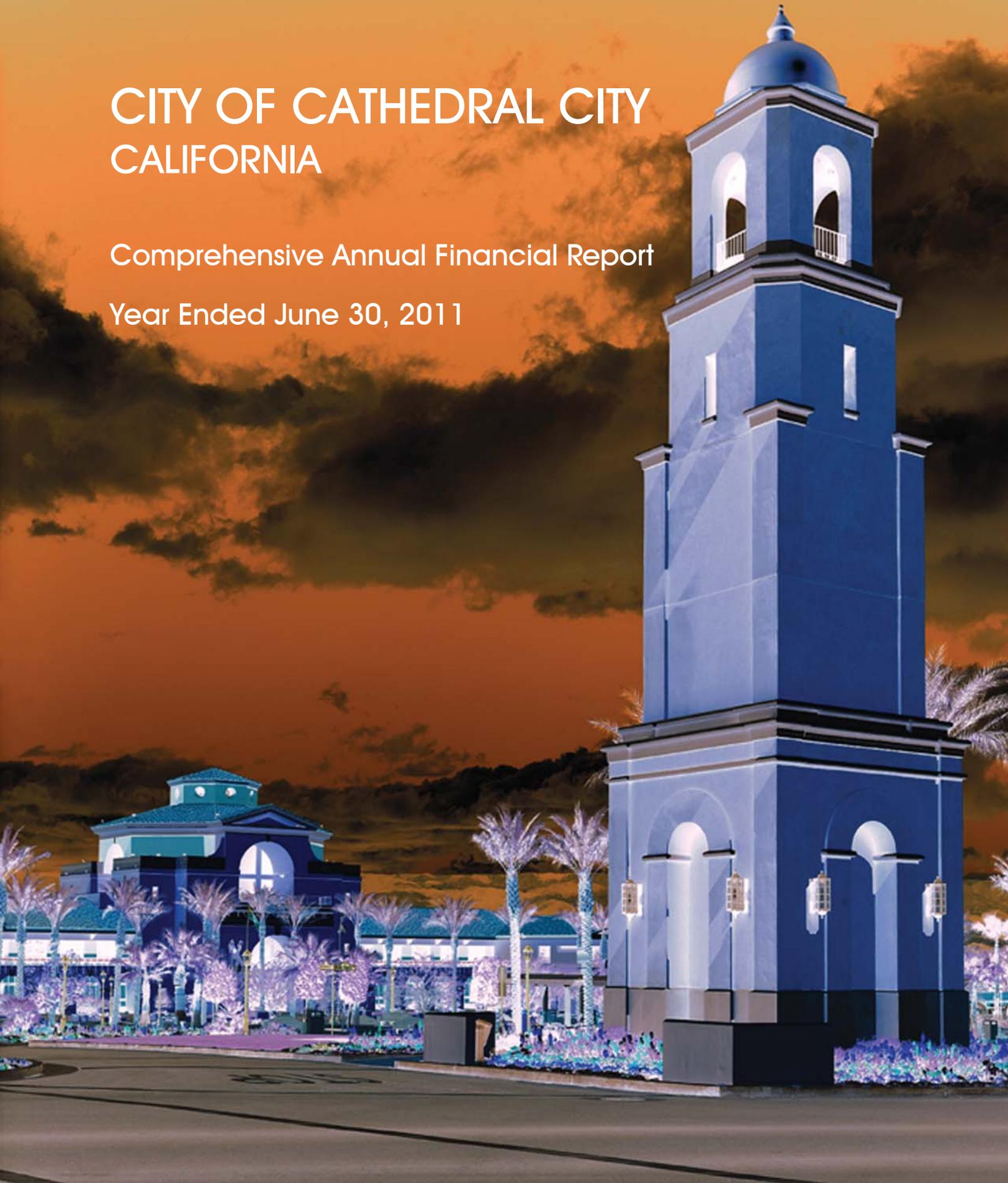


CITY OF CATHEDRAL CITY CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2011



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CITY OF CATHEDRAL CITY
CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2011

PREPARED BY DEPARTMENT OF FINANCE

TAMI SCOTT
Administrative Services Director



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TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	7
Organization Chart	8
Principal Officials	9

FINANCIAL SECTION

Independent Auditor's Report	13
Management's Discussion and Analysis (unaudited)	17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	35
Statement of Activities	36
Fund Financial Statements:	
Balance Sheet – Governmental Funds	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	41
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	45
Statement of Net Assets – Proprietary Funds	46
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	47
Statement of Cash Flows – Proprietary Funds	48
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	49
Notes to the Financial Statements	51
Required Supplementary Information (unaudited):	
PERS Schedule of Funding Progress	98
OPEB Schedule of Funding Progress	99
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Solid Waste Fund	100
Note to the Required Supplementary Information	105
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Combining Balance Sheet – General Fund	109
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund	110

(continued)

TABLE OF CONTENTS

	Page
FINANCIAL SECTION (continued)	
Nonmajor Governmental Funds:	
Fund Descriptions	113
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds by Fund Type	117
Combining Balance Sheet – Nonmajor Special Revenue Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	124
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	130
Combining Balance Sheet – Nonmajor Debt Service Funds	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	140
Combining Balance Sheet – Nonmajor Capital Projects Funds	142
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	152
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Capital Projects Funds	161
Internal Service Funds:	
Fund Descriptions	165
Combining Statement of Net Assets – Internal Service Funds	166
Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds	168
Combining Statement of Cash Flows – Internal Service Funds	170
Agency Funds:	
Fund Descriptions	175
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	176
Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	178
STATISTICAL SECTION (unaudited)	
Statistical Section – Schedule Descriptions	184
Net Assets by Component	186
Changes in Net Assets	188
Fund Balances of Governmental Funds	192
Changes in Fund Balances of Governmental Funds	194
Governmental Activities Tax Revenues by Source	196
Assessed Value and Actual Value of Taxable Property	197
Property Tax Rates – Direct and Overlapping Governments	198

(continued)

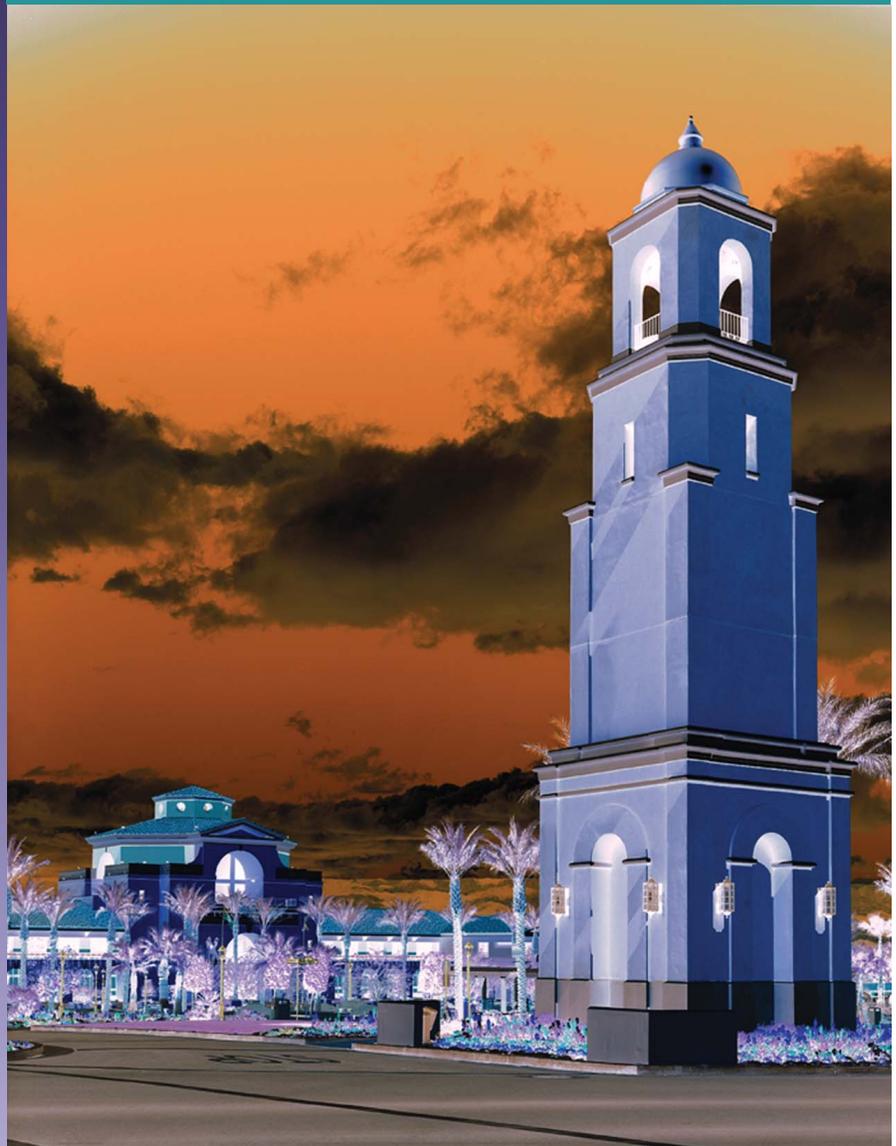
TABLE OF CONTENTS

	Page
STATISTICAL SECTION (unaudited) (continued)	
Principal Property Taxpayers	200
Property Tax Levies and Collections	201
Taxable Transactions by Category	202
Top 25 Sales Tax Producers	204
Ratios of Outstanding Debt by Type	205
Ratios of General Bonded Debt Outstanding	206
Direct and Overlapping Governmental Activities Debt	207
Legal Debt Margin Information	208
Pledged-Revenue Coverage	209
Demographic and Economic Statistics	210
Principal Employers – Current Year and Nine Years Ago	211
Full-time Equivalent City Government Employees by Function	212
Operating Indicators by Function	214
Capital Asset Statistics by Function	216
City of Cathedral City Map	218

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INTRODUCTORY SECTION



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TRANSMITTAL LETTER



City of Cathedral City, California
Finance Department

November 28, 2011

To the Honorable Mayor, Members of the City Council and Citizens of the City of Cathedral City:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Cathedral City, California for the fiscal year ended June 30, 2011, with the Independent Auditor's Report, submitted in compliance with Municipal Code, Section 2.12.040. The CAFR has been prepared by the Finance Department, in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

We believe that the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds, and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

The City's financial statements have been audited by Lance, Soll, & Lunghard, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded there was a reasonable basis for rendering an unqualified opinion that the City's financial statements were fairly presented in conformity with GAAP for the fiscal year ended June 30, 2011. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements the letter of transmittal and should be read in conjunction with it.

THE REPORTING ENTITY AND ITS SERVICES

The financial reporting entity (the City of Cathedral City) includes all the funds of the City of Cathedral City as well as all of its component units. Component units include legally separate entities for which the primary government is financially

accountable and that have substantially the same governing board as the City or provide services entirely to the City. For reporting purposes, the operations of the Cathedral City Redevelopment Agency, the Cathedral City Public Financing Authority, and the Cathedral City Downtown Foundation are blended with the City.

The City is a “full-service city” and provides a wide range of services, including police and fire protection, public works, construction and maintenance of roads and highways, planning and zoning, and general administrative support. A “full-service city” is defined as a city that is financially responsible for the full set of basic tax dependent municipal services within its jurisdiction including police, fire, parks and recreation, streets and land-use planning.

BUDGET OVERVIEW

The budget serves as the foundation for the City’s financial planning and control. The objective of the City’s budgetary controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. To achieve time and cost efficiencies over a traditional annual budget, the City of Cathedral City prepares and adopts a two-year budget. Under this cycle, the second year does not require formal adoption by City Council. Each year is separate and distinct. Unencumbered funds from the first year do not carry over into the second year.

The City Manager and the Administrative Services Director prepare and submit the budget to the City Council and administer it after adoption. The City Manager or the Administrative Services Director is authorized to adjust appropriations within each department or activity that does not exceed the amounts approved in the budget or any amending resolutions. Management can make transfers between departments as long as expenditures do not exceed appropriations at the fund level. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council’s approval. For each fund, total expenditures may not legally exceed total appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, if any, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

GOVERNMENT, ECONOMY AND STRATEGIC PLAN

Government

The original inhabitants of the Cathedral City area and the area now known as the Coachella Valley were the Cahuilla Indians, who lived throughout the area for over two thousand years. Members of the Shoshone tribe, the Cahuilla Indians were industrious farmers, hunting local wildlife like deer and sheep when necessary to fulfill tribal needs. In 1876, the Agua Caliente Band, descendants of the Cahuilla tribe, established a 52,000-acre reservation, which encompasses 28 percent of the Cathedral City area.

The first Spaniards were thought to appear in the area in 1772, with the first settlers planting roots in approximately 1821. In 1850, Colonel Henry Washington of the U.S. Army Corps of Engineers discovered that the area’s canyons resembled the interior of a grand cathedral and he named this canyon of majestic architecture Cathedral Canyon. In 1925, developers had the same impression, naming the area’s first subdivision Cathedral City.

The City of Cathedral City, incorporated in 1981, is a business and resort community located in the heart of the Coachella Valley in eastern Riverside County, located approximately 110 miles east of Los Angeles and 115 miles northeast of San Diego. Bordered by Palm Springs to the west and Rancho Mirage to the east, it is the second largest city in the Coachella Valley, with an estimated population of 52,841 as of calendar year 2010. The City currently occupies a land area of approximately 24 square miles at an elevation of 400 feet above sea level and boasts an ideal climate of 350 sunny days a year, clean air, scenic beauty and unlimited leisure activities, housing options and business opportunities. In February 2011, *U.S. News and World Report* named Cathedral City as one of the “10 Bargain Retirement Spots” in the United States.

From the original inhabitants, the Agua Caliente Band of Cahuilla Indians, Cathedral City has become a home of diversity in ethnicity, income and lifestyle. White-collar and blue-collar workers, professionals and retirees are all part of a population that works and lives together in a community striving for an enjoyable, prosperous and healthy lifestyle.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in a City Council comprised of the mayor and four other Council members. The City Council is responsible, among other things, for passing ordinances, adopting minute orders and resolutions (such as the budget), appointing committees, and hiring both the City Manager and City Attorney. The City Council is elected on a nonpartisan basis. Council members serve four-year staggered terms, with two Council members elected every two years. The mayor is elected to serve a two-year term. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the various department heads.

Economy

In recent years, Cathedral City has undergone major changes that have also affected other cities in the region. Population has grown, once-rural roads have become busy commercial corridors, and business activity has shifted from older centers to shopping plazas and malls in scattered locations. Through a public workshop process, the community resolved to revitalize the City's social and physical center. Cathedral City has committed itself to creating a unique high quality downtown that is the heart of the City's community pride and identity, bringing with it expanded opportunities for employment, housing, business and entertainment.

The City's centerpiece, the 70-acre Downtown Core and adjacent Pickfair Promenade, is fast becoming a dining, entertainment, and community destination for Coachella Valley residents and visitors, alike. Now "dinner and a movie" offers attractive options in downtown Cathedral City. Moviegoers can enjoy a film on one of the 14 screens at the Mary Pickford Theatres or on the six-story high screen at the Desert IMAX Theatre, the only 2D/3D facility in the Coachella Valley. Big Mama's adds a Cajun barbecue flair while Picanha serves up traditional Brazilian style churrascaria in the Desert IMAX Theatre complex. Trilussa Ristorante's Italian cuisine has become a favorite of residents and snowbirds alike in the Pickfair Promenade, which also includes Hi-Lites AVEDA Salon & Spa, ColdStone Creamery, Sister's Cupcakes by Design and Edible Arrangements. In addition, Cathedral City Town Square features a uniquely designed, award-winning stone sculpture, the Fountain of Life, as well as bronze statues of film star George Montgomery and musician Buddy Rogers.

Other major attractions in Cathedral City include the 28-acre Big League Dreams Sports Park, the 17-acre Dennis Keat Soccer Park, the NHL regulation-sized Desert Ice Castle skating rink with seating for 150 people, the Doral Desert Princess Resort Golf & Conference Center, the Cimarron Golf Resort, Boomers Amusement Park and various antique, furniture and consignment shops along Perez Road. The ultra-modern Cathedral City Public Library provides a host of exhibits, historical collections, art, computer services and books from around the world. Cathedral City is home to nine parks which offer a variety of fun-filled activities for the whole family.

The economic downturn of the last few years continues to impact the local economy. Unemployment, tight credit, the automobile industry and the housing market all have a direct effect on the City's major revenue source – sales tax, which is the City's General Fund largest revenue source. All taxes represent 74.4% of the total revenues received in 2011 by the General Fund. In fiscal year 2010/11, overall taxes increased \$3.7 million (22.5%) from fiscal year 2009/10 levels. The majority of this increase (\$2.9 million) was related to the transactions and use tax ("district" tax), which was approved by voters in June 2010 and became effective October 1, 2010, for a period of five years. In addition, the City saw a rebound in sales taxes – an increase of \$1.1 million (20.2%) from fiscal year 2009/10. However, the other economy-driven taxes, transient occupancy and property, combined for a decline of \$0.3 million from fiscal year 2009/10. The utility users tax, established in 2009, remained generally unchanged from fiscal year 2009/10, accounting for \$2.8 million. Although this year's results showed signs of the beginning of a recovery, it will continue to be a slow process and may take the City several years to recover.

The City also felt the impact of the decline in investment yields. As a result, the City experienced a \$1.1 million decline in interest and investment earnings. In early fiscal year 2009/10, yield rates were approximately 3%. By year's end they had declined to less than 1%. During fiscal year 2010/11, yields continued to be less than 1%.

The City of Cathedral City has continually been burdened by the financial pressures and impacts imposed by Federal, State, and County governments. Since the early 1980's, these governmental units have passed on to municipalities a myriad of unfunded mandates or service/regulatory requirements and also, have eliminated or redistributed significant sources of revenue. During this period, the City has been forced to absorb financial impacts from Federal, State, and County governments in the form of unfunded mandates and decreased subvention revenues.

In fiscal year 2009/10 Assembly Bill (AB) 26 4x was passed on July 24, 2009. This bill required redevelopment agencies to deposit tax increment monies in the county Supplemental Educational Revenue Augmentation Funds (SERAF) to be distributed to schools to fulfill the state's Proposition 98 obligations. The Agency paid \$9.5 million in fiscal year 2009/10 and \$1.95 million in fiscal year 2010/11.

In fiscal year 2010/11, two bills were passed as part of the 2011-12 State Budget (AB1X 26 and 27) that affect redevelopment agencies. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27 gives redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The State Department of Finance issued their estimated payment amounts and the Agency filed an appeal regarding the calculation. The estimated payment amount for fiscal year 2011/12 based on the revised calculation is \$6,112,785.

LONG-TERM FINANCIAL PLANNING

The City Council has established an informal target that the General Fund unassigned/assigned fund balance be at least 30% of the General Fund operating budget. The General Fund (Fund 100) unassigned/assigned fund balance was 28.2% of the fiscal year 2010/11 General Fund (Fund 100) operating budget as of June 30, 2011.

As a result of a continued significant downturn in the local, regional and national economies, Cathedral City has projected a General Fund operating deficit over the next fiscal year of \$2.4 million. Based on that projection, operating reserves will be reduced to approximately \$6.7 million by June 2012. Projected expenditures continue to outpace projected revenues despite the passage of the 3% Utility Users Tax (Measure "L") in 2008 and the 1% Transactions and Use Tax (Measure "H") in 2010. To that extent, the City continues to work on certain projects to generate General Fund revenue to provide basic services to residents, expand employment opportunities for local residents, assist small and start-up businesses, and broaden the spectrum of services and retail offerings for the community. Some of these projects include: plans for the new 5-acre Whitewater Park, sales tax generation through the expansion of automobile sales activity (e.g., the new Kia dealership, Fiat dealership, and a proposed Volkswagen dealership); transient occupancy tax generation through new hotel development (e.g., a proposed 197-room Staybridge Extended Stay hotel); and, general commercial, retail and mixed-use development (e.g., implementation of the 2010 Compass Blueprint for the six-mile Date Palm Corridor Connector Plan), as well as the adaptive reuse of existing commercial structures which are underutilized or vacant (e.g., conversion of the vacant Staples retail store to a new grocery store, conversion of a vacant flooring center to a contemporary consignment retail center).

Consistent with Council's Strategic Plan and the primary focus being Economic Development and revenue generation, in 2010, the City prepared, completed and adopted the "North City Specific Plan," a master plan for approximately 4,700 acres of existing and recently annexed "desert" undeveloped properties located north of Interstate I-10. The North City Specific Plan establishes a commercial node and retail development opportunities, integrating a pedestrian design in mixed use districts while at the same time preserving our habitat lands. The North City Specific Plan establishes strong economic, transportation and lifestyle connections between the "North City" and the existing City development to the south and between "North City" and the rest of the Coachella Valley. The area is currently envisioned to accommodate approximately 10.4 million square feet of Business Park, light industrial and mixed use commercial space with development to include hotel rooms, retail, offices, entertainment, resorts and light manufacturing, and almost 10,000 new residential units. The single most important benefit of this plan is the preparation for future development to generate long-term General Fund revenue.

The City's "Downtown Core Revitalization Plan" is intended to create a downtown Cathedral City that will ultimately consist of a centrally-located Downtown Core flanked by mixed-use, live-work commercial and residential districts to the south, east and west. The Downtown Core will consist of a tight cluster of commercial, entertainment and mixed-use buildings. In addition to a proposed hotel at the intersection of Date Palm Drive and Highway 111, other planned developments include

the “Market at 111,” a center with the potential of 220,000 square feet of retail space. In addition to this retail center, there is the potential for 300 residential units, 27,500 of office/financial uses, 14,000 square feet of restaurant space, and/or vertical mixed-use (retail/residential) buildings in the Downtown Core.

RELEVANT FINANCIAL POLICIES

Cash management policies and practices. The City Treasurer is responsible for the cash management and investment program of the City, which employs a pooled cash system. The City’s investments are managed in compliance with the investment policy adopted by the City Council and reaffirmed annually. Cash temporarily idle during the year was mainly invested in securities of government agencies and the State Treasurer’s investment pool.

Interest revenue is allocated to participating funds based on the quarterly ending cash balance of each fund. Interest revenue also includes changes in fair value of investments. Changes in fair value recognized in the current year do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The City is self-insured against most worker’s compensation, general liability and property claims. As part of this comprehensive plan, resources are being accumulated in an internal service fund (the “Insurance Fund”) to meet current and potential losses. Estimated liabilities are budgeted annually in this fund to meet potential losses. In addition, various control techniques, including employee accident prevention training and supervisor training, have been implemented to minimize accident-related losses.

Third-party coverage through the Public Entity Risk Management Authority (PERMA) is currently maintained for liability and workers compensation insurance. The liability insurance program provides coverage of \$1 million subject to the City’s self-insurance retention of \$250,000. Additional coverage up to \$50 million is subject to PERMA’s retained limit of \$1 million through the California State Association of Counties Excess Insurance Authority. The workers compensation insurance program provides coverage of \$500,000 (PERMA’s limit of liability) subject to the City’s self-insurance retention limit of \$250,000. Excess insurance coverage is limited to statutory levels for workers compensation and \$5 million for employer’s liability. Additional information on the City’s risk management activity can be found in the notes to the financial statements.

Pension benefits. The City contributes to the California Public Employees Retirement System (CALPERS), an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year’s annual required contribution to the pension plan as determined by this funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over a period not to exceed 30 years.

MAJOR INITIATIVES

There is a proposed resort/conference center hotel at the intersection of Date Palm Drive and Highway 111. This hotel will be a first-class, full-service lodging facility with pool/spa, a full-service restaurant, other food and beverage outlets, a grand ballroom, board room, business center and other amenities. The hotel should be very attractive to the group meetings market, providing up to 20,000 square feet of meeting space. It is estimated that group business will account for nearly 65% of the hotel’s occupancy at stabilization. Transient business (predominately leisure with some corporate travel) is projected to make up the remaining 35% of the stabilized occupancy. The Agency has spent the last ten years preparing for this project. The 12-acre site of the proposed conference center hotel was once blighted with limited infrastructure. The Agency has contributed considerable financial, political and human resources to make this project successful. The relocation, demolition, and acquisition costs alone have been in excess of \$14 million. The utilities and infrastructure to the site has cost more than \$6 million. In addition, the Agency and the City have also pledged site-specific available property taxes and transient occupancy taxes to the project, as well as a limited pledge of the Agency’s tax increment revenue.

As a complement to our long-term financial planning initiatives and subsequent to the adoption of the North City Specific Plan, the City continued its efforts to expand its Sphere of Influence (SOI) to the northeast of the City’s boundaries to include the 4,100 acres of the community of Thousand Palms. As a result of these efforts, in the spring of 2011, the City was successful in gaining approval of its SOI application from the Local Agency Formation Commission (“LAFCO”) and was

further encouraged to look at expanding the SOI further east to include an additional 5,500 acres, thereby including the remaining portion of the Thousand Palms area.

One of the keys to the success of the North City and the Thousand Palms SOI is the current Coachella Valley Association of Governments (CVAG) initiative for the Interstate-10 (I-10) Coachella Valley Corridor Improvement Projects. CVAG is partnering with various Coachella Valley cities to improve access on and off I-10 throughout the valley. Primary regional and local access will be greatly enhanced with the improvement of these I-10 interchanges at Ramon Road / Bob Hope Drive, Date Palm Drive, Palm Drive, and Indian Canyon Drive. Completion of these four corridor interchanges is planned for the spring of 2012 to the spring of 2013.

The Agency is currently working with a large multi-state developer for the development of an approximate 23-acre mixed-use development adjacent to the Mary Pickford Theatres. The development, encompassing 220,000 square feet of space, is located at the northwest corner of East Palm Canyon Drive and Date Palm Drive, will consist of retail, restaurant, office and residential uses. Suites will range in size between 5,000 and 24,000 square feet.

A multi-agency approach between the City of Cathedral City, the Riverside County Flood Control Agency, the City of Palm Springs, and the Bureau of Indian Affairs has made substantial progress in securing the funding for Eagle Canyon Dam, just to the southwest of Cathedral City. The success of this project will provide significant development opportunities for property previously in a flood zone. This will allow for the further expansion of the Cathedral City Auto Center, the City's major sales tax generator. It is anticipated this multimillion dollar project will be under construction by mid -2012.

CERTIFICATE OF ACHIEVEMENT

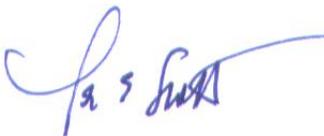
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the sixth consecutive year that the City has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awards a Distinguished Budget Presentation Award for governmental budgets. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications device. For the second time, the City's Adopted Biennial Budget for Fiscal Years 2010/11 and 2011/12 was submitted to GFOA for consideration of this award. In November 2010, the City was notified that it had received the Distinguished Budget Presentation Award.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to City staff that assisted and contributed to the preparation of this report. Credit also must be given to City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Tami E. Scott
Administrative Services Director

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cathedral City
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

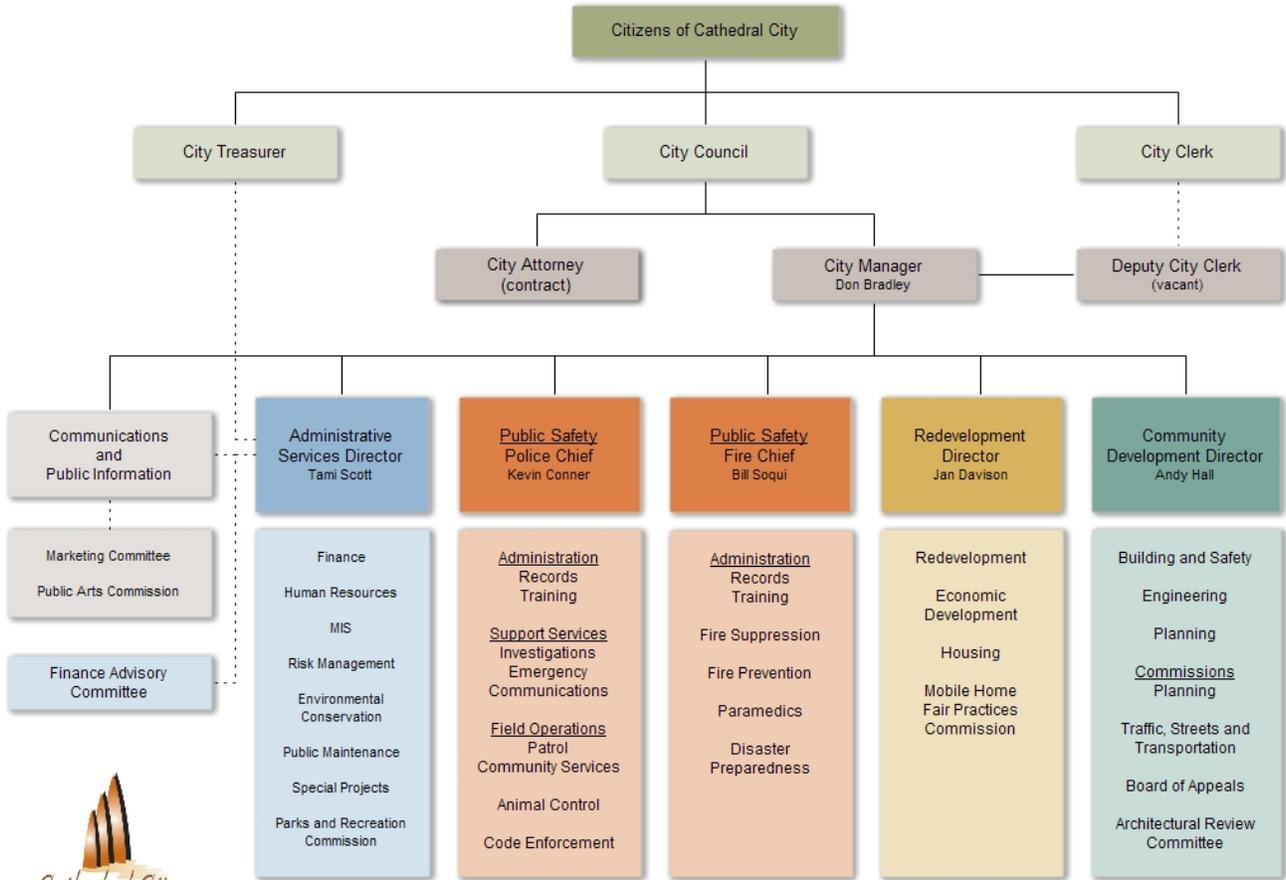
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

ORGANIZATION CHART



PRINCIPAL OFFICIALS

CITY COUNCIL

Mayor



Kathleen DeRosa

Mayor Pro Tem



Charles Vasquez

Council Member



Charles (Bud) England

Council Member



Gregory Pettis

Council Member



Sam Toles

OTHER ELECTED OFFICIALS

City Treasurer Henry Chan
City Clerk Pat Hammers

ADMINISTRATIVE OFFICIALS

City Manager Donald Bradley
City Attorney Charles Green
Chief of Police Kevin Conner
Fire Chief Bill Soqui
Administrative Services Director Tami Scott
Redevelopment Agency Director Jan Davison
Community Development Director Andy Hall

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FINANCIAL SECTION



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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Cathedral City, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Cathedral City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

We would like to draw the reader's attention to Note 19 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27, which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of the City of Cathedral City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



To the Honorable Mayor and Members of the City Council
City of Cathedral City, California

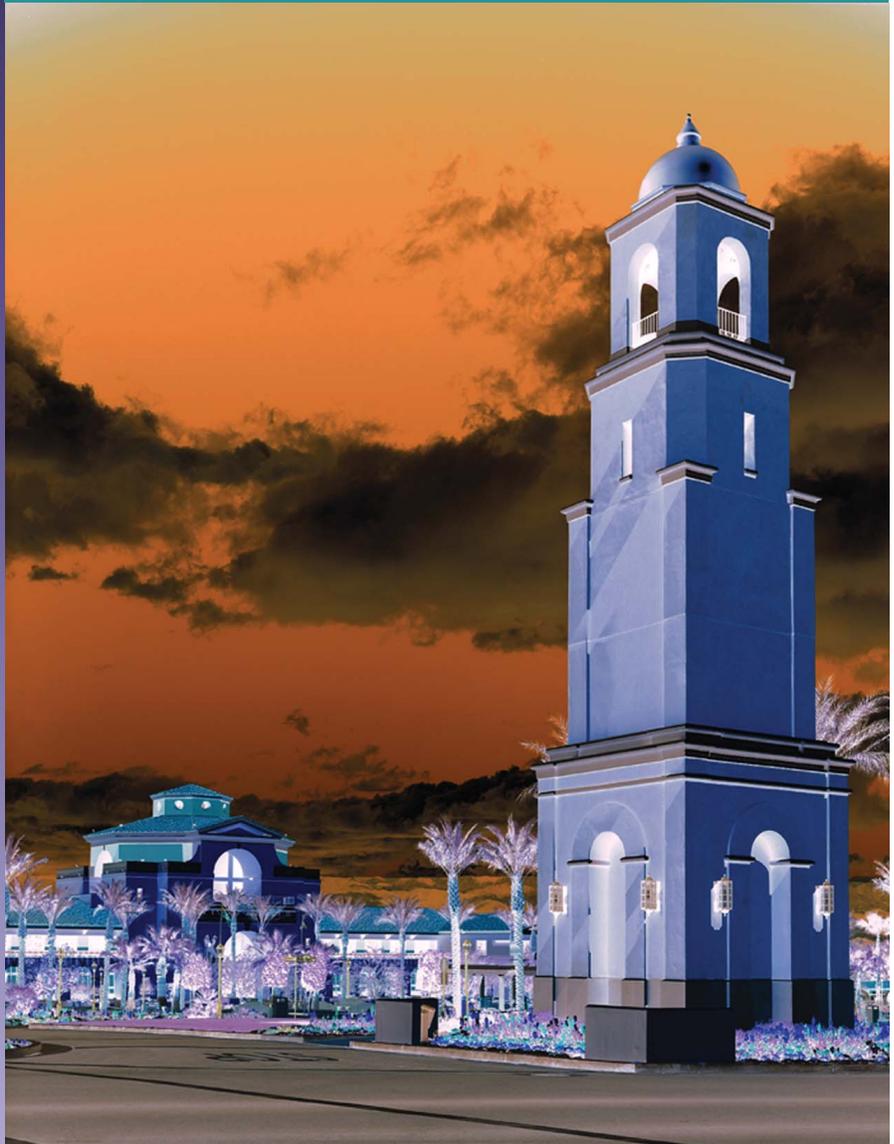
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the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

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

Lance, Soll & Lughard, LLP

Brea, California
November 21, 2011

Management's Discussion and Analysis



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Cathedral City ("City") provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Financial Highlights

- The assets of the City exceeded its liabilities at June 30, 2011, by \$103.0 million (reported as *net assets*).
- The City's total net assets decreased by \$13.5 million from June 30, 2010. The overall decrease was the result of expenses exceeding revenues for the year (\$13.3 million decrease) and restating beginning net assets to record the purchase of the old library building not previously reported (\$0.4 million increase) and correct prior years depreciation (\$0.6 million decrease).
- At June 30, 2011, the City's governmental funds reported combined ending fund balances of \$175.4 million, which is a decrease of \$10.2 million (or 5.5%) in comparison to June 30, 2010.
- At June 30, 2011, the unassigned General Fund balance was \$6.8 million of the \$13.8 million total balance. Overall, the General Fund balance decreased \$2.8 million (or 16.9%) from June 30, 2010.
- The City's total debt increased by \$1.0 million from June 30, 2010. The decrease in bonds payable of \$5.8 million was the result of principal payments on outstanding debt. This was offset by an overall net increase of \$6.8 million in other post-employment benefits (\$5.5 million increase), capital lease obligations (\$0.3 million decrease), compensated absences (\$0.1 million decrease), claims and judgments (\$1.5 million increase), and other long-term debt (\$0.2 million increase).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consist of three components: (1) *government-wide* financial statements, (2) *fund* financial statements, and (3) *notes* to the financial statements. This report also contains other *supplementary information* in addition to the basic financial statements. For the eighth consecutive year, this report includes government-wide financial statements as required by GASB No. 34.

Government-wide financial statements provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The ***fund financial statements*** focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. They are used to maintain control over resources that have been segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements can be divided into three categories:

- The *governmental funds* statements tell how general government services like public safety and public works 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 similar to businesses.
- *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 provides additional financial and budgetary information.

Figure A-1 below 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 Statements	Fund Statements		
		<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

Government-Wide Financial Statements (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. 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 the question, “As a whole, Is the City better off or worse off as a result of the

year’s activities?” 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 the changes in them during the fiscal year. You can think of the City’s net assets – the difference between assets and liabilities – as one way to measure the City’s financial health, or financial position. Over time, increases and decreases in the City’s net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the City’s property tax base, the condition of the City’s roads, etc. need to be taken into account when assessing 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. These activities are supported by taxes and intergovernmental revenues. The governmental activities of the City include public safety, public works, community development, culture and recreation, general administration and finance, and general city responsibilities.
- **Business-type activities** – These activities are intended to recover all or a significant portion of their costs through user fees and charges. The City’s business-type activity consists of the Cathedral City Downtown Foundation, a component unit, which currently operates the IMAX Theatre.
- **Component units** – The Cathedral City Redevelopment Agency, the Cathedral City Public Financing Authority and the aforementioned Cathedral City Downtown Foundation are legally separate component units. The component units, while legally separate from the City, provide services entirely or almost exclusively for the benefit of the City even though they do not provide services directly to the City. Although legally separate from the City, these component units are blended with the City government because of their exercise of authority and their financial relationships with the City.

Fund Financial Statements

The **fund financial statements** are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific resources of funding and spending for a particular purpose. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – 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. Such information may be useful in determining what financial resources are available in the near future to finance the City’s programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is helpful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type: special revenue, debt service, and capital projects. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* for the General Fund, Solid Waste Special Revenue Fund, Redevelopment Agency Area 3 Debt Service Fund, Public Financing Authority Debt Service Fund, Areawide Capital Projects Fund, 2002 E Housing Bond Capital Projects Fund and 2007 TAB B Capital Projects Fund. These funds are considered to be major funds. The remaining governmental funds are

considered to be nonmajor funds and data are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. These funds are reported using **modified accrual accounting**, which measures cash and all other financial assets that can readily be converted to cash.

The City adopts a biennial budget prepared on the modified accrual basis of accounting for the General Fund, certain special revenue funds (Low and Moderate Income Housing, Traffic Safety, State Gas Tax, Air Quality Improvement, Measure A, Solid Waste, Police Department Special Revenues, Fire Department Special Revenues, and Landscape and Lighting Districts), and a capital projects fund (RDA Administration). The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end.

The City's budget reflects its priorities and informs the taxpayers and ratepayers what is being done with their money. Budgetary comparison statements have been provided in the required supplementary information for the General Fund and Solid Waste Special Revenue Fund to demonstrate compliance with the budget. Budgetary comparison statements for other appropriated non-major governmental funds are provided in the other supplementary schedules.

- **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*. Proprietary funds (enterprise and internal service) utilize the same method used by private sector businesses, or **accrual accounting**.

Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The City reports the Cathedral City Downtown Foundation, which currently operates the IMAX Theatre, as an enterprise fund. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities. The City currently reports Equipment Replacement, Insurance, Technology and Facilities internal service funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

- **Fiduciary funds** – 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 and Liabilities*. 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.

The City's agency funds, a type of fiduciary fund, include special assessment funds that account for receipts and disbursements for the debt service activity of the special assessment districts within the City. Since the resources of fiduciary funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The *Notes to the Financial Statements* can be found on pages 51 through 96 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information including budgetary comparison statements for major governmental funds. Required Supplementary Information and accompanying note can be found on pages 98 through 105 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the appropriately labeled tabs. Combining and individual fund statements and schedules can be found on pages 109 through 182 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This is the ninth year that the City has presented its Financial Statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments*. The current year’s analysis compares this year’s data primarily to the prior year.

Analysis of Net Assets

Net Assets - Government-Wide
June 30, 2011
(Dollars in thousands)

	Governmental Activities		Business-type Activities		Total		Change
	2011	2010	2011	2010	2011	2010	
Assets:							
Current and other	\$ 202,552	213,028	291	273	202,843	213,301	(10,458)
Capital assets, net	165,037	167,617	377	20	165,414	167,637	(2,223)
Total assets	367,589	380,645	668	293	368,257	380,938	(12,681)
Liabilities:							
Long-term liabilities outstanding	246,636	245,773	-	-	246,636	245,773	863
Other	18,613	18,635	42	48	18,655	18,683	(28)
Total liabilities	265,249	264,408	42	48	265,291	264,456	835
Net assets:							
Invested in capital assets, net of related debt	25,065	38,544	377	20	25,442	38,564	(13,122)
Restricted	128,477	118,320	-	-	128,477	118,320	10,157
Unrestricted (deficit)	(51,202)	(40,627)	246	225	(50,956)	(40,402)	(10,554)
	\$ 102,340	116,237	623	245	102,963	116,482	(13,519)

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City’s governmental activities decreased by \$13.9 million (\$102.3 million compared to \$116.2 million) or by 12.0%.

One of the larger portions of the City’s net assets (at 24.5%) reflects its investment of \$25.1 million in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire the assets at June 30, 2011. These same figures for June 30, 2010 were \$38.5 million in capital assets, net of related debt, or 33.1% of net assets. The net decrease of \$13.5 million in the investment in capital assets balance from 2010 to 2011 was attributable to the decrease in unspent bond proceeds (\$14.8 million), the reduction in net capital assets (\$2.6 million), mostly as a result of depreciation, and an increase in outstanding debt related to capital assets (\$3.9 million). The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

For reporting purposes, net assets of business-type activities increased by \$378,000 from 2010. The majority of this increase was attributable to the investment in the new digital projection system at the IMAX Theatre by the Cathedral City Downtown Foundation.

Analysis of Changes in Net Assets

Change in Net Assets - Primary Government For the year ended June 30, 2011 (Dollars in thousands)

	Governmental Activities		Business-type Activities		Total		Change
	2011	2010	2011	2010	2011	2010	
Program revenues:							
Charges for services	\$ 8,789	9,705	569	1,439	9,358	11,144	(1,786)
Operating grants and contributions	3,393	2,744	799	275	4,192	3,019	1,173
Capital grants and contributions	3,773	15,707	-	-	3,773	15,707	(11,934)
General revenues:							
Property taxes	21,980	29,078	-	-	21,980	29,078	(7,098)
Sales taxes	6,572	6,222	-	-	6,572	6,222	350
Transaction and use	2,941	-	-	-	2,941	-	2,941
Utility users taxes	2,766	2,861	-	-	2,766	2,861	(95)
Other taxes	1,463	1,504	-	-	1,463	1,504	(41)
Franchise fees	1,851	1,855	-	-	1,851	1,855	(4)
Interest and investment earnings	2,157	2,888	-	-	2,157	2,888	(731)
Miscellaneous	2,353	776	-	-	2,353	776	1,577
Total revenues	58,038	73,340	1,368	1,714	59,406	75,054	(15,648)
Expenses:							
General government	11,572	19,033	-	-	11,572	19,033	(7,461)
Community development	14,271	27,220	-	-	14,271	27,220	(12,949)
Culture and recreation	595	675	-	-	595	675	(80)
Public safety	26,980	25,879	-	-	26,980	25,879	1,101
Public works	6,609	6,645	-	-	6,609	6,645	(36)
Interest on long-term debt	11,745	12,080	-	-	11,745	12,080	(335)
Education	-	-	990	1,506	990	1,506	(516)
Total expenses	71,772	91,532	990	1,506	72,762	93,038	(20,276)
Increase (decrease) in net assets	(13,734)	(18,192)	378	208	(13,356)	(17,984)	4,628
Net assets at beginning of year, as restated	116,074	134,429	245	37	116,319	134,466	(18,147)
Net assets at end of year	\$ 102,340	116,237	623	245	102,963	116,482	(13,519)

The City's total net assets decreased by \$13.5 million from the prior year (\$0.2 million net decrease from restating beginning net assets and a \$13.3 million decrease related to current year activities). The components of the current year decrease are explained in the government and business-type activities below.

Governmental Activities

Total revenues decreased by \$15.3 million from 2010, or by 20.9%. This was a result of program revenues decreasing \$12.2 million, or 43.3%, while general revenues decreased \$3.1 million, or 6.9%.

The program revenues decrease of \$12.2 million is mainly attributable to the decrease in capital grants and contributions. This category of program revenues decreased \$11.9 million, or 97.8% of the total. Charges for services and operating grants and contributions accounted for the remaining \$0.3 million decrease.

- Capital grants and contributions decreased \$11.9 million from 2010 as follows:
 - \$7.0 million decrease in capital contributions related to the Staybridge Hotel project.
 - \$4.2 million net decrease in governmental assistance related to various community development projects that are in progress or have been completed.
 - \$0.8 million decrease in governmental assistance related to various public safety projects.

- \$0.1 million increase in developer fees earned related to Art in Public Places.

The general revenues decrease of \$3.1 million resulted from the following:

- \$7.1 million decrease in the property taxes category as actual property taxes collected decreased by approximately \$2.6 million while pass-through payments of \$4.5 million made to other jurisdictions accounted for the remainder. These pass-through payments were included in community development expenditures in prior years.
- \$2.9 million increase in transaction and use tax revenues. This was the first year this revenue was collected.
- \$1.6 million increase in miscellaneous revenues was the result of a \$1.8 million legal settlement and a net decrease of \$0.2 million in other miscellaneous revenues.
- \$0.7 million decrease in interest and investment earnings was the result of continuing low yield rates. In early 2010, yield rates were approximately 3%. By year's end, they had decreased to less than 1%. During 2011, yield rates have remained at less than 1%.
- \$0.2 million net increase in various other general revenues.

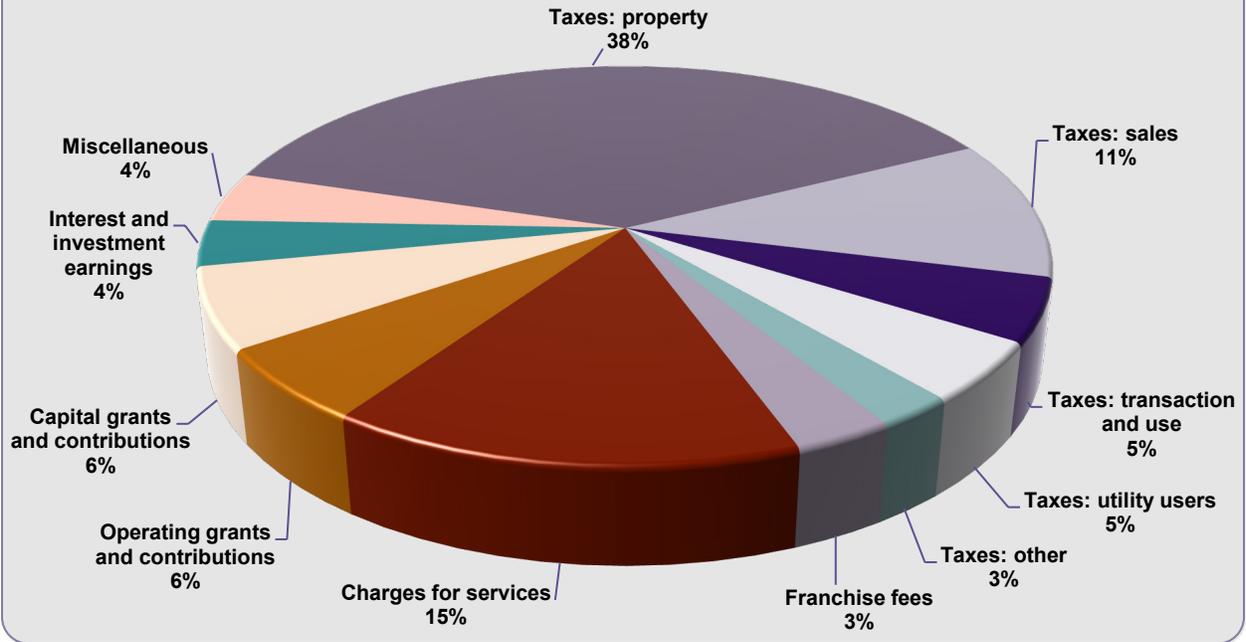
Total expenses decreased by \$19.8 million from 2010, or by 21.6%. The breakdown of this decrease is as follows:

- General government expenses decreased by \$7.5 million as a result of the reduced amount of Supplemental Educational Revenue Augmentation Funds (SERAF) paid to Riverside County in accordance with Assembly Bill 4x-26, which was passed in July 2009. The 2010 payment totaled approximately \$9.5 million where the current year payment was approximately \$2.0 million
- Community development expenses decreased by \$12.9 million. Significant aspects of this decrease are as follows:
 - \$7.7 million decrease related to developer assistance provided to the City Urban Revitalization Corporation (CURC) for the downtown hotel project.
 - \$4.5 million decrease related to pass-through payments made to other jurisdictions. These payments have been offset against property tax revenues in the current year.
 - \$0.5 million decrease in costs related to the Cathedral City Bucks Program. This program ended in 2010.
 - \$0.4 million increase related to assistance provided to the Creekside and Heritage Park housing developments.
 - \$0.6 million net increase in all other operating and project-related expenses.
- The remaining categories (culture and recreation, public safety, public works, and interest on long-term debt) accounted for a net \$0.6 million increase. No significant variances were identified at the category level.

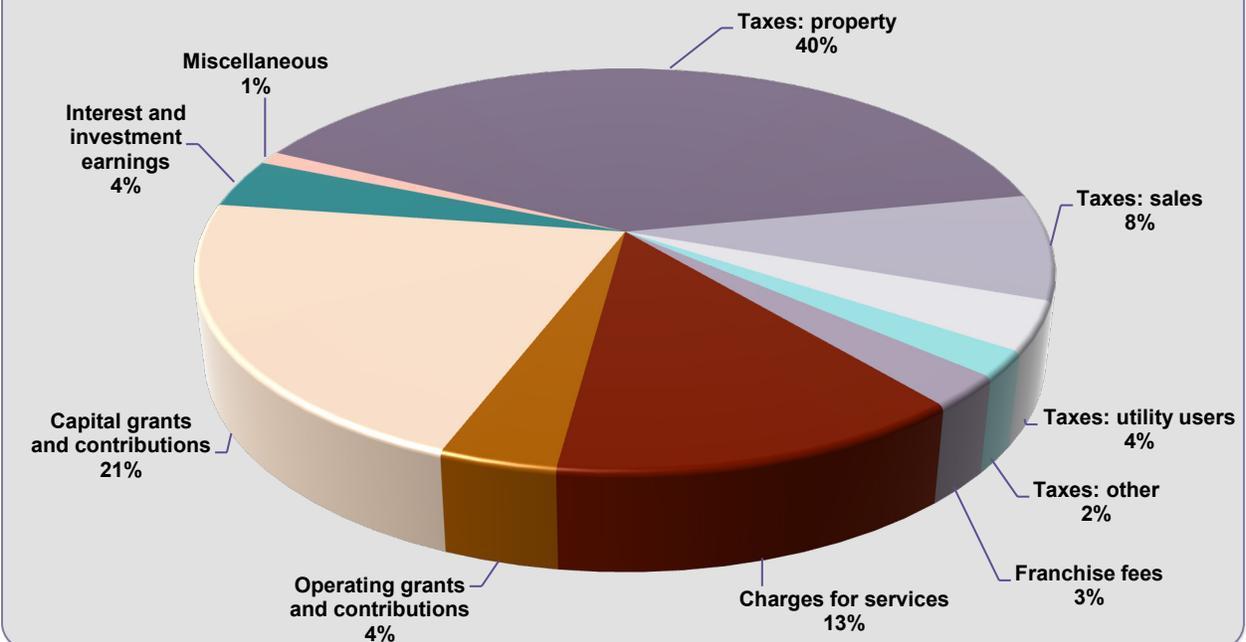
Governmental Activities – Charts and Graphs

The charts and graphs which follow on the next few pages illustrate the City's governmental revenues by source, and its expenses and revenues by function.

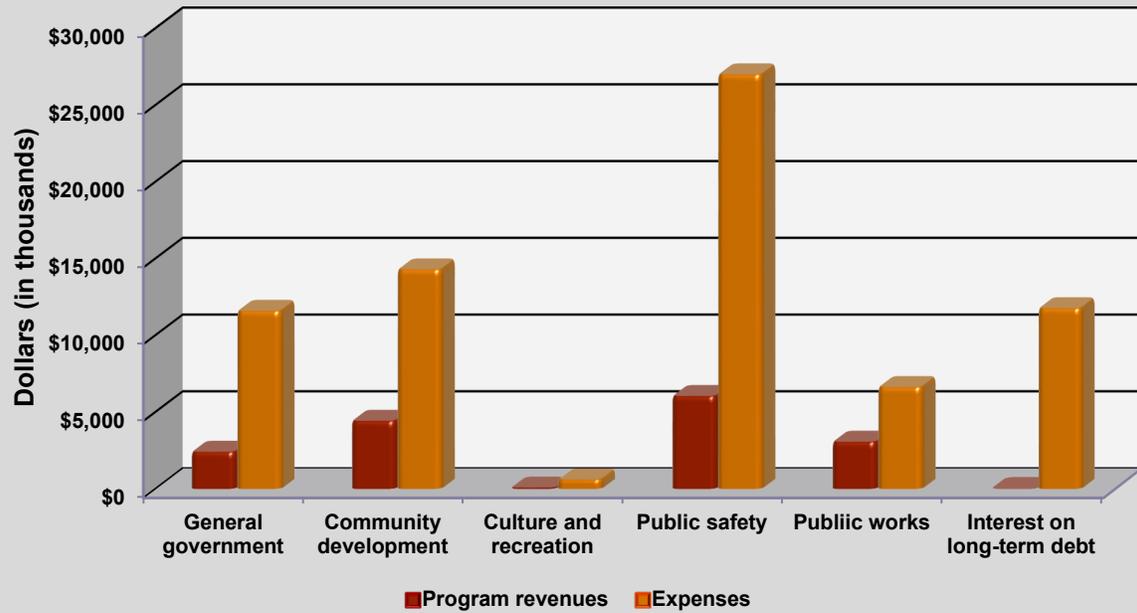
Revenues by Source - Governmental Activities 2011



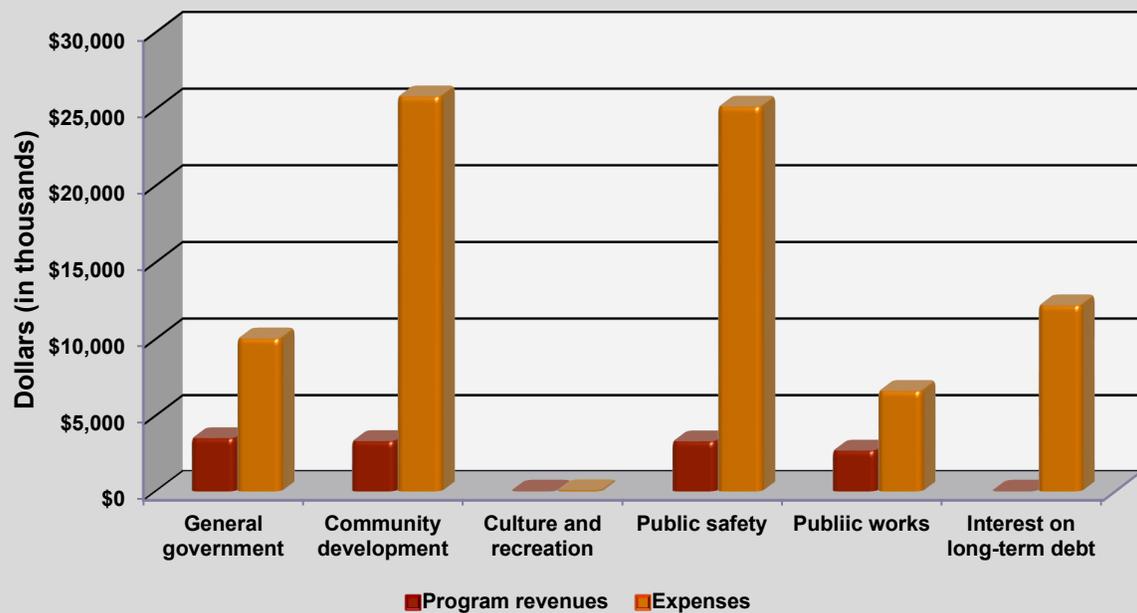
Revenues by Source - Governmental Activities 2010



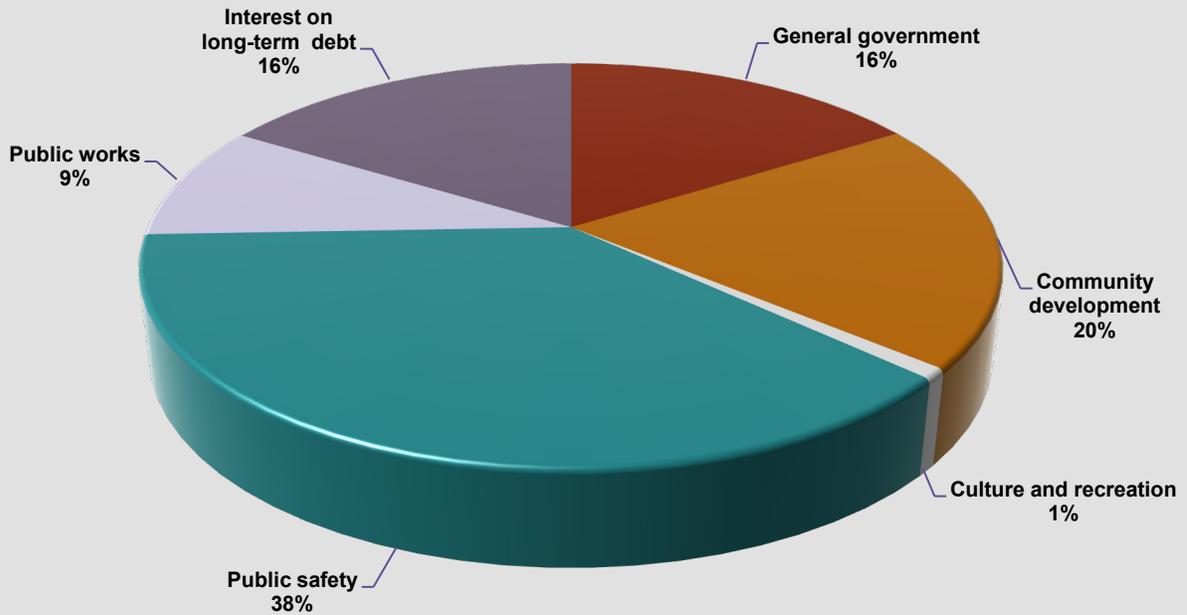
**Program Revenues and Expenses - Governmental Activities
2011**



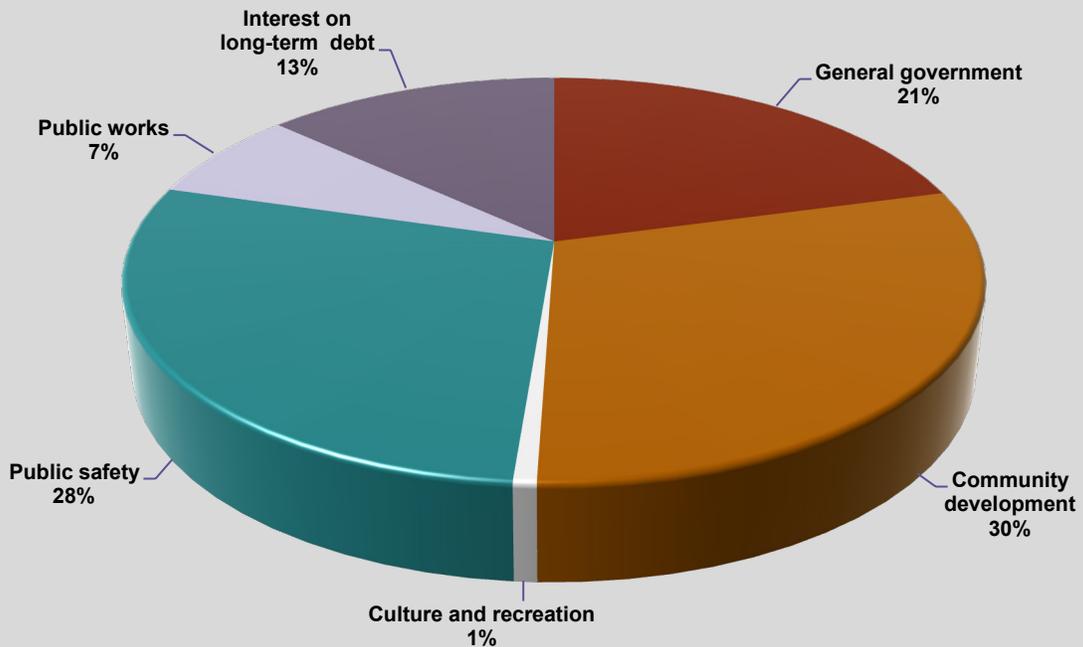
**Program Revenues and Expenses - Governmental Activities
2010**



Expenses by Type - Governmental Activities 2011



Expenses by Type - Governmental Activities 2010



Business-type Activities

Business-type activities, which represent the IMAX Theatre as operated by the Cathedral City Downtown Foundation, increased the City's net assets by \$0.4 million in 2011.

Total program revenues (charges for services) decreased by \$0.9 million from 2010 as a result of a decrease of \$0.7 million in box office revenues (\$0.5 million in 2011 vs. \$1.2 million in 2010) and a corresponding decrease of \$0.2 million in concession sales (\$0.1 million in 2011 vs. \$0.3 million in 2010). The decrease in box office revenues and related concessions resulted from the lack of a blockbuster film being screened compared to 2010 when *Avatar* was released. There was no significant change in miscellaneous revenues.

The Cathedral City Downtown Foundation received a contribution of \$798,500 from the Cathedral City Redevelopment Agency, an increase of \$523,500 from 2010 (\$798,500 in 2011 vs. \$275,000 in 2010). The increase was attributable to the investment in the new digital projection system at the IMAX Theatre.

The decrease in expenses of \$0.5 million was mainly the result of lower film licensing costs (\$0.3 million in 2011 vs. \$0.7 million in 2010). Salaries and benefits and all other expenses resulted in a net decrease of \$0.1 million (\$0.7 million in 2011 vs. \$0.8 million in 2010).

FINANCIAL ANALYSIS OF THE CITY'S 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. Financial highlights of the City's major governmental funds are discussed below.

The **General Fund** is the chief operating fund of the City. For reporting purposes, the General Fund consists of three individual funds: Fund 100 (General Fund), Fund 431 (Big League Dreams Fund) and Fund 711 (Special Deposits Fund). At the end of the current fiscal year, unassigned fund balance of the General Fund as reported was \$6,824,618. In addition, \$2,381,121 was assigned for subsequent year's expenditures and \$790,159 was assigned for debt service. Total fund balance was \$13,791,984.

	General Fund (As Reported)			Total
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	
Fund balance:				
Nonspendable	\$ 78,327	3,667,759	-	3,746,086
Restricted	50,000	-	-	50,000
Assigned	2,381,121	790,159	-	3,171,280
Unassigned	6,702,287	-	122,331	6,824,618
Total	\$ 9,211,735	4,457,918	122,331	13,791,984

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.2% of total General Fund expenditures, while total fund balance represents 42.8% of that same amount.

The fund balance of the City's General Fund, as reported, decreased by \$2.8 million, or 16.9%, of the beginning fund balance. The reasons for significant changes in the revenues and expenditures of the City's General Fund from the prior year are as follows:

- Overall, General Fund revenues increased by \$2.9 million. Increases were realized in taxes (\$3.7 million), special assessments (\$0.4 million) and intergovernmental revenue (\$0.1 million). However, decreases totaling \$1.3 million in the following categories offset these gains: a \$0.6 million decrease in charges for services, a \$0.1 million

decrease in fines and forfeitures, a \$0.2 million decrease in licenses and permits, a \$0.2 million decrease in revenues from use of money and property, and a \$0.2 million decrease in miscellaneous revenues.

The significant aspects of the net increase were:

- \$2.9 million increase in transaction and use taxes (2011 was the first year this tax was received).
 - \$1.1 million increase in sales taxes.
 - \$0.4 million decrease in labor/administration reimbursements from other funds.
 - \$0.2 million decrease in property taxes.
 - \$0.2 million decrease in interest earnings.
 - \$0.2 million decrease in Transportation Uniform Mitigation Fee (TUMF) revenues.
 - \$0.1 million decrease in construction permits.
- Overall General Fund expenditures decreased by \$3.2 million, or 9.1%. The general government expenditure category decreased by \$0.6 million as a result of a decrease in interdepartmental charges for insurance and benefits. Community development expenditures decreased by \$0.4 million as a result of decreased salary costs (\$0.2 million) and related benefits (\$0.2 million). Capital outlay expenditures decreased \$2.1 million from 2010 as a result of not acquiring any major capital items this year. Culture and recreation, public safety, public works and debt service expenditures accounted for the remaining \$0.1 million reduction.

The **Solid Waste** Special Revenue Fund has a negative fund balance of \$0.3 million. The net increase in fund balance during the current year was \$0.2 million, which is the same increase that we saw in 2010. The components of this year's change included: total revenues decreased \$0.2 million; expenditures decreased by \$0.1 million; and "net transfers out" decreased by \$0.1 million from 2010.

The **Redevelopment Agency Area 3** Debt Service Fund has a total fund balance of \$14.4 million, all of which is restricted for debt service. The net increase in fund balance during the current year was \$5.2 million. This represents a \$10.6 million change from 2010's decrease of \$5.4 million. Significant aspects of this change include the following. Total revenues decreased \$1.3 million, of which tax revenues comprised \$1.2 million of the total decrease, while interest earnings accounted for the remaining \$0.1 million decrease. Expenditures decreased by \$8.0 million, of which \$7.5 million resulted from the reduction in payment related to the SERAF, while pass-through payments and other expenditures decreased by \$0.5 million. Finally, "net transfers out" decreased by \$3.9 million from 2010.

The **Public Financing Authority** Debt Service Fund has a total fund balance of \$7.3 million, all of which was restricted for debt service. The net change in fund balance during the current year was a decrease of \$1.0 million. This represents a \$0.5 million change from 2010's decrease of \$1.5 million. Revenues declined \$0.1 million due to a decrease in interest revenue. Expenditures increased \$0.4 million as a result of increased principal and interest payments on debt. Finally, "net transfers in" increased by \$1.0 million from 2010.

The **Areawide Capital Projects** Capital Projects Fund has a total fund balance of \$5.8 million, which is restricted for capital projects. The net change in fund balance during the current year was an increase of \$9.7 million. This represents an \$8.7 million change from 2010's increase of \$0.9 million. Revenues increased by \$2.3 million, mainly as a result of increased grant reimbursements. Expenditures decreased by \$3.1 million from 2010 mostly as a result of the completion of the East Palm Canyon bridge widening project (costs of \$0.3 million in 2011 vs. \$3.0 million in 2010). No other individually significant project costs were incurred during 2011. In addition, "net transfers in" increased by \$3.3 million from 2010 as a result of transfers from the Agency for various City projects.

The **2002 E Housing Bond** Capital Projects Fund has a total fund balance of \$10.8 million, of which \$9.1 million was nonspendable (land held for resale and loans receivable). The remaining \$1.7 million is restricted for capital projects. The

net change in fund balance during the current year was a decrease of \$4.4 million. This represents a \$4.5 million change from 2010's increase of \$0.1 million. This was due to a decrease in investment earnings of \$0.1 million on unspent bond proceeds and an increase in "net transfers out" of \$4.4 million. The "net transfers out" were related to a transfer of monies to the Low and Moderate Income Housing Fund for the annual payment on behalf of Creekside and Heritage Park (\$2.7 million) and a land parcel swap between the Agency and Housing (\$1.7 million).

The **2007 TAB B** Capital Projects Fund has a total fund balance of \$47.7 million, of which \$27.5 million was nonspendable (land held for resale and loans receivable). The remaining \$20.2 million is restricted for capital projects. The net change in fund balance during the current year was a decrease of \$1.7 million. This represents a \$0.7 million change from 2010's decrease of \$1.0 million. Revenues decreased \$6.9 million as a result of the 2010 contribution of land related to the Staybridge Hotel (\$7.0 million decrease), a contribution of land from the City (\$0.2 million increase) and a decrease in investment earnings of \$0.1 million. In addition, expenditures decreased \$7.7 million as a result of less developer assistance given to CURC for the downtown hotel project. Finally, "net transfers out" increased by \$1.5 million from 2010. The "net transfers out" were related to a land parcel swap between the Agency and Housing (\$5.0 million – net transfers in) and payment of bonds (\$6.5 million – transfers out).

General Fund Budget

The City's biennial budget is adopted by City Council resolution. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the two-year budget period. Adjustments in the amount appropriated at the department/fund level are made throughout the fiscal year upon a motion to amend the resolution and affirmative votes of a simple majority of the five City Council members. All appropriations lapse at year end.

The General Fund Final Budget revenues of \$27.5 million did not differ from the Original Adopted Budget.

Actual revenues were greater than the final budgeted revenues by \$0.3 million, or 1.0%. The significant dollar variances consisted of the following:

- Taxes were \$1.5 million greater than the amount budgeted. Significant aspects of this variance are as follows:
 - Transaction and use tax revenues were \$1.9 million greater than the amount budgeted.
 - Sales tax revenues were \$0.8 million greater than the amount budgeted.
 - Property tax revenues were \$0.5 million less than the amount budgeted.
 - Utility users tax revenues were \$0.4 million less than the amount budgeted.
 - Actual franchise fees were \$0.2 million less than the amount budgeted.
 - Transient occupancy taxes were \$0.1 million less than the amount budgeted.
- Charges for services were \$0.6 million less than the amount budgeted mostly as a result of decreased labor/administrative reimbursements from other funds (\$0.4 million).
- Licenses and permits were \$0.3 million less than the amount budgeted as a result of decreased building and engineering permits (\$0.2 million) and decreased business licenses and permits (\$0.1 million)
- Use of money and property was \$0.1 million less than the amount budgeted as interest yields continued to be less than 1%.
- Miscellaneous revenues were \$0.3 million less than the amount budgeted as a result of lower than anticipated TUMF fee collections

- Other categories combined for the remaining \$0.1 million greater than the amounts budgeted.

Actual expenditures were less than the final budgeted expenditures by \$2.9 million. Significant variances by function included:

- \$1.2 million (or 5.2%) under budget in public safety - \$0.3 million under budget in police field services (mostly related to salaries and overtime), \$0.2 million under budget in police investigation services (mostly salaries, overtime and benefits), \$0.2 million under budget in paramedic services (mostly salaries and overtime) and \$0.3 million under budget in fire suppression (mostly salaries). The other public safety divisions accounted for the remaining \$0.2 million.
- \$1.0 million (or 13.6%) under budget in general government - \$0.1 million under budget for the City Clerk (mostly salary), \$0.1 million under budget for Finance (mostly salary and benefits), \$0.6 million under budget for Non-Departmental (various operating expenditures), and a combined \$0.2 million under budget for other departments.
- \$0.5 million (or 17.0%) under budget in community development - \$0.3 million under budget as the result of reduced TUMF payments and \$0.2 million under budget in the planning department (related to operating expenditures).
- \$0.1 million was budgeted for payments under pass-through agreements. However, these anticipated payments were not required to be paid.
- Dollar variances between actual and budgeted expenditures for culture and recreation, public works, debt service and capital outlay categories accounted for the remainder and were insignificant (ranging from \$10 thousand to \$77 thousand).

These deviations did not affect the City's liquidity or ability to provide future government services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2011, amount to \$165.0 million (net of accumulated depreciation). Capital assets include land, buildings, equipment, vehicles, furniture and fixtures, infrastructure (bridges, streets, traffic signals, streetlights, etc.), intangibles and construction in progress. The net decrease in the City's capital assets for the current fiscal year from the prior year restated balance was approximately \$2.1 million (a \$2.4 million, or 1.4%, decrease for governmental activities and a \$0.3 million increase for business-type activities) as shown in the following table.

Change in Capital Assets, Net of Depreciation

June 30, 2011

(Dollars in thousands)

	Governmental Activities		Business-type Activities		Total		Change
	2011	2010*	2011	2010	2011	2010*	
Land	\$ 22,427	22,926	-	-	22,427	22,926	(499)
Buildings and improvements	15,952	16,540	-	-	15,952	16,540	(588)
Structures and improvements	5,790	5,838	-	-	5,790	5,838	(48)
Vehicles, furniture and equipment	5,427	6,695	11	20	5,438	6,715	(1,277)
Infrastructure	106,183	58,527	-	-	106,183	58,527	47,656
Intangibles	30	38	-	-	30	38	(8)
Construction in progress	9,228	56,890	365	-	9,593	56,890	(47,297)
Total	\$ 165,037	167,454	376	20	165,413	167,474	(2,061)

* As restated

The major additions to capital assets during the year ended June 30, 2011, were as follows:

- Cove Assessment District sanitary sewers (\$47.2 million)
- East Palm Canyon Bridge at W. Cathedral Canyon Channel (\$4.0 million)
- CNG station and garage upgrade (public works) (\$0.5 million)
- Parking structure modifications (\$0.4 million)
- Other projects (\$0.1 million)

Major ongoing construction projects added the following costs to construction in progress during the year ended June 30, 2011:

- Cove Area drainage (\$0.1 million; \$5.2 million to date)
- Cathedral Canyon Bridge/Whitewater River Low Flow Crossing (\$0.4 million; \$1.0 million to date)
- Ramon Road West – Ramon Road to Date Palm (\$0.3 million; \$1.1 million to date)
- Cathedral Canyon/Terrace Road bike path (\$0.2 million; \$0.3 million to date)
- Desert Healthcare Walking Track (\$0.1 million; \$0.2 million to date)
- Ramon Road East widening and rehabilitation (\$0.1 million; \$0.7 million to date)

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

Debt Administration

The City's debt obligations are in the form of lease revenue bonds, tax allocation bonds, limited obligation bonds, capital lease obligations, long-term loans and notes payable, accreted interest, compensated absences, claims and judgments, other post employment benefits, and deferred amounts for bond premiums and discounts. As of June 30, 2011, the City had \$255.3 million of outstanding long-term debt related to governmental activities. During the year, \$6.7 million of long-term debt was retired, while compensated absences, other post-employment benefits and claims and judgments increased by a net of \$6.9 million (or 50.4%). Other post-employment benefits accounted for \$5.5 million of the net increase. A net decrease in compensated absences (\$0.1 million) and a net increase in the claims and judgments estimate (\$1.5 million) accounted for the remaining \$1.4 million. The City did not issue any new debt for the fiscal year ended June 30, 2011.

On April 6, 2011, Moody's lowered its ratings on the Cathedral City Public Financing Authority 2007 Series A and Series B tax allocation bonds from A2 to Baa1. On September 2, 2011, Standard & Poor's lowered its ratings on all Cathedral City Public Financing Authority tax allocation bonds from A to BBB as a result of declines in assessed values, which have led to decreased coverage ratios over debt. In addition, the rating for the subordinate non-housing tax allocation bonds was lowered from BBB- to BB due to decreased coverage.

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Management's Discussion and Analysis continues on the following page.)

The following table summarizes the City's outstanding debt at June 30, 2011:

Change in Long-Term Liabilities
June 30, 2011
(Dollars in thousands)

	Governmental Activities		Change
	2011	2010	
Lease revenue bonds	\$ 4,705	4,835	(130)
Tax allocation bonds	210,526	215,216	(4,690)
Limited obligation bonds	4,610	5,605	(995)
Capital lease obligations	2,559	2,862	(303)
Long-term loans and notes payable	10,185	10,254	(69)
Accreted interest payable	2,021	1,775	246
Compensated absences	3,262	3,331	(69)
Other post-employment benefits	13,450	7,982	5,468
Claims and judgments	3,866	2,366	1,500
Deferred amounts	158	166	(8)
Total	\$ 255,342	254,392	950

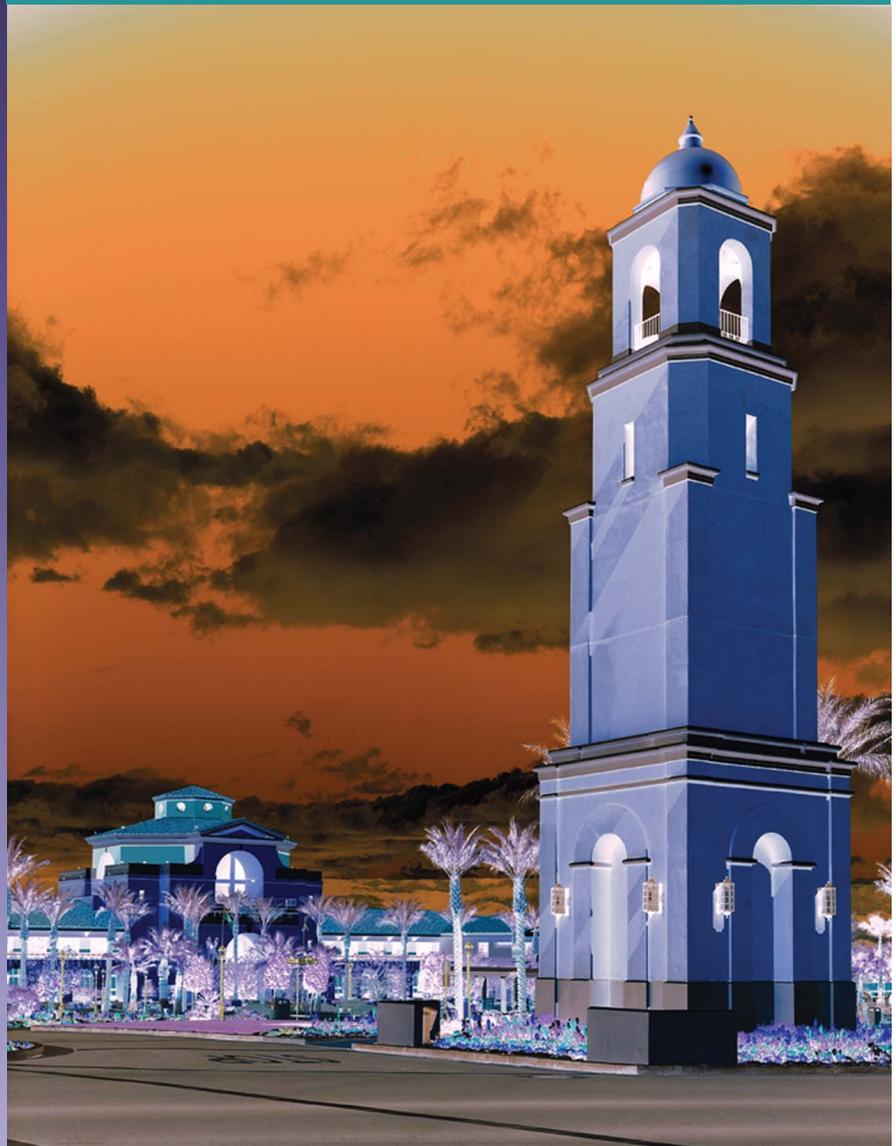
Additional information on the City's long-term debt can be found in Note 7 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Below is the contact information if you have questions about this report or need additional financial information.

City of Cathedral City
Finance Department
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234

Basic Financial Statements



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CITY OF CATHEDRAL CITY
Statement of Net Assets
June 30, 2011

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments	\$ 65,773,970	291,629	66,065,599
Interest receivable	138,273	-	138,273
Accounts receivable	5,151,577	-	5,151,577
Loans receivable	24,441,444	-	24,441,444
Prepays	115,183	-	115,183
Inventories	27,660	-	27,660
Other assets	5,216,958	-	5,216,958
Deposits	2,049,353	-	2,049,353
Investments held in trust	4,600,364	-	4,600,364
Land held for resale	53,397,620	-	53,397,620
Restricted cash and investments	41,639,709	-	41,639,709
Capital assets:			
Not being depreciated	31,655,814	365,369	32,021,183
Being depreciated, net	133,380,926	11,322	133,392,248
Total assets	367,588,851	668,320	368,257,171
Liabilities			
Accounts payable	3,388,391	41,875	3,430,266
Intergovernmental payable	4,461	-	4,461
Deposits	726,636	3,989	730,625
Unearned revenue	1,187,570	-	1,187,570
Interest payable	4,600,057	-	4,600,057
Noncurrent liabilities:			
Due within one year	8,706,314	-	8,706,314
Due in more than one year	246,635,442	-	246,635,442
Total liabilities	265,248,871	45,864	265,294,735
Net Assets			
Invested in capital assets, net of related debt	25,065,256	376,691	25,441,947
Restricted for:			
Capital projects	54,099,918	-	54,099,918
Debt service	26,388,188	-	26,388,188
Community development	43,220,953	-	43,220,953
Other purposes	4,767,690	-	4,767,690
Unrestricted	(51,202,025)	245,765	(50,956,260)
Total net assets	\$ 102,339,980	622,456	102,962,436

The notes to the financial statements are an integral part of this statement.

CITY OF CATHEDRAL CITY
Statement of Activities
Year ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Governmental activities:				
General government	\$ 11,572,309	2,125,868	255,195	15,841
Community development	14,270,999	411,666	432,982	3,566,537
Culture and recreation	595,138	1,555	-	70,064
Public safety	26,980,292	5,514,521	390,174	120,238
Public works	6,608,424	735,500	2,314,342	-
Interest on long-term debt	11,744,758	-	-	-
Total governmental activities	<u>71,771,920</u>	<u>8,789,110</u>	<u>3,392,693</u>	<u>3,772,680</u>
Business-type activities:				
Education	<u>990,201</u>	<u>569,169</u>	<u>798,500</u>	<u>-</u>
Total business-type activities	<u>990,201</u>	<u>569,169</u>	<u>798,500</u>	<u>-</u>
Total primary government	<u>\$ 72,762,121</u>	<u>9,358,279</u>	<u>4,191,193</u>	<u>3,772,680</u>
General revenues:				
Taxes:				
Property				
Sales				
Transactions and use				
Utility users				
Other				
Franchise fees				
Interest and investment earnings				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets at beginning of year, as restated				
Net assets at end of year				

The notes to financial statements are an integral part of this statement.



Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
(9,175,405)	-	(9,175,405)
(9,859,814)	-	(9,859,814)
(523,519)	-	(523,519)
(20,955,359)	-	(20,955,359)
(3,558,582)	-	(3,558,582)
(11,744,758)	-	(11,744,758)
<u>(55,817,437)</u>	<u>-</u>	<u>(55,817,437)</u>
-	377,468	377,468
-	377,468	377,468
<u>(55,817,437)</u>	<u>377,468</u>	<u>(55,439,969)</u>
21,980,546	-	21,980,546
6,572,353	-	6,572,353
2,940,612	-	2,940,612
2,765,996	-	2,765,996
1,463,173	-	1,463,173
1,850,655	-	1,850,655
2,157,334	-	2,157,334
2,352,973	-	2,352,973
<u>42,083,642</u>	<u>-</u>	<u>42,083,642</u>
(13,733,795)	377,468	(13,356,327)
<u>116,073,775</u>	<u>244,988</u>	<u>116,318,763</u>
<u>\$ 102,339,980</u>	<u>622,456</u>	<u>102,962,436</u>

Functions/Programs

- Governmental activities:
 - General government
 - Community development
 - Culture and recreation
 - Public safety
 - Public works
 - Interest on long-term debt
 - Total governmental activities
- Business-type activities:
 - Education
 - Total business-type activities
 - Total primary government

General revenues:

- Taxes:
 - Property
 - Sales
 - Transactions and use
 - Utility users
 - Other
 - Franchise fees
- Interest and investment earnings
- Miscellaneous

- Total general revenues
- Change in net assets
- Net assets at beginning of year, as restated
- Net assets at end of year

CITY OF CATHEDRAL CITY

Balance Sheet

Governmental Funds

June 30, 2011

	<u>General</u>	<u>Special Revenue</u> Solid Waste	<u>Debt Service</u> Redevelopment Agency Area 3
Assets			
Cash and investments	\$ 9,560,263	430,230	14,388,433
Interest receivable	14,455	639	21,378
Accounts receivable	3,543,135	126,324	19,518
Loans receivable	3,667,759	-	-
Due from other funds	159,162	-	-
Prepaid assets	78,327	-	-
Deposits	-	-	-
Investments held in trust	-	-	-
Land held for resale	-	46,770	-
Restricted cash and investments:			
Held with Redevelopment Agency	-	-	-
Held with fiscal agent	-	-	-
Total assets	\$ 17,023,101	603,963	14,429,329
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,617,346	914,631	-
Intergovernmental payable	-	-	-
Deposits from others	707,379	-	-
Due to other funds	-	-	-
Deferred revenue	906,392	-	-
Total liabilities	3,231,117	914,631	-
Fund balances:			
Nonspendable:			
Deposits	-	-	-
Land held for resale	-	46,770	-
Loans receivable	3,667,759	-	-
Prepaid assets	78,327	-	-
Restricted:			
Capital projects	-	-	-
Commercial building operations	50,000	-	-
Community development	-	-	-
Debt service	-	-	14,429,329
Public safety	-	-	-
Public works	-	-	-
Assigned:			
Debt service	790,159	-	-
Subsequent year's expenditures, reported in:			
General fund	2,381,121	-	-
Unassigned:			
General fund	6,824,618	-	-
Special revenue funds	-	(357,438)	-
Total fund balances (deficits)	13,791,984	(310,668)	14,429,329
Total liabilities and fund balances	\$ 17,023,101	603,963	14,429,329

The notes to financial statements are an integral part of this statement.

Debt Service	Capital Projects	
Public Financing Authority	Areawide Capital Projects	2002 E Housing Bond
-	5,914,823	1,754,819
-	8,601	2,608
-	352,074	-
-	-	6,748,812
-	-	-
-	-	-
-	-	-
4,600,364	-	-
-	-	3,255,126
-	-	-
2,741,096	-	-
<u>7,341,460</u>	<u>6,275,498</u>	<u>11,761,365</u>
-	207,787	-
-	-	-
-	-	-
-	-	-
-	235,428	918,812
-	<u>443,215</u>	<u>918,812</u>
-	-	-
-	-	3,255,126
-	-	5,830,000
-	-	-
-	5,832,283	1,757,427
-	-	-
-	-	-
7,341,460	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>7,341,460</u>	<u>5,832,283</u>	<u>10,842,553</u>
<u>7,341,460</u>	<u>6,275,498</u>	<u>11,761,365</u>

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Due from other funds
Prepaid assets
Deposits
Investments held in trust
Land held for resale
Restricted cash and investments:
Held with Redevelopment Agency
Held with fiscal agent
Total assets

Liabilities and Fund Balances

Liabilities:
Accounts payable
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue
Total liabilities
Fund balances:
Nonspendable:
Deposits
Land held for resale
Loans receivable
Prepaid assets
Restricted:
Capital projects
Commercial building operations
Community development
Debt service
Public safety
Public works
Assigned:
Debt service
Subsequent year's expenditures, reported in:
General fund
Unassigned:
General fund
Special revenue funds
Total fund balances (deficits)
Total liabilities and fund balances

CITY OF CATHEDRAL CITY
 Balance Sheet
 Governmental Funds
 June 30, 2011 (continued)

	<u>Capital Projects</u>		
	<u>2007 TAB B</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets			
Cash and investments	\$ 1,150,596	20,643,465	53,842,629
Interest receivable	25,174	47,689	120,544
Accounts receivable	-	1,110,276	5,151,327
Loans receivable	7,662,861	6,362,012	24,441,444
Due from other funds	-	-	159,162
Prepaid assets	-	26,245	104,572
Deposits	-	350,000	350,000
Investments held in trust	-	-	4,600,364
Land held for resale	20,545,732	29,549,992	53,397,620
Restricted cash and investments:			
Held with Redevelopment Agency	19,026,991	16,524,273	35,551,264
Held with fiscal agent	-	3,347,349	6,088,445
Total assets	<u>\$ 48,411,354</u>	<u>77,961,301</u>	<u>183,807,371</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 6,302	550,123	3,296,189
Intergovernmental payable	-	4,461	4,461
Deposits from others	2,175	17,082	726,636
Due to other funds	-	159,162	159,162
Deferred revenue	662,861	1,526,390	4,249,883
Total liabilities	<u>671,338</u>	<u>2,257,218</u>	<u>8,436,331</u>
Fund balances:			
Nonspendable:			
Deposits	-	350,000	350,000
Land held for resale	20,545,732	29,549,992	53,397,620
Loans receivable	7,000,000	6,175,594	22,673,353
Prepaid assets	-	26,245	104,572
Restricted:			
Capital projects	20,194,284	24,022,068	51,806,062
Commercial building operations	-	-	50,000
Community development	-	6,001,724	6,001,724
Debt service	-	4,759,538	26,530,327
Public safety	-	2,878,962	2,878,962
Public works	-	2,037,116	2,037,116
Assigned:			
Debt service	-	-	790,159
Subsequent year's expenditures, reported in:			
General fund	-	-	2,381,121
Unassigned:			
General fund	-	-	6,824,618
Special revenue funds	-	(97,156)	(454,594)
Total fund balances (deficits)	<u>47,740,016</u>	<u>75,704,083</u>	<u>175,371,040</u>
Total liabilities and fund balances	<u>\$ 48,411,354</u>	<u>77,961,301</u>	<u>183,807,371</u>

CITY OF CATHEDRAL CITY
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2011

Total fund balances - governmental funds		\$ 175,371,040
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
<ul style="list-style-type: none"> ● Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets of the internal service funds of \$2,855,902 are included in the internal service funds adjustment below. 		162,180,838
Capital assets, at historical cost	\$ 234,894,211	
Accumulated depreciation	<u>(72,713,373)</u>	
	<u>\$ 162,180,838</u>	

<ul style="list-style-type: none"> ● Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities of the internal service funds of \$3,865,971 are included in the internal service fund adjustment below. 		(251,475,785)
Bonds, loans and capital leases payable	\$234,606,006	
Premium/discount on bonds	157,808	
Compensated absences	3,262,172	
Other post employment benefits	<u>13,449,799</u>	
	<u>\$251,475,785</u>	

<ul style="list-style-type: none"> ● Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. 		(4,600,057)

<ul style="list-style-type: none"> ● Other long-term assets that are not considered available to pay for current expenditures are not reported in the governmental funds. 		5,216,958

<ul style="list-style-type: none"> ● Deferred revenue recognized under the accrual method of accounting. Deferred revenue of the internal service funds of \$1,116 is included in the internal service fund adjustment below. 		3,063,429

<ul style="list-style-type: none"> ● Internal service funds are used by management to charge the costs of insurance and equipment replacement to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets. 		12,583,557

Net assets of governmental activities		<u>\$ 102,339,980</u>

The notes to financial statements are an integral part of this statement.

CITY OF CATHEDRAL CITY

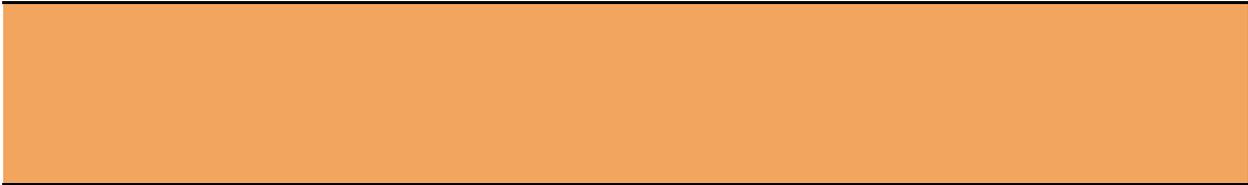
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2011

	<u>General</u>	<u>Special Revenue</u> Solid Waste	<u>Debt Service</u> Redevelopment Agency Area 3
Revenues			
Taxes	\$ 20,327,011	-	12,759,717
Intergovernmental	250,024	14,087	-
Licenses and permits	763,779	-	-
Fines and forfeitures	352,765	-	-
Charges for services	2,615,489	617,131	-
Special assessments	2,719,581	-	-
Development fees	-	-	-
Use of money and property	611,618	2,674	53,376
Contributions from property owners	-	-	-
Gain on sale of land held for resale	-	-	-
Miscellaneous	92,328	-	-
Total revenues	<u>27,732,595</u>	<u>633,892</u>	<u>12,813,093</u>
Expenditures			
Current:			
General government	6,297,732	-	1,956,270
Community development	2,189,995	379,560	313,693
Culture and recreation	193,353	-	-
Public safety	22,153,417	-	-
Public works	1,120,634	-	-
Capital outlay	-	-	-
Payments under pass-through agreements	-	-	4,153,244
Debt service:			
Principal	168,504	-	-
Interest	79,287	-	-
Other debt-related costs	-	-	21,093
Total expenditures	<u>32,202,922</u>	<u>379,560</u>	<u>6,444,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,470,327)</u>	<u>254,332</u>	<u>6,368,793</u>
Other financing sources (uses)			
Transfers in	3,230,856	-	10,459,592
Transfers out	(1,952,098)	(25,400)	(11,637,980)
Proceeds from sale of capital assets	396,164	-	-
Total other financing sources (uses)	<u>1,674,922</u>	<u>(25,400)</u>	<u>(1,178,388)</u>
Net change in fund balances	(2,795,405)	228,932	5,190,405
Fund balances (deficits), beginning	<u>16,587,389</u>	<u>(539,600)</u>	<u>9,238,924</u>
Fund balances (deficits), ending	<u>\$ 13,791,984</u>	<u>(310,668)</u>	<u>14,429,329</u>

The notes to financial statements are an integral part of this statement.



Debt Service	Capital Projects	
Public Financing Authority	Areawide Capital Projects	2002 E Housing Bond
-	-	-
-	3,907,444	-
-	-	-
-	-	-
-	-	-
-	-	-
311,218	22,759	10,321
-	-	-
-	-	-
-	28,013	-
<u>311,218</u>	<u>3,958,216</u>	<u>10,321</u>
-	-	-
-	1,202,580	-
-	77,556	-
-	12,270	-
-	-	-
-	300,627	-
-	-	-
4,820,000	134,902	-
10,781,288	43,098	-
-	-	-
<u>15,601,288</u>	<u>1,771,033</u>	<u>-</u>
(15,290,070)	2,187,183	10,321
15,601,042	7,938,682	-
(1,304,277)	(442,131)	(4,427,715)
-	-	-
<u>14,296,765</u>	<u>7,496,551</u>	<u>(4,427,715)</u>
(993,305)	9,683,734	(4,417,394)
<u>8,334,765</u>	<u>(3,851,451)</u>	<u>15,259,947</u>
<u>7,341,460</u>	<u>5,832,283</u>	<u>10,842,553</u>

Revenues

- Taxes
- Intergovernmental
- Licenses and permits
- Fines and forfeitures
- Charges for services
- Special assessments
- Development fees
- Use of money and property
- Contributions from property owners
- Gain on sale of land held for resale
- Miscellaneous

Total revenues

Expenditures

Current:

- General government
- Community development
- Culture and recreation
- Public safety
- Public works

Capital outlay

Payments under pass-through agreements

Debt service:

- Principal
- Interest
- Other debt-related costs

Total expenditures

Excess (deficiency) of revenues over (under) expenditures

Other financing sources (uses)

- Transfers in
- Transfers out
- Proceeds from sale of capital assets

Total other financing sources (uses)

Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

CITY OF CATHEDRAL CITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2011 (continued)

	<u>Capital Projects</u>		
	2007 TAB B	Nonmajor Funds	Total
Revenues			
Taxes	\$ -	9,041,546	42,128,274
Intergovernmental	-	5,832,041	10,003,596
Licenses and permits	-	-	763,779
Fines and forfeitures	-	528,279	881,044
Charges for services	-	280,452	3,513,072
Special assessments	-	462,034	3,181,615
Development fees	-	97,908	97,908
Use of money and property	145,310	573,887	1,731,163
Contributions from property owners	201,444	112,036	313,480
Gain on sale of land held for resale	-	15,000	15,000
Miscellaneous	-	2,231,625	2,351,966
Total revenues	<u>346,754</u>	<u>19,174,808</u>	<u>64,980,897</u>
Expenditures			
Current:			
General government	-	-	8,254,002
Community development	525,547	8,499,610	13,110,985
Culture and recreation	-	-	270,909
Public safety	-	989,340	23,155,027
Public works	-	1,679,495	2,800,129
Capital outlay	984	4,753,914	5,055,525
Payments under pass-through agreements	-	340,760	4,494,004
Debt service:			
Principal	-	1,495,000	6,618,406
Interest	-	281,408	11,185,081
Other debt-related costs	-	17,566	38,659
Total expenditures	<u>526,531</u>	<u>18,057,093</u>	<u>74,982,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(179,777)</u>	<u>1,117,715</u>	<u>(10,001,830)</u>
Other financing sources (uses)			
Transfers in	5,220,531	10,437,208	52,887,911
Transfers out	(6,701,444)	(26,970,642)	(53,461,687)
Proceeds from sale of capital assets	-	-	396,164
Total other financing sources (uses)	<u>(1,480,913)</u>	<u>(16,533,434)</u>	<u>(177,612)</u>
Net change in fund balances	(1,660,690)	(15,415,719)	(10,179,442)
Fund balances (deficits), beginning	<u>49,400,706</u>	<u>91,119,802</u>	<u>185,550,482</u>
Fund balances (deficits), ending	<u>\$ 47,740,016</u>	<u>75,704,083</u>	<u>175,371,040</u>

CITY OF CATHEDRAL CITY
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 Year ended June 30, 2011

Net change in fund balances - total governmental funds \$ (10,179,442)

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

- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay. (1,617,142)

Capital outlay	\$	3,988,389
Depreciation expense		<u>(5,605,531)</u>
		<u>\$ (1,617,142)</u>

- The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount represents long-term debt repayments. 6,618,406

- Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (2,338,825)

- Under the modified accrual basis of accounting, expenditures are not recognized for transactions that normally are not paid with expendable available financial resources. Compensated absences and claims and judgments are common examples. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. (6,190,329)

Change in compensated absences accrual	\$	68,808
Change in interest on long-term debt accrual		(567,328)
Change in bond issuance costs amortized over the remaining life of the debt		(231,686)
Change in bond premium/discount amortized over the remaining life of the debt		7,651
Change in other post employment benefits accrual		<u>(5,467,774)</u>
		<u>\$ (6,190,329)</u>

- Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. Internal service funds are reported with governmental activities. (26,463)

Change in net assets of governmental activities \$ (13,733,795)

The notes to financial statements are an integral part of this statement.

CITY OF CATHEDRAL CITY
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Funds
	Cathedral City Downtown Foundation	
Assets		
Current assets:		
Cash and investments	\$ 291,629	11,931,341
Interest receivable	-	17,729
Accounts receivable	-	250
Deposits with PERMA	-	1,699,353
Prepaid assets	-	10,611
Inventories	-	27,660
Total current assets	<u>291,629</u>	<u>13,686,944</u>
Capital assets:		
Construction in progress	365,369	-
Vehicles	-	8,274,762
Equipment	149,122	-
Accumulated depreciation	<u>(137,800)</u>	<u>(5,418,860)</u>
Total capital assets (net of accumulated depreciation)	<u>376,691</u>	<u>2,855,902</u>
Total assets	<u>\$ 668,320</u>	<u>16,542,846</u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 41,875	92,202
Deposits	3,989	-
Claims payable	-	500,000
Unearned revenue	-	1,116
Total current liabilities	<u>45,864</u>	<u>593,318</u>
Noncurrent liabilities:		
Claims payable	-	3,365,971
Total noncurrent liabilities	<u>-</u>	<u>3,365,971</u>
Total liabilities	<u>45,864</u>	<u>3,959,289</u>
Net assets:		
Invested in capital assets	376,691	2,855,902
Unrestricted	<u>245,765</u>	<u>9,727,655</u>
Total net assets	<u>622,456</u>	<u>12,583,557</u>
Total liabilities and net assets	<u>\$ 668,320</u>	<u>16,542,846</u>

The notes to financial statements are an integral part of this statement.

CITY OF CATHEDRAL CITY
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year ended June 30, 2011

	Business-type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Funds
	Cathedral City Downtown Foundation	
Operating revenues		
Charges for services	\$ 569,169	7,399,985
Total operating revenues	569,169	7,399,985
Operating expenses		
Insurance claims and expenses	-	7,325,214
Minor equipment	-	5,537
Cost of sales and services	312,306	-
Administration	669,153	-
Depreciation	8,742	815,124
Total expenses	990,201	8,145,875
Operating loss	(421,032)	(745,890)
Nonoperating revenues		
Interest and investment income	-	110,488
Insurance recovery	-	31,052
Intergovernmental	798,500	-
Gain on sale of capital assets	-	4,111
Total nonoperating revenues	798,500	145,651
Income before transfers	377,468	(600,239)
Transfers		
Transfers in	-	594,798
Transfers out	-	(21,022)
Total transfers	-	573,776
Change in net assets	377,468	(26,463)
Net assets, beginning	244,988	12,610,020
Net assets, ending	\$ 622,456	12,583,557

The notes to financial statements are an integral part of this statement.

CITY OF CATHEDRAL CITY
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	Business-type Activities - Nonmajor Enterprise Fund Cathedral City Downtown Foundation	Governmental Activities - Internal Service Funds
Cash flows from operating activities		
Receipts from customers and user departments	\$ 570,957	7,743,452
Payments to suppliers for goods and services	(787,422)	(6,388,187)
Payments to employees	(195,547)	-
Other receipts (payments)	(606)	31,710
Net cash provided by (used in) operating activities	<u>(412,618)</u>	<u>1,386,975</u>
Cash flows from noncapital financing activities		
Intergovernmental revenues	798,500	-
Transfers from other funds	-	594,798
Transfers to other funds	-	(21,022)
Net cash provided by noncapital financing activities	<u>798,500</u>	<u>573,776</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(365,369)	(15,000)
Insurance recovery proceeds	-	31,052
Proceeds from sale of capital assets	-	4,111
Net cash provided by (used in) capital and related financing activities	<u>(365,369)</u>	<u>20,163</u>
Cash flows from investing activities		
Interest received on investments	-	116,683
Net cash provided by investing activities	<u>-</u>	<u>116,683</u>
Net increase in cash and cash equivalents	20,513	2,097,597
Cash and cash equivalents at beginning of year	<u>271,116</u>	<u>9,833,744</u>
Cash and cash equivalents at end of year	<u>\$ 291,629</u>	<u>11,931,341</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (421,032)	(745,890)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	8,742	815,124
(Increase) decrease in accounts receivable	1,890	548
(Increase) decrease in prepaid assets	-	(1,546)
(Increase) decrease in deposits with PERMA	-	(207,118)
(Increase) decrease in inventories	-	581
Increase (decrease) in claims payable	-	1,499,695
Increase (decrease) in accounts payable	4,357	24,704
Increase (decrease) in accrued liabilities	(6,473)	-
Increase (decrease) in unearned revenue	-	877
Increase (decrease) in deposits	(102)	-
Total adjustments	<u>8,414</u>	<u>2,132,865</u>
Net cash provided by (used in) operating activities	<u>\$ (412,618)</u>	<u>1,386,975</u>
Noncash investing, capital, and financing activities		
Capital asset trade-ins	\$ -	-

The notes to financial statements are an integral part of this statement.

CITY OF CATHEDRAL CITY
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	Agency Funds
Assets	
Cash and investments	\$ 8,484,266
Interest receivable	15,266
Special assessments receivable	48,890,017
Restricted assets:	
Cash and investments with fiscal agent	6,329,918
Total assets	\$ 63,719,467
Liabilities	
Accounts payable	\$ 11,484
Due to bondholders	63,707,983
Total liabilities	\$ 63,719,467

The notes to financial statements are an integral part of this statement.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting entity

The City of Cathedral City (the “City”) was incorporated under the general laws of the State of California and enjoys all the rights and privileges pertaining to such “general law” cities. The City operates under a Council-Manager form of government and the City Council is comprised of five members. Among the services provided by the City are police and fire protection, public maintenance, construction and maintenance of roads and highways, planning and zoning, community development, and general administrative support.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete.

Blended component units

The Cathedral City Redevelopment Agency, Cathedral City Public Financing Authority and Cathedral City Downtown Foundation 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 data from these units are reported with the data of the City.

Cathedral City Redevelopment Agency – The Cathedral City Redevelopment Agency (the “Agency”) was established on December 2, 1981, pursuant to the State of California Health and Safety Code, Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out the Redevelopment Plan for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of Cathedral City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Separate financial statements of the Agency are prepared and posted online at the City of Cathedral City website (www.cathedralcity.gov) when complete.

Cathedral City Public Financing Authority – The Cathedral City Public Financing Authority (the “Authority”) was established on December 1, 1993, for the purpose of financing public capital improvements. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. The City of Cathedral City does not produce separate financial statements for the Authority.

Cathedral City Downtown Foundation – The Cathedral City Downtown Foundation (the “Foundation”) was incorporated on December 21, 2000, as a nonprofit public benefit corporation under IRS Section 501(c)(3). The purpose of the Foundation is to operate educational facilities and/or attractions in the City of Cathedral City Downtown Area, to instruct the public on subjects useful to the individual and beneficial to the community, and to encourage and raise monetary and/or in lieu contributions via gifts, endowments and bequests for the purpose of enhancing and/or improving those services, facilities, and equipment currently provided at Cathedral City’s IMAX Theatre. Even though it is legally separate, it is reported as if it were part of the City because it is a blended component unit of the Agency, and the Agency’s Directors (City Council) also serve as the governing board of the Foundation and approve the Foundation’s budget. It is shown as a proprietary fund type (enterprise fund) in the financial statements. The City of Cathedral City does not produce separate financial statements for the Foundation.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

Measurement focus, basis of accounting and financial statement presentation

The City's Comprehensive Annual Financial Report (CAFR) is presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The basic financial statements include the government-wide financial statements, the fund financial statements and the notes to the financial statements.

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City does not have any reportable discretely presented component units.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

For the most part, the effect of interfund activity has been removed from these statements. 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 are 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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements – The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. 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 major individual enterprise funds, if any, are reported as separate columns in the fund financial statements, while nonmajor funds are reported in the aggregate. Proprietary statements include financial information for enterprise and internal service funds. Fiduciary statements include financial information for agency funds. Fiduciary funds of the City represent assets held by the City in a custodial capacity for other individuals or organizations.

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

pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days 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, claims and judgments are not recognized until paid.

Sales taxes, property taxes, utility users taxes, transactions and use taxes, franchise fees, motor vehicle in lieu payments, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets despite their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available, spendable resources," since they do not represent net current assets. Noncurrent portions of long-term receivables are either reported as deferred revenue or offset by fund balance nonspendable accounts.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the business-type activities of the government-wide financial statements to the extent that those standards do not conflict with, or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The City reports the following major governmental funds:

General Fund – This is the general operating fund of the City. The General Fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

For reporting purposes, the General Fund includes the following funds: General (Fund 100), Big League Dreams (Fund 431) and Special Deposits (Fund 711). The Big League Dreams fund accounts for the loan made by the City to the developer for constructing the sports complex (Big League Dreams). The Special Deposits fund accounts for deposits held by the City for others, such as developer security deposits, particulate matter (PM-10) deposits and business owner deposits.

Solid Waste (Special Revenue) – This fund accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts through the City.

Redevelopment Agency Area 3 Fund (Debt Service) – This fund accounts for debt service expenditures on long-term indebtedness of the Agency for capital projects constructed in Project Area No. 3.

Public Financing Authority Fund (Debt Service) – This fund accounts for the proceeds of specific revenues, including bonds, and debt service expenditures related to the long-term indebtedness of the Authority.

Areawide Capital Projects Fund – This fund accounts for citywide capital projects not otherwise budgeted for in another fund.

2002 E Housing Bond (Capital Projects) – Accounts for financial resources to be used for low and moderate housing development projects within the City.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

2007 TAB B Fund (Capital Projects) – This fund accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series B.

Additionally, the City reports the following governmental fund types:

Special revenue funds are used to account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.

Debt service funds are used to account for tax increment revenues, bond proceeds required to be set aside for future debt service, and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City, the Agency, and the Authority.

Capital projects funds are used to account for financial resources to be used for development and redevelopment projects within the city. Such projects include street improvements, parks, and Agency activity.

Proprietary funds (enterprise and internal service 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 government's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

The City's agency funds are fiduciary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City reports the following proprietary and fiduciary funds:

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Internal service funds, which are proprietary funds, are used to finance and account for the purchase of major equipment items and motor vehicles, to account for the cost of insurance, the purchase and replacement of application software, and facilities replacement. Such costs are accumulated in these funds and charged to the user departments on an estimated cost reimbursement basis.

Agency funds, which are fiduciary funds, are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. The agency funds are used to account for taxes received for special assessments debt, for which the City is not obligated.

Financial statement elements

Cash and investments – City investments are recorded 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 rates.

The City pools cash resources from all funds, except those held by fiscal agents, in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's cash and investment balance at the end of a quarter.

Changes in fair value that occur during a fiscal year are recognized and reported as interest income for that fiscal year. Investment earnings include interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity or sale of investments.

The City participates in an external investment pool managed by the State of California. This fund, the California Local Agency Investment Fund (LAIF), was established under California State Statute. LAIF has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF is not registered with the Securities and Exchange Commission and falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

For purposes of the statement of cash flows, *cash and cash equivalents* are defined as short-term (maturing within three months), 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. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City. The entire balance of cash and investments on the statement of net assets for the proprietary funds is considered *cash and cash equivalents* for purposes of the statement of cash flows.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for deposit and investment risks are specified in the following areas:

- Credit risk:
 - ❖ Overall credit risk
 - ❖ Custodial credit risk
 - ❖ Concentration of credit risk
- Interest rate risk
- Foreign currency risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly-sensitive investments, credit quality at year-end, and other disclosures.

Receivables and payables – Property taxes, sales and use taxes, utility users taxes, transactions and use taxes, franchise fees, and transient occupancy taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

Loans receivable include amounts loaned to support low and moderate income housing units. Loans receivable also include amounts loaned to developers for various projects throughout the city.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, if reported in the fund financial statements, are offset in nonspendable fund balance for noncurrent assets in governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Prepays – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories – Inventories recorded in the proprietary funds consist of fuel for City vehicles. The City values inventory at average cost and expenses fuel inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The City uses the purchases method of accounting for inventories in governmental fund types whereby inventory items are considered expenditures when purchased and are not reported in the statement of net assets.

Investments held in trust – Investments held in trust represent the investments (special assessment district bonds) purchased and held by the Authority for repayment of certain special assessment district debt.

Land held for resale – The Agency has acquired parcels of land as part of their primary purpose to develop or redevelop blighted areas. These parcels have been recorded as *land held for resale* in the financial records. The properties held for resale are recorded at the lower of cost or net realizable value, determined upon the execution of a disposition and development agreement. Land held for resale that is disposed of through a sales agreement at an agreed upon price is accounted for by recording the resulting gain or loss on the sale. Land held for resale that is given to a developer under a disposition agreement is accounted for by recording an expenditure for developer assistance. At June 30, 2011, land held for resale with a cost of \$53,397,620 was recorded, with a corresponding amount classified as nonspendable fund balance in the governmental funds financial statements.

Restricted assets – Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets and balance sheet because their use is limited by applicable bond covenants.

Capital assets – Capital assets, which include vehicles, furniture, equipment, infrastructure assets (e.g., roads, traffic signals, drainage systems, and similar items), and intangible assets (software and easements), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial cost of more than \$5,000 (vehicles, furniture and equipment), \$10,000 (land and land improvements) or \$50,000 (buildings, structures, infrastructure and intangible assets) and an estimated life in excess of one year. Capital assets of the Foundation, a blended component unit of the City, are defined as assets with an initial cost of more than \$2,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset	Useful Life
Buildings and improvements	30 years
Structures and improvements	20 years
Vehicles, furniture and equipment	5 - 10 years
Infrastructure	10 - 50 years
Intangible assets	5 - 40 years

Capital assets (furniture and equipment) of the Foundation are depreciated using the straight-line method over an estimated useful life of 5 years.

Deferred revenue – Deferred revenue in governmental funds arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has legal claim to them, (i.e., when grant monies are received prior to incurring qualifying expenditures).

Long-term obligations – In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are reported in the government-wide financial statements as *other assets* while bond premiums and discounts are reported as *noncurrent liabilities*.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Compensated absences – Regular status City employees earn vacation hours based upon their respective Memorandum of Understanding (MOU) and length of service. Annual vacation hours earned by each employee ranges from 96 to 324 hours. Employees can carry forward unused vacation hours up to twice the annual earned amount for use in a subsequent year. There is no limit for non-represented employees.

Regular status City employees earn sick leave based upon their respective MOU. Sick leave is earned at a rate of either 3.69 or 5.54 hours per pay period. Hours that can be carried forward for use in a subsequent year range from 580 to 1,440.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

Upon termination or retirement, regular status employees are entitled to receive compensation at their current base salary for all unused vacation leave. Effective July 1, 1987, employees with continuous employment may receive compensation for unused sick leave when they resign or retire. Continuous employment is defined as either three to seven years or five to nine years, depending upon an employee's respective MOU.

Employees with continuous employment of greater than three, five, seven or nine years may receive compensation for 25%, 50% or 100% of sick leave when they resign or retire, depending upon their respective MOU. The City has utilized the vesting method to record the estimated portion of sick leave balances that are likely to be paid immediately following the employee's resignation or retirement.

In accordance with GASB Statement No. 16, *Accounting for 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.

Also per GASB Statement No. 16, 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. The General Fund is generally used to liquidate the liability for compensated absences.

If material, a proprietary fund type liability is accrued for the 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 funds employees that have terminated prior to year end. All other amounts are recorded in long-term debt. These noncurrent amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

Enrollment in group insurance plans – post-retirement – Employees retiring from the City may elect within two months after retirement to participate in such group health insurance policies provided by the City if the following three criteria are met: (1) taking a qualified retirement under the California Public Employees' Retirement System (CalPERS); (2) have at least five years service with the City; and (3) have reached at least age 55, or age 50 for public safety. The cost of such insurance coverage, which the City chooses from time to time, is determined by the employee's negotiated MOU at the time of retirement.

As permitted by law, the City's health insurance policy shall become secondary to any applicable federal or state government health programs as soon as the retired employee becomes eligible, or the retired employee reaches age 65, whichever comes first.

City employees retiring under the CalPERS Retirement Program with five years of continuous employment with the City can, at their own expense, pay for the group life insurance.

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 has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Claims incurred but not reported are recorded as a liability when the liability has been incurred or an asset has been impaired and the amounts can be reasonably determined. The liability for general liability and workers compensation claims is recorded in the Insurance Fund (an internal service fund).

Property taxes – Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and allocated to cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes that are received within 60 days after year end.

Property Tax Collection Schedule	
Lien Date:	January 1
Levy Date:	July 1
Due Date:	November 1 – 1 st Installment
	February 1 – 2 nd Installment
Delinquent After:	December 10 – 1 st Installment
	April 10 – 2 nd Installment

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

Property Tax Remittance Schedule	
December	30% Advance
January	Collection No. 1
April	10% Advance
May	Collection No. 2
July	Collection No. 3

The City is a participant in the Teeter plan under the California Revenue and Taxation Code. Under this plan, the City receives 100% of the tax levy and Riverside County has responsibility for the collection of any delinquent taxes.

Fund balance – The City implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011. As a result, the City now reports the following classifications of fund balance:

Nonspendable – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

Restricted – Includes amounts that have constraints on the use of resources by being externally imposed, imposed by law through constitution, or through enabling legislation.

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority (City Council).

Assigned – Includes amounts that are constrained by the City's intent to be used for a specific purpose.

Unassigned – The residual classification which includes all spendable amounts not contained in other classifications.

The City Council authorized the City Manager and/or Administrative Services Director to assign amounts for specific purposes pursuant to the fund balance policy adopted through a resolution. When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, the City considers restricted amounts to be used first, then unrestricted. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

GASB pronouncements issued, but not yet adopted

Governmental Accounting Standards Board Statement No. 57 – In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements.

GASB Statement No. 57 is effective for financial statements for periods beginning after June 15, 2011. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 60 – In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The Statement's objective is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) whereby the transferor conveys to an operator the right and related obligation to provide

services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties.

The Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

GASB Statement No. 60 is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 61 – In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The Statement's objective is to improve financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial reporting entity and amending the criteria for reporting component units as if they were part of the primary government (i.e., blending) in certain circumstances.

GASB Statement No. 61 is effective for financial statements for periods beginning after June 15, 2012. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 62 – In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement's objective is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 63 – In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement's objective is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

GASB Statement No. 63 is effective for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 64 – In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Statement's objective is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

GASB Statement No. 64 is effective for periods beginning after June 15, 2011. The impact of the implementation of this Statement to the City’s financial statements, if any, has not been assessed at this time.

Stewardship, compliance and accountability

Budgetary data – The City adopts a biennial budget prepared on the modified accrual basis of accounting for the General Fund, certain special revenue funds (Low and Moderate Income Housing, Traffic Safety, State Gas Tax, Air Quality Improvement, Measure A, Solid Waste, Police Department Special Revenues, Fire Department Special Revenues, and Landscape and Lighting Districts), and a capital projects fund (RDA Administration). Special revenue funds for which budgets are not adopted are: Master Underground Plan, Developer Fees, TDA SB821, Community Development Block Grant, Asset Forfeiture Program, Police Grants, Transfer Station Road and Energy and Efficiency Block Grant. Budgetary data for the debt service and other capital projects funds are not presented herein, as the budgets for these funds are long-term in nature.

The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to the end of the two-year period and administer it after adoption. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end.

The Administrative Services Director is authorized to adjust appropriations between each department or activity, provided that the total appropriations for each department or activity does not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Such adjustments will be made only upon written request to the City Manager and/or Administrative Services Director on forms prescribed and approved by the Administrative Services Director. Once the written request is properly executed and approved, the funds will be made available. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for authorized, but uncompleted, projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director. For each fund, total expenditures may not legally exceed total appropriations.

Appropriations limit – Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2011, proceeds of taxes did not exceed appropriations.

Deficit fund equity – The following deficit fund balances were reported at June 30, 2011:

Special revenues fund:		
Solid Waste	\$	310,668
Nonmajor special revenue funds:		
Community Development Block Grant		43,730
Police Grants		53,426

These deficit balances will be eliminated through future revenues.

Excess of expenditures over appropriations – The nonmajor special revenue funds in the table below exceeded appropriated expenditures by the designated amounts.

Traffic Safety	\$ 99,510
Air Quality Improvement	32,340
Measure A	77,032
Police Department Special Revenues	18,307
Fire Department Special Revenues	34,891

Traffic Safety expenditures exceeded appropriations because expenditures related to the Ramon Road Widening and Rehabilitation project were not originally anticipated. Air Quality Improvement expenditures exceeded appropriations because of costs related to the compressed natural gas (CNG) station, which was completed during the current year. The higher costs were attributable to the City's required matching share for grants received. Measure A expenditures exceeded appropriations because expenditures related to various long-term projects were incurred earlier, thus higher, than originally anticipated. Police Department Special Revenues expenditures exceeded appropriations because various program expenditures (and the related revenue sources) were not originally anticipated. Fire Department Special Revenues expenditures exceeded appropriations because Homeland Security grants were received that were not originally appropriated for. In addition, expenditures were made from other monies received (Breast Cancer Awareness, Fallen Firefighters, Pink Heels Tour, etc.) that were not originally appropriated for.

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Note 2 – Cash and Investments begins on the following page.)

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

NOTE 2 – CASH AND INVESTMENTS

The City's cash and investments are invested pursuant to investment policy guidelines established by the City's Administrative Services Director, subject to review by the City Council. The objectives of the investment policy are preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The City maintains a cash and investment pool available for use by all funds. Each fund's portion of this pool is displayed on the statement of net assets and balance sheet as *cash and investments*. In addition, certain funds have investments with trustees related to debt issues.

Cash deposits

At year end, the City's bank balance was \$360,287. The recorded balance reflected in the June 30, 2011 financial statements was \$(1,769,006). As of June 30, 2011, deposits were entirely insured or collateralized with securities held by the City or the City's agent in the City's name.

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

	Government-wide Statement of Net Assets			Fiduciary Funds Statement of Assets and Liabilities	Total
	Governmental Activities	Business- Type Activities	Subtotal		
Cash and investments	\$ 65,773,970	291,629	66,065,599	8,484,266	74,549,865
Restricted cash and investments	41,639,709	-	41,639,709	6,329,918	47,969,627
Investments held in trust	4,600,364	-	4,600,364	-	4,600,364
Total cash and investments	<u>\$ 112,014,043</u>	<u>291,629</u>	<u>112,305,672</u>	<u>14,814,184</u>	<u>127,119,856</u>

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Note 2 – Cash and Investments continues on the following page.)

Total City deposits and investments at fair value as of June 30, 2011, are reported as follows:

	Fair Value
City deposits:	
Cash on hand	\$ 7,900
Deposits with financial institutions	(1,769,006)
Total City deposits	(1,761,106)
City investments:	
Securities of U.S. government agencies:	
Federal Home Loan Bank (FHLB)	1,001,608
Total securities of U.S. government agencies	1,001,608
State investment pool	66,172,991
Medium-term notes	5,890,896
Money market mutual funds	3,245,476
Total City investments	76,310,971
Total City funds	74,549,865
Restricted cash and investments:	
Held with Redevelopment Agency	
State investment pool	35,551,264
Total held with Redevelopment Agency	35,551,264
Held with fiscal agent:	
State investment pool	2,154,290
Money market mutual funds	10,264,073
Total held with fiscal agent	12,418,363
Total restricted cash and investments	47,969,627
Investments held in trust:	
Local agency bonds	4,600,364
Total investments held in trust	4,600,364
Total cash and investments	\$ 127,119,856

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by Federal depository insurance by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the City's deposits or 150% of mortgage-backed collateral. The collateral pledged to cover the public fund deposits in California is held in the name of the California Collateral Pool Administrator and is held in their name by the Federal Reserve Bank as custodian. The City had no uncollateralized cash at June 30, 2011.

Cash includes amounts in demand and time deposits. Investments are reported in the accompanying financial statements 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 income from use of property and money reported for that fiscal year. Income from use of property and money includes interest earnings, changes in fair value, any gains or losses realized upon the liquidation, maturity, or sales of investments, and property rentals.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

The City pools cash and investments of all funds, except for assets held by fiscal agents. The pool's cash balances are invested by the City Treasurer to enhance interest earnings. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis, based on each fund's cash balance at the end of the quarter. Interest payments are paid to the various funds also on a quarterly basis. Restricted cash and investments includes funds held by trustees relating to bonds payable and those amounts held by each fund for which a specific, non-operating use has been determined.

Investments authorized by the California Government Code and the City's investment policy

The Administrative Services Director updates the Statement of Investment Policy annually. It is then presented to the City Council for approval. Authority to manage the investment program is granted to the City Treasurer who is responsible for the investment of all funds. In his/her absence, the Administrative Services Director, and/or Director of Finance, and City Manager, in that order, are authorized to act on his/her behalf.

The City's investment policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal, to meet daily cash flow needs, while providing the best investment return. All investments are made in accordance with the California Government Code and, in general, the City's policy is more restrictive than State law. Section 53607 of the California Government Code allows the City Council to delegate its investment authority to the City Treasurer and requires that the City Treasurer provide a monthly report to the City Council of its investment transactions. The annual delegation of authority is incorporated into the investment policy. The Treasurer's Report meets the requirement for monthly investment reporting.

The table below identifies the investment types that are authorized for the City by California Government Code Sections 53600 et al, 16429.1 and 53684 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Government Agency Issues	5 years	80%	None
Banker's Acceptances	180 days	40%	30%
Medium-Term Notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	80%	\$40 million†
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	N/A	30%	None
Money Market Mutual Funds	N/A	20%	10%

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

† Maximum is \$40 million per account. The City maintains six separate accounts with LAIF.

Investments authorized by debt agreements

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. Investments held by the bond trustees consist mainly of bond proceeds to be used for capital projects and required reserve funds for various bond issues and are not available for the City’s general expenditures.

The following table identifies the investment types that are authorized for investments held by the bond trustee. The table shows the maximum maturity allowed for debt proceeds, the maximum amount of the proceeds that may be invested in any type of investment, and the maximum amount that can be invested in any particular issuer of investments.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	N/A	None	None
Government Agency Issues	5 years	None	None
Guaranteed Investment Agreements	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Bonds	N/A	None	None

Deposit and investment risk

The risk disclosures below apply to the City’s internal investment pool and deposits, and funds held by bond trustees. Portfolio investments are exposed to four main types of risk: concentration, interest rate, default and custodial risk. Deposits are exposed primarily to custodial credit risk.

Concentration of credit risk – The investment policy of the City contains limitations on the amount that can be invested in any one issuer, which may be more restrictive than that stipulated by the California Government Code. The City did not have any investments in any one issuer at June 30, 2011, that exceeded the maximum investment in one issuer guidelines of the City’s investment policy.

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, as the maturity period of an investment lengthens, the sensitivity of its fair value to changes in market interest rates becomes greater. 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 the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)
June 30, 2011

Investment Type		Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months
City Investments:					
Federal agency notes	\$ 1,001,608	-	-	1,001,608	-
Medium-term notes	5,890,896	306,192	1,586,611	3,998,093	-
Money market mutual funds	3,245,476	3,245,476	-	-	-
State investment pool	66,172,991	66,172,991	-	-	-
Subtotal	76,310,971	69,724,659	1,586,611	4,999,701	-
Investments held in trust:					
Local agency bonds	4,600,364	862,172	165,639	554,836	3,017,717
Total City investments	\$ 80,911,335	70,586,831	1,752,250	5,554,537	3,017,717
Restricted Investments:					
Held with Redevelopment Agency:					
State investment pool:					
Redevelopment Agency	\$ 35,551,264	35,551,264	-	-	-
Subtotal	35,551,264	35,551,264	-	-	-
Held with fiscal agent:					
Money market mutual funds					
State investment pool:					
City of Cathedral City	2,154,290	2,154,290	-	-	-
Subtotal	12,418,363	12,418,363	-	-	-
Total restricted investments	\$ 47,969,627	47,969,627	-	-	-
Total investments	\$ 128,880,962	118,556,458	1,752,250	5,554,537	3,017,717

Default credit risk – Generally, default 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. The following presentation is the minimum rating required (where applicable) by the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of year end for each investment type:

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Note 2 – Cash and Investments continues on the following page.)

Investment Type		Minimum Rating	Rating as of Year End	
			Moody's	S & P
Federal Agency Notes	\$ 1,001,608	N/A	Aaa	AAA *
Medium-Term Notes:				
GE Capital	1,345,125	A	Aa2	AA+
International Lease	867,088	A	B1	BBB-
Protective Life	719,523	A	A2	AA-
HSBC Financial Corp. Internotes	972,090	A	A3	A
Morgan Stanley	990,574	A	A2	A
Union Bank NA Bank Notes	996,496	A	A2	A+
Money market mutual funds	13,509,549	A	Aaa	AAAm
Local agency bonds	4,600,364	N/A	Not rated	Not rated
State investment pool	103,878,545	N/A	Not rated	Not rated
Total investments	<u>\$ 128,880,962</u>			

* On August 5, 2011, Standard & Poor's (S&P) lowered its long-term sovereign credit rating on the United States from AAA to AA+. This also affected the credit ratings of the Federal Home Loan Banks (FHLB).

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. Deposits or securities can be legally restricted. The City maintains a cash account at Wells Fargo Bank. The City maintains a single account for payment of general accounts payable checks and payroll checks. Amounts in excess of \$250,000 are securitized in accordance with California Government Code Section 53652. 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. As of June 30, 2011, the City did not have deposits with institutions in excess of federal depository insurance limits, which is currently at \$250,000.

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. As of June 30, 2011, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with independent third party custodian banks. The City uses Union Bank of California and Morgan Stanley Smith Barney as third-party custody and safekeeping services for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a failure of these entities. All City investments held in custody and safekeeping by these entities are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

CITY OF CATHEDRAL CITYNotes to the Financial Statements (continued)
June 30, 2011**Investment in state investment pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

As of June 30, 2011, the total amount invested by all public agencies in LAIF is \$24.0 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2011 had an investment portfolio balance of \$66.4 billion. Of that amount, 5.01% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 237 days as of June 30, 2011.

NOTE 3 – RECEIVABLES

Receivables balances as of June 30, 2011, for the government's individual major funds and nonmajor funds in the aggregate, are as follows:

	<u>Interest</u>	<u>Accounts</u>	<u>Loans</u>
General fund	\$ 14,455	3,543,135	3,667,759
Special revenue:			
Solid Waste	639	126,324	-
Debt service:			
Redevelopment Agency Area 3	21,378	19,518	-
Capital projects:			
Areawide Capital Projects	8,601	352,074	-
2002 E Housing Bond	2,608	-	6,748,812
2007 TAB B	25,174	-	7,662,861
Nonmajor governmental funds	<u>47,689</u>	<u>1,110,276</u>	<u>6,362,012</u>
Total governmental funds	<u>\$ 120,544</u>	<u>5,151,327</u>	<u>24,441,444</u>

Loans receivable not expected to be collected within one year are: \$3,647,720 reported in the General Fund; \$6,748,812 reported in the 2002 E Housing Bond fund; \$7,662,861 in the 2007 TAB B fund; and \$6,362,012 reported in the nonmajor governmental funds.

Loans receivableBig League Dreams Sports, LLC

In September 1996, the City agreed to make a construction loan to Big League Dreams Sports, LLC, in an amount not to exceed \$4,400,000 for the construction of a Sports Park Complex in Cathedral City. On July 30, 1998, Big League Dreams Sports, LLC, signed a promissory note in the amount of \$4,350,239, the total amount advanced under the September 1996 construction loan agreement. Loan payments of \$118,500 (principal and interest) are to be made quarterly through September 30, 2027. The loan is secured by a deed of trust on the sports park complex.

\$ 3,667,759

Façade Improvement Loans

The Agency agreed to make loans to various city businesses for building façade improvements. The loans bear an annual interest rate of 7% from the date the loan proceeds are disbursed. The term of the loans are five years, commencing on the date loan proceeds are disbursed. The loan amount and all interest thereon is due in full in a single payment on the last day of the term, unless forgiven by the Agency. In the event the term expires without an event of default, the Agency shall forgive the full loan and all accrued interest thereon. The loans are secured by a deed of trust on the related property.

- Luxury Rent-a-Car, Inc. – Loan proceeds of \$30,365 were disbursed June 3, 2009. Deferred interest of \$4,408 is included in the balance. 34,773
- Don & Sweet Sue’s – Loan proceeds of \$362,850 were disbursed April 20, 2010. Deferred interest of \$35,281 is included in the balance. 398,131
- Liberty Max – Loan proceeds of \$12,661 were disbursed April 28, 2010. Deferred interest of \$1,192 is included in the balance. 13,853
- Outpost Tavern – Loan proceeds of \$227,500 were disbursed April 30, 2010. Deferred interest of \$21,248 is included in the balance. 248,748
- Flooring Innovations – Loan proceeds of \$168,400 were disbursed January 3, 2011. Deferred interest of \$5,749 is included in the balance. 174,149

Big League Dreams Cathedral City, LLC

On September 1, 2008, the Agency agreed to make a loan to Big League Dreams Cathedral City, LLC for building façade improvements. The loan bears an annual interest rate of the averaged Local Agency Investment Fund rate plus 2% from the date the loan proceeds are disbursed. Loan proceeds of \$35,160 were disbursed November 10, 2010. Deferred interest of \$558 is included in the balance. The term of the loan is five years commencing on the effective date (September 1, 2008). The loan amount and all interest thereon is due in full in a single payment on the last day of the term, unless forgiven by the Agency. In the event the term expires without an event of default, the Agency shall forgive the full loan and all accrued interest thereon.

35,718

Cathedral/Creekside, L.P.

On November 1, 2002, the Agency entered into an Owner Participation Agreement (OPA) with Cathedral/Creekside, L.P. In connection with the OPA, Cathedral/Creekside, L.P. executed a promissory note not to exceed \$1,800,000, which is secured by a deed of trust. The amount due under this agreement accrues no interest, and will be repaid on an annual basis from 50% of the project’s residual receipts. For purposes of this agreement, the “loan term” shall be the period ending 30 years from the date that the certificate of completion is issued by the Agency or 30 days after the maturity date of the obligations, if sold or issued. However, in no event shall the term exceed 33 years.

1,800,000

Cathedral City Heritage Park, L.P.

The Agency and Cathedral City Heritage Park, L.P. entered into an OPA in December 2002 for the development of a 153-unit senior housing complex. The OPA was subsequently amended in June 2004. The OPA provided for an Agency loan of \$2,700,000 to assist the participating owner in developing the project. The loan carries a simple interest rate of 5% per annum and will be

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

repaid from the residual receipts of the project. Deferred interest of \$918,000 is included in the balance. 3,618,000

Southern California Housing Development Corporation (SCHDC)

On May 1, 2003, the Agency entered into an OPA with Southern California Housing Development Corporation (SCHDC). In connection with the OPA, SCHDC executed a promissory note not to exceed \$1,000,000 secured by a deed of trust. The amount due under this agreement accrues no interest, and will be repaid on an annual basis from 50% of the project's residual receipts. For purposes of this agreement, the "loan term" shall be the period ending 30 years from the date that the Certificate of Completion is issued by the Agency. 1,000,000

On September 26, 2007, the Agency entered into a Disposition and Development Agreement (DDA) with SCHDC for the construction of up to 94, but no fewer than 84, units of affordable housing, a community center and Police Community Alliance Office, multi-purpose room, complex amenities, parking and landscaping. The Agency will provide assistance up to \$10,662,007, but no less than \$9,925,185. The principal balance is currently at \$280,000.

The original DDA expired in November 2009. An amendment to the DDA dated August 11, 2010, extends the due date for the promissory note to December 31, 2015, waives all past and future interest associated with the promissory note, and gives SCHDC until June 1, 2015, to renegotiate the business terms of the transaction and evaluate the Agency's ability to participate at that time. 280,000

Cathedral Family Housing Partners, L.P.

On September 21, 2007, the Agency entered into an OPA with California Family Housing Partners, L.P. for the construction of approximately 60 units of affordable housing. The Agency will provide assistance up to \$4,006,162. California Family Housing Partners, L.P. will pay an amount equal to the amount advanced plus simple interest of 2% per annum from the date of disbursement and will be repaid on an annual basis from 50% of the project's residual receipts. In the event of a breach of the agreement, the amount advanced will be deemed to have accrued interest at a rate of 8% per annum from the disbursement date and accelerated as to be payable in full upon demand. For purposes of this agreement, the "loan term" shall be the period ending 55 years from the date that the Certificate of Completion is issued by the Agency. The balance includes principal of \$4,006,162 and deferred interest of \$117,982. 4,124,144

Cathedral Hotel Group, LP / Cathedral Group Ltd.

On February 26, 2010, the Agency entered into a loan agreement with the Cathedral Hotel Group, LP and Cathedral Group Ltd. The transaction consisted of three elements: (1) hotel loan of \$7,000,000; (2) condo project loan of \$2,400,000; and (3) conveyance of housing land.

The hotel promissory note (\$7,000,000) accrues interest at an annual rate of 7%, compounded semi-annually. Interest accrues from the close of escrow, but will be deferred, along with any repayment of principal until August 26, 2010, the note's due date, unless extended by exercising the hotel loan extension option. On September 15, 2010, the loan extension to August 26, 2011, was approved. On March 23, 2011, the loan was extended for an additional 5 years to August 26, 2016. At that time the developer will have one remaining loan extension subject to certain conditions. The hotel loan is secured by a first trust deed on the hotel land and assignment of the hotel developer's rights pertaining to the hotel project. The balance includes principal of \$7,000,000 and deferred interest of \$662,861. 7,662,861

The condo project promissory note of \$2,400,000 was paid off on July 1, 2010.

Terracina Cathedral City Apartments, L.P.

On December 1, 2010, the Agency entered into a loan agreement with Terracina Cathedral City Apartments, L.P. The loan was provided to the developer to assist in acquiring and rehabilitating the property in exchange for the developer's promise to keep the housing units available at affordable rent to persons and families of low or moderate income. The loan is secured by a deed of trust on the related property.

The apartment project promissory note (\$50,000) accrues simple interest at an annual rate of 3% from the date of disbursement. Accrued interest will be repaid on an annual basis from the project's residual receipts, while any and all outstanding principal and interest upon the maturity of the note. In the event of a breach of the agreement, the amount advanced will be deemed to have accrued interest at a rate of 8% per annum from the disbursement date and accelerated as to be payable in full upon demand. For purposes of this agreement, the "loan term" shall be the period ending 55 years from the date that the Affordability Covenants are recorded in the County of Riverside's Recorder's Office. The balance includes principal of \$50,000 and deferred interest of \$812.

50,812

Desert Ice Castle, LP / Magic Ice, LLC

On June 20, 2011, the Agency entered into a loan agreement with Desert Ice Castle, LP/Magic Ice, LLC. The loan was provided to the developer to assist in developing an ice skating facility. The loan is secured by a deed of trust on the related property. As of June 30, 2011, proceeds had yet to be disbursed to the developer.

The promissory note accrues interest at an annual rate of 7% from the date of disbursement based on a 360-day year. Principal and interest are due in a single payment eighteen months after the first advance of funds. In the event of a breach of the agreement, the amount advanced will be deemed to have accrued interest at a rate of 10% per annum from the disbursement date and accelerated as to be payable in full upon demand.

-

Other loan agreements

The Agency has entered into loan agreements with low and moderate housing property owners for their benefit. This assistance may include property rehabilitation, property tax payments, etc. If the property owner refinances or sells the property, or no longer qualifies for low and moderate housing under the established guidelines, the amounts loaned are due and payable. At the end of 30 or 45 years, depending on the agreement, the total amount loaned related to each property will be forgiven.

	1,332,496
Total loans receivable	24,441,444
Less: Deferred revenue (interest)	(1,768,091)
Net loans receivable	\$ 22,673,353

Other

The Agency and developers have entered into agreements to redevelop certain property within the city. Depending on the agreement, if the developer sells the redeveloped property to a qualified low and moderate income housing owner, the Agency may deed the land directly to the new owner. The unimproved land value is secured by promissory notes; the notes

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)
June 30, 2011

are secured by secondary trust deeds. The notes bear no interest. At the end of 45 years, depending on the agreement, the notes will be forgiven if all covenants have been adhered to. If the property owner refinances or sells the property, or no longer qualifies for low and moderate housing under the established guidelines, the notes become due and payable.

NOTE 4 – INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables balances are reported in the fund financial statements at June 30, 2011 as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 159,162	-
Nonmajor governmental funds	-	159,162
	<u>\$ 159,162</u>	<u>159,162</u>

All balances reported as “due to/due from” are short-term loans to cover temporary cash shortages as of June 30, 2011, and will be repaid in early fiscal year 2012. “Advances to/from” balances would represent loan activity between various funds. There was no loan activity between funds as of June 30, 2011.

NOTE 5 – TRANSFERS

Transfers report the nonreciprocal contribution from one fund to another. The following is a summary of transfers for the year ended June 30, 2011:

	Transfers Out									
	General Fund	Special Revenue	Debt Service		Capital Projects			Nonmajor Governmental Funds	Internal Service Funds	Total All Funds
		Solid Waste	RDA Area 3	Public Financing Authority	Areawide Capital Projects	2002 E Housing Bond	2007 TAB Series B			
Transfers In:										
General fund	\$ -	25,400	277,471	-	-	-	-	2,927,985	-	3,230,856
Major funds:										
Debt service:										
RDA Area 3	-	-	-	-	-	6,500,000	-	3,959,592	-	10,459,592
Public Financing Authority	503,987	-	10,182,509	-	-	-	-	4,914,546	-	15,601,042
Capital projects:										
Areawide Capital Projects	690,877	-	178,000	-	-	-	-	7,069,805	-	7,938,682
2007 TAB Series B	-	-	-	-	1,744,000	-	-	3,476,531	-	5,220,531
Nonmajor governmental funds	178,277	-	1,000,000	1,304,277	442,131	2,683,715	201,444	4,606,342	21,022	10,437,208
Internal service funds	578,957	-	-	-	-	-	-	15,841	-	594,798
Total all funds	<u>\$ 1,952,098</u>	<u>25,400</u>	<u>11,637,980</u>	<u>1,304,277</u>	<u>442,131</u>	<u>4,427,715</u>	<u>6,701,444</u>	<u>26,970,642</u>	<u>21,022</u>	<u>53,482,709</u>

Generally, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

During the year ended June 30, 2011, various interfund transfers listed above were made to finance expenditures and service debt. Significant transfers between the governmental funds consisted of:

- \$15,601,042 from various funds to the Public Financing Authority fund for debt service payments (principal and interest) as they became due.
- \$10,459,592 from the 2007 TAB B capital projects fund and other governmental funds to the Redevelopment Agency Area 3 fund for debt service payments (principal and interest) as they become due.
- \$5,220,531 from the Low and Moderate Income Housing fund (nonmajor fund), 2002 D Housing Bond capital projects fund (nonmajor fund), and the 2002 E Housing Bond capital projects fund as part of a land parcel swap.
- \$4,500,000 from the 2007 TAB A capital projects fund (nonmajor fund) to the Areawide Capital Projects fund for the flood control system project.
- \$2,683,715 from the 2002 E Housing Bond capital projects fund to the Low and Moderate Income Housing fund for project related costs.
- \$2,650,000 from the Redevelopment Agency Area 1 (nonmajor fund), Redevelopment Agency Area 2 (nonmajor fund) and the Redevelopment Agency Area 3 debt service funds to the Redevelopment Agency Administration capital projects fund (nonmajor fund) for annual administration costs.
- \$2,559,553 from various governmental funds to the General Fund for salary/benefits and other cost reimbursements.
- \$2,175,999 from various governmental funds to the Areawide Capital Projects fund for costs related to various city projects.
- \$1,429,169 from the Low and Moderate Income Housing fund (nonmajor fund) to the 2002 D Housing Bonds debt service fund (nonmajor fund) for debt service payments (principal and interest) as they became due.
- \$1,304,277 from the Public Financing Authority fund to the 2004 Limited Obligation Bond A fund (nonmajor fund) for debt service payments (principal and interest) as they became due.
- \$1,033,609 from the Low and Moderate Income Housing fund (nonmajor fund) to the 2002 E Housing Bonds debt service fund for debt service payments (principal and interest) as they became due.

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Note 6 – Capital Assets begins on the following page.)

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

NOTE 6 – CAPITAL ASSETS

A summary of capital assets at June 30, 2011, is as follows:

	Governmental Activities	Business-Type Activities	Totals
Capital assets, not being depreciated:			
Land	\$ 22,427,473	-	22,427,473
Construction in progress	9,228,341	365,369	9,593,710
Total capital assets, not being depreciated	<u>31,655,814</u>	<u>365,369</u>	<u>32,021,183</u>
Capital assets being depreciated:			
Buildings and improvements	26,659,370	-	26,659,370
Structures and improvements	8,941,707	-	8,941,707
Vehicles, furniture and equipment	14,808,150	149,122	14,957,272
Infrastructure	160,697,115	-	160,697,115
Intangibles	406,817	-	406,817
Total capital assets, being depreciated	<u>211,513,159</u>	<u>149,122</u>	<u>211,662,281</u>
Less accumulated depreciation:			
Buildings and improvements	(10,707,813)	-	(10,707,813)
Structures and improvements	(3,152,004)	-	(3,152,004)
Vehicles, furniture and equipment	(9,381,607)	(137,800)	(9,519,407)
Infrastructure	(54,514,204)	-	(54,514,204)
Intangibles	(376,605)	-	(376,605)
Total accumulated depreciation	<u>(78,132,233)</u>	<u>(137,800)</u>	<u>(78,270,033)</u>
Total capital assets, being depreciated, net	<u>133,380,926</u>	<u>11,322</u>	<u>133,392,248</u>
Total capital assets, net	<u>\$ 165,036,740</u>	<u>376,691</u>	<u>165,413,431</u>

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Note 6 – Capital Assets continues on the following page.)

Governmental Activities

Capital asset activity related to governmental activities for the year ended June 30, 2011, was as follows:

	Beginning Balance, As Restated	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,925,860	-	(498,387)	22,427,473
Construction in progress	56,889,544	4,567,644	(52,228,847)	9,228,341
Total capital assets, not being depreciated	<u>79,815,404</u>	<u>4,567,644</u>	<u>(52,727,234)</u>	<u>31,655,814</u>
Capital assets being depreciated:				
Buildings and improvements	26,310,963	476,464	(128,057)	26,659,370
Structures and improvements	8,533,480	408,227	-	8,941,707
Vehicles, furniture and equipment	14,831,642	33,353	(56,845)	14,808,150
Infrastructure	109,352,959	51,344,156	-	160,697,115
Intangibles	406,817	-	-	406,817
Total capital assets, being depreciated	<u>159,435,861</u>	<u>52,262,200</u>	<u>(184,902)</u>	<u>211,513,159</u>
Less accumulated depreciation:				
Buildings and improvements	(9,770,611)	(966,038)	28,836	(10,707,813)
Structures and improvements	(2,695,272)	(456,732)	-	(3,152,004)
Vehicles, furniture and equipment	(8,136,124)	(1,302,328)	56,845	(9,381,607)
Infrastructure	(50,826,200)	(3,688,004)	-	(54,514,204)
Intangibles	(369,052)	(7,553)	-	(376,605)
Total accumulated depreciation	<u>(71,797,259)</u>	<u>(6,420,655)</u>	<u>85,681</u>	<u>(78,132,233)</u>
Total capital assets, being depreciated, net	<u>87,638,602</u>	<u>45,841,545</u>	<u>(99,221)</u>	<u>133,380,926</u>
Governmental activities capital assets, net	<u>\$ 167,454,006</u>	<u>50,409,189</u>	<u>(52,826,455)</u>	<u>165,036,740</u>

Depreciation expense was charged to functions as follows:

General government	\$ 544,610
Community development	462,551
Culture and recreation	405,098
Public safety	425,004
Public works, including depreciation of infrastructure assets	3,768,268
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>815,124</u>
Total depreciation expense	<u>\$ 6,420,655</u>

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)
June 30, 2011

Business-type Activities

Capital asset activity related to business-type activities for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ -</u>	<u>365,369</u>	<u>-</u>	<u>365,369</u>
Total capital assets, not being depreciated	<u>-</u>	<u>365,369</u>	<u>-</u>	<u>365,369</u>
Capital assets being depreciated:				
Vehicles, furniture and equipment	<u>149,122</u>	<u>-</u>	<u>-</u>	<u>149,122</u>
Total capital assets, being depreciated	<u>149,122</u>	<u>-</u>	<u>-</u>	<u>149,122</u>
Less accumulated depreciation:				
Vehicles, furniture and equipment	<u>(129,058)</u>	<u>(8,742)</u>	<u>-</u>	<u>(137,800)</u>
Total accumulated depreciation	<u>(129,058)</u>	<u>(8,742)</u>	<u>-</u>	<u>(137,800)</u>
Total capital assets, being depreciated, net	<u>20,064</u>	<u>(8,742)</u>	<u>-</u>	<u>11,322</u>
Business-type activities capital assets, net	<u>\$ 20,064</u>	<u>356,627</u>	<u>-</u>	<u>376,691</u>

Depreciation expense was charged to functions as follows:

Education	<u>\$ 8,742</u>
Total depreciation expense	<u>\$ 8,742</u>

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Note 7 – Long-Term Liabilities begins on the following page.)

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2011, are as follows:

	Beginning Balance	Accrued Interest	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:						
Bonds, capital leases and notes payable:						
Lease revenue bonds	\$ 4,835,000	-	-	(130,000)	4,705,000	140,000
Tax allocation bonds	215,216,000	-	-	(4,690,000)	210,526,000	4,905,000
Limited obligation bonds	5,605,000	-	-	(995,000)	4,610,000	845,000
Capital lease obligations (Note 8)	2,862,254	-	-	(303,406)	2,558,848	316,314
Notes payable (Note 9)	10,254,025	508,031	-	(577,236)	10,184,820	-
Unamortized bond discount	(118,503)	-	-	5,062	(113,441)	-
Unamortized bond premium	283,962	-	-	(12,713)	271,249	-
Accreted interest payable	1,774,642	-	246,696	-	2,021,338	-
Subtotal	<u>240,712,380</u>	<u>508,031</u>	<u>246,696</u>	<u>(6,703,293)</u>	<u>234,763,814</u>	<u>6,206,314</u>
Other liabilities:						
Compensated absences (Note 1)	3,330,980	-	2,099,046	(2,167,854)	3,262,172	2,000,000
Other post employment benefits (Note 11)	7,982,025	-	6,101,519	(633,745)	13,449,799	-
Claims and judgments (Note 12)	2,366,276	-	2,330,107	(830,412)	3,865,971	500,000
Total other liabilities	<u>13,679,281</u>	<u>-</u>	<u>10,530,672</u>	<u>(3,632,011)</u>	<u>20,577,942</u>	<u>2,500,000</u>
Total governmental activities long-term liabilities	<u>\$ 254,391,661</u>	<u>508,031</u>	<u>10,777,368</u>	<u>(10,335,304)</u>	<u>255,341,756</u>	<u>8,706,314</u>

The following is a description of long-term liabilities as of June 30, 2011:

Lease Revenue Bonds

Cathedral City Public Financing Authority: 1997 Taxable Lease Revenue Bonds (Capital Facilities Projects) (\$5,920,000)

1997 Taxable Lease Revenue Bonds (Capital Facilities Projects) issued March 19, 1997; interest is at 7.75% to 7.875% on bonds outstanding. Remaining annual principal installments range from \$140,000 to \$475,000 through August 1, 2027.

The proceeds from the bonds were loaned to the City. The City used the proceeds from the loan to make a construction loan to Big League Dreams Sports, LLC for the construction of a sports complex and community park in the city. The reserve requirement is an amount equal to the lesser of the maximum annual debt service or the maximum amount permitted to be deposited in the reserve account. At June 30, 2011, the reserve requirement was \$592,000. The amount held in reserve was \$592,000 at June 30, 2011. *Repayment of the bonds is financed from lease revenues pledged by the City to the Authority (see Note 15).*

	<u>4,705,000</u>
Total lease revenue bonds	<u>\$ 4,705,000</u>

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)
June 30, 2011

The annual debt service requirements to amortize the lease revenue bonds as of June 30, 2011, are as follows:

Governmental Activities:

Year Ending June 30	Lease Revenue Bonds	
	Principal	Interest
2012	\$ 140,000	363,525
2013	155,000	352,094
2014	165,000	339,694
2015	180,000	326,325
2016	190,000	311,987
2017 - 2021	1,205,000	1,302,969
2022 - 2026	1,755,000	726,272
2027 - 2028	915,000	73,434
	<u>\$ 4,705,000</u>	<u>3,796,300</u>

Tax Allocation Bonds

Cathedral City Public Financing Authority: 2000 Tax Allocation Revenue Bonds, Series A (Senior Bonds) (\$12,311,000)

2000 Tax Allocation Revenue Bonds, Series A (Serial Current Interest Senior Bonds - \$4,000,000), issued March 30, 2000; interest is at 5.1% to 5.5% on bonds outstanding. Remaining annual principal installments range from \$565,000 to \$700,000 through August 1, 2015.

\$ 3,150,000

2000 Tax Allocation Revenue Bonds, Series A (Term Senior Bonds - \$6,090,000), issued March 30, 2000; interest is at 5.6% to 5.7% on bonds outstanding. Annual principal installments range from \$730,000 to \$1,025,000 beginning August 1, 2016 through August 1, 2022.

6,090,000

2000 Tax Allocation Revenue Bonds, Series A (Capital Appreciation Senior Bonds - \$2,221,000), issued March 30, 2000; interest is at 6.00% to 6.15% on bonds outstanding. Original principal amounts range from \$144,316 to \$271,094. Bonds mature from August 1, 2023 through August 1, 2033 with final accreted amounts ranging from \$1,075,000 to \$1,085,000. (Total excludes accreted interest of \$2,021,338 as of June 30, 2011.)

2,221,000

The proceeds were loaned to the Agency to assist in financing the construction and acquisition of certain capital improvements in the Agency’s Merged Project Area. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2011, the reserve requirement was \$1,085,000. A reserve account surety bond for \$1,085,000 was being held at June 30, 2011. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).*

Cathedral City Public Financing Authority: 2002 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$24,220,000)

2002 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued December 10, 2002; interest is at 3.70% to 5.00% on bonds outstanding. Remaining annual principal installments range from \$465,000 to \$1,400,000 through August 1, 2033.

The Authority used the proceeds: (a) to refund certain subordinate tax allocation revenue bonds issued by the Authority in 2000; (b) to assist the Agency in financing the construction and acquisition of certain capital improvements in the Agency's Merged Project Area and Project Area No. 3 through a loan; and (c) to fund the premium for a reserve fund surety bond. The reserve requirement is to be met by issuance of a reserve account surety bond in the stated amount for the Merged Project Area (\$1,014,362) and Project Area No. 3 (\$490,028). At June 30, 2011, the reserve requirement was \$1,504,390. Surety bonds in the amounts of \$1,014,362 and \$490,028 were being held at June 30, 2011. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).*

20,175,000

Cathedral City Public Financing Authority: 2002 Tax Allocation Revenue Bonds, Series D (Cathedral City Housing Redevelopment Projects) (\$22,820,000)

2002 Tax Allocation Revenue Bonds, Series D (Cathedral City Housing Redevelopment Projects), issued November 10, 2002; interest is at 3.75% to 5.00% on bonds outstanding. Remaining annual principal installments range from \$500,000 to \$1,365,000 through August 1, 2033.

The Authority used the proceeds: (a) to assist the Agency in increasing, improving, and preserving the City's supply of low- and moderate-income housing through a loan; and (b) to fund the premium for a reserve fund surety bond. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2011, the reserve requirement was \$1,434,500. A reserve account surety bond for \$1,434,500 was being held at June 30, 2011. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by housing tax increment revenues pledged by the Agency to the Authority (see Note 15).*

19,490,000

Cathedral City Public Financing Authority: 2002 Taxable Tax Allocation Revenue Bonds, Series E (Cathedral City Housing Redevelopment Projects) (\$14,350,000)

2002 Taxable Tax Allocation Revenue Bonds, Series E (Cathedral City Housing Redevelopment Projects), issued November 21, 2002; interest is at 5.19% to 6.16% on bonds outstanding. Remaining annual principal installments range from \$275,000 to \$975,000 through August 1, 2033.

The Authority used the proceeds: (a) to assist the Agency in increasing, improving, and preserving the City's supply of low- and moderate-income housing through a loan; and (b) to fund the premium for a reserve fund surety bond. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2011, the reserve requirement was \$1,038,932. A reserve account surety bond for \$1,038,932 was being held at June 30, 2011. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by housing tax increment revenues pledged by the Agency to the Authority (see Note 15).*

12,605,000

Cathedral City Public Financing Authority: 2004 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$21,370,000)

2004 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued December 2, 2004; interest is at 3.50% to 5.125% on bonds outstanding. Remaining annual principal installments range from \$355,000 to \$1,985,000 through August 1, 2034.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to refund principal of \$15,625,000 of the remaining 1995 Tax Allocation Bonds, Series A, create \$4,000,000 of new project resources, and pay the cost of issuance and other associated fees. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2011, the reserve requirement was \$1,759,353. A reserve account surety bond for \$1,759,353 was being held at June 30, 2011. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).*

19,185,000

Cathedral City Public Financing Authority: 2004 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City Redevelopment Projects) (\$8,630,000)

2004 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City Redevelopment Projects), issued December 2, 2004; interest is at 4.93% to 5.87% on bonds outstanding. Remaining annual principal installments range from \$160,000 to \$565,000 through August 1, 2034.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to fund \$8,231,000 of new project resources and pay the cost of issuance and other associated fees. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2011, the reserve requirement was \$598,165. A reserve account surety bond for \$598,165 was being held at June 30, 2011. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).*

7,625,000

Cathedral City Public Financing Authority: 2005 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$13,000,000)

2005 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued June 17, 2005; interest is at 3.250% to 4.50% on bonds outstanding. Remaining annual principal installments range from \$25,000 to \$615,000 through August 1, 2034.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to refund the remaining outstanding portion of the Agency's 1995 Tax Allocation Revenue Bonds, Series A issued by the Authority in November 1995 for Project Area No. 3 and the Merged Project Area. Additionally, new monies were created in the amount of \$732,000 for Project Area No. 3 and \$2,010,000 for the Merged Project Area. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2011, the reserve requirement was \$579,305. A reserve account surety bond for \$579,305 was being held at June 30, 2011. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).*

9,500,000

Cathedral City Public Financing Authority: 2007 Tax Allocation Revenue Bonds, Series A (Cathedral City 2006 Merged Redevelopment Project Area) (\$29,740,000)

2007 Tax Allocation Revenue Bonds, Series A (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 4.50% on bonds outstanding. Annual principal installments on the term bonds begin August 1, 2031 in amounts ranging from \$2,560,000 to \$10,135,000 through August 1, 2035.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund the premium for a reserve fund surety bond and pay the costs of issuance. The reserve requirement is a stated amount. At June 30, 2011, the reserve requirement was \$1,700,217. A reserve account surety

bond for \$1,700,217 was being held at June 30, 2011. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).* 29,740,000

Cathedral City Public Financing Authority: 2007 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City 2006 Merged Redevelopment Project Area) (\$53,400,000)

2007 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 5.14% to 5.39% on bonds outstanding. Remaining annual principal installments on the term bonds range from \$1,415,000 to \$3,780,000 through August 1, 2031.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund the premium for a reserve fund surety bond and pay the costs of issuance. The reserve requirement is a stated amount. At June 30, 2011, the reserve requirement was \$3,052,844. A reserve account surety bond for \$3,052,844 was being held at June 30, 2011. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).* 49,555,000

Cathedral City Public Financing Authority: 2007 Subordinate Tax Allocation Revenue Bonds, Series C (Cathedral City 2006 Merged Redevelopment Project Area) (\$31,860,000)

2007 Subordinate Tax Allocation Revenue Bonds, Series C (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 4.00% to 5.00% on bonds outstanding. Remaining annual principal installments range from \$705,000 to \$2,055,000 through August 1, 2035.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund a reserve account and pay the costs of issuance. The reserve was originally funded with a portion of the proceeds of the Series C bonds (\$2,148,925). The reserve account balance at June 30, 2011, was \$2,149,014. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 15).* 31,190,000

Total tax allocation bonds \$ 210,526,000

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Note 7 – Long-Term Liabilities continues on the following page.)

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

The annual debt service requirements to amortize the tax allocation revenue bonds as of June 30, 2011, are as follows:

Governmental Activities:

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2012	\$ 4,905,000	10,194,822
2013	5,120,000	9,971,375
2014	5,350,000	9,736,024
2015	5,595,000	9,485,767
2016	5,855,000	9,218,625
2017 - 2021	33,755,000	41,461,445
2022 - 2026	40,521,753	34,906,503
2027 - 2031	49,563,686	25,237,496
2032 - 2036	59,860,561	9,355,804
	<u>\$ 210,526,000</u>	<u>\$ 159,567,861</u>

Limited Obligation BondsCathedral City Public Financing Authority: 2004 Local Agency Revenue Bonds, 2004 Series A (Limited Obligations)

2004 Local Agency Revenue Bonds, 2004 Series A (Limited Obligations), issued December 3, 2004; interest is at 3.95% to 5.30% on bonds outstanding. Remaining annual principal installments range from \$180,000 to \$845,000 through September 2, 2026.

The proceeds were used to: (1) purchase the entire outstanding Limited Obligation Refunding Improvement Bonds City of Cathedral City Assessment District 96-1 (Rio Vista) Series 2004, which were issued concurrently with the bonds; (2) refund the Authority's 1996 Series A and Series B Revenue Bonds, which had originally purchased the City of Cathedral City's Limited Obligation Refunding Bonds (Property Secured Only – No Issuer Liability, City of Cathedral City, District Nos. 85-1, 86-1, 86-5, 88-2 and 88-3); (3) fund a reserve account; and (4) pay the costs of issuance. *Repayment of the bonds is secured solely by payments received from the 2004 Rio Vista District Bonds and the City's Limited Obligation Refunding Bonds, Series 1996.*

	\$ 4,610,000
Total limited obligation bonds	<u>\$ 4,610,000</u>

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Note 7 – Long-Term Liabilities continues on the following page.)

The annual debt service requirements to amortize the revenue bonds as of June 30, 2011, are as follows:

Governmental Activities:

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2012	\$ 845,000	197,820
2013	180,000	178,632
2014	190,000	171,182
2015	195,000	163,144
2016	205,000	154,490
2017 - 2021	1,175,000	618,695
2022 - 2026	1,480,000	291,373
2027	340,000	9,010
	<u>\$ 4,610,000</u>	<u>1,784,346</u>

Debt Compliance

There are a number of limitations, restrictions and covenants contained in the various loan, note and bond indentures. The City believes it is in compliance with all significant limitations, restrictions and covenants.

NOTE 8 – CAPITAL LEASE OBLIGATIONS

Sun Trust Leasing Corporation

On September 23, 2004, the City entered into a Master Lease Agreement with Sun Trust Leasing Corporation for the purpose of facilitating equipment lease/purchase/financing. Under the Master Lease Agreement, the City can enter into special equipment schedules for the purchase of necessary equipment or improvements. Upon payment completion of any equipment lease (financing), the equipment contained therein shall become the property of the City without further payment.

- Equipment Schedule 001 was initiated on September 23, 2004 for the financing of an energy savings project to install building lighting, traffic LED, solar electric panels and window tinting with Honeywell. The outstanding balance at June 30, 2011, was \$916,261.

Motorola, Inc.

On September 26, 2008, the City entered into an equipment lease-purchase agreement with Motorola, Inc. for the purpose of financing dispatch and subscriber equipment utilizing the ERICA (Eastern Riverside County Interoperable Communications Authority) backbone. Upon payment completion, the equipment contained therein shall become the property of the City without further payment. On April 1, 2009, the agreement was amended because of a scope reduction in the equipment required. The amendment reduced the total price of the agreement and the payment schedule was modified accordingly. The Agency has committed to making the annual payments required under the agreement. The outstanding principal balance at June 30, 2011, was \$1,642,587.

CITY OF CATHEDRAL CITYNotes to the Financial Statements (continued)
June 30, 2011

In summary, the assets acquired through these capital leases are identified below. City policy is to depreciate constructed assets beginning in the year subsequent to their completion and acceptance by City Council.

Governmental activities:

Buildings and improvements	\$ 216,856
Structures and improvements	2,269,559
Vehicles, furniture and equipment	2,014,661
Infrastructure	360,669
Less: Accumulated depreciation	<u>(668,053)</u>
Total governmental activities	<u>\$ 4,193,692</u>

The amount of future minimum lease payments as of June 30, 2011, is as follows:

Year Ending June 30	Principal	Interest
2012	\$ 316,314	109,477
2013	329,772	96,019
2014	343,802	81,988
2015	358,430	67,360
2016	373,682	52,109
2017 - 2019	<u>836,848</u>	<u>66,950</u>
Total	<u>\$ 2,558,848</u>	<u>473,903</u>

NOTE 9 – NOTES PAYABLE

On December 29, 1986, the Agency (a component unit of the City of Cathedral City) issued a promissory note to CJR Investment Partnership in the sum of \$2,788,423 for the balance of the purchase price in acquiring approximately eleven acres of real property located in Project Area No. 2 (Merged Project Area). Interest on the note accrues upon the opening of the facility developed on the property, which was October 27, 1987, at a floating rate equal to two percent per annum over the Wells Fargo Bank prime rate compounded annually. The note will be repaid by the Agency using any increases in the property tax increment derived from increases in the assessed value of the property and any other legally available sources of revenue. Repayments on the note will be in amounts equal to 70% of the sales and use tax revenues derived from business activities conducted upon the site and received by the City of Cathedral City. On November 22, 2027, any unpaid principal and interest owed by the Agency will be forgiven. Interest of \$508,031 was accrued for the year ended June 30, 2011. The outstanding balance, which includes accrued interest at June 30, 2011, was \$10,184,820. There is no fixed repayment schedule for the amounts owed under the promissory note.

	<u>10,184,820</u>
Total notes payable	<u>\$ 10,184,820</u>

NOTE 10 – PENSION PLAN

Safety Employees

Plan description

The City's defined benefit pension plans, the Safety Plans for the City of Cathedral City, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Plans are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

The City of Cathedral City participates in risk pooling, which consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members.

Funding policy

Participants are required to contribute 9% of their annual covered salary. The breakdown of the 9% contribution between what the City contributes on the employee's behalf and those made by the individual employee for their account vary depending on the Memorandum of Understanding (MOU) negotiated with each employee group. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010 was 25.787% for safety (police) and 19.362% for safety (fire). The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Employer side fund

As required by new State law, effective July 1, 2005, the City's Safety plans were terminated, and the employees in those plans were required by CalPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former plans, either by paying cash or by increasing its future contribution rates through a "side fund" offered by CalPERS. The City elected the "side fund" option. The "side fund" balances as of the June 30, 2009, actuarial valuation were \$5,028,566 (police) and \$1,513,577 (fire), respectively. The amortization of these balances is included in the required employer contribution rates determined by CalPERS. The percentages related to the amortization of the "side fund" included in the required employer contribution rates are 9.38% (police) and 2.955% (fire), respectively.

Employer required contribution

For fiscal year 2011, the City's actual and contributed employer required contribution was \$2,238,083. The required contribution for fiscal year 2011 was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

Three-year trend information for the Safety Plans:

Safety Employees (Police)

<u>Fiscal Year</u>	<u>Employer Required Contribution (ERC)</u>	<u>Percentage of ERC Contributed</u>
6/30/09	\$ 1,489,533	100%
6/30/10	1,425,783	100%
6/30/11	1,390,177	100%

Safety Employees (Fire)

<u>Fiscal Year</u>	<u>Employer Required Contribution (ERC)</u>	<u>Percentage of ERC Contributed</u>
6/30/09	\$721,527	100%
6/30/10	816,827	100%
6/30/11	847,906	100%

Miscellaneous Employees**Plan description**

GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27* establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions. The statement requires the City to include the following in its note disclosure: information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial accrued liability, the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability to annual covered payroll. This information is provided in the *Funded status and funding progress* section of this note.

The City's defined benefit pension plan, the Miscellaneous Plan for the City of Cathedral City, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

Funding policy and annual pension cost

Participants are required to contribute 7% of their annual covered salary. The City makes 100% of the contributions required of City employees on their behalf and for their account. However, a modified MOU was negotiated with

represented employees authorizing an employee contribution rate of 3.5% for the period January 1, 2010 through December 31, 2011. Non-represented employees are also contributing 3.5%. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011 was 11.392% for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. For fiscal year 2011, the City's actual and contributed annual pension cost was \$869,696.

Actuarial methods and assumptions

The following is information as of the most recent actuarial valuation available at the time of preparation:

Actuarial valuation date	June 30, 2009
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years (as of the valuation date)
Asset valuation method	15-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75% (net of administrative expenses)
Inflation	3.00%
Projected salary increases	3.55% to 14.45% (depending on age, service and type of employment)
Individual salary growth	Merit scale varying by duration of employment coupled with an assumed inflation growth of 3.00% and an annual production growth of 0.25%

Funded status and funding progress

The following is funded status information for the Miscellaneous Plan as of June 30, 2009:

Actuarial Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (UL)	Funded Ratio (AVA)	Annual Covered Payroll	UL As a % of Payroll
(a)	(b)	(a) – (b)	(b) / (a)	(c)	[(a) – (b)] / (c)
\$29,785,341	\$24,494,501	\$5,290,840	82.2%	\$8,342,114	63.4%

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)
June 30, 2011

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-year trend information for the Miscellaneous Plan is as follows:

<u>Miscellaneous Employees</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$927,250	100%	\$ -
6/30/10	948,830	100%	-
6/30/11	869,696	100%	-

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

Substantially all full-time employees and their eligible dependents are eligible for post-retirement health care benefits under the CalPERS-sponsored health plans currently funded during the employees’ active service. During fiscal year 2009, the City implemented the provisions GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement generally requires that state and local governmental employers account for and report the annual cost of other postemployment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

Plan description

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for employees who retire directly from the City. Employees taking a qualified retirement under the CalPERS system may elect within two months after retirement to participate in such group health insurance policies as are provided by the City under the following conditions: (a) the unit member must have worked for the City at least 5 years prior to retiring; and (b) all retired unit members shall be eligible for a City-paid contribution equivalent to the current amount provided for active unit members. In addition to the group health insurance, the City will continue to pay the full premiums for both dental and vision insurance, as applicable to each of the respective labor unit agreements. The Plan is a single-employer defined benefit plan. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding policy

The Plan is funded on a pay-as-you-go basis. There is no requirement imposed by CalPERS to contribute any amount beyond the pay-as-you-go contributions. For fiscal year 2011, the City made contributions totaling \$633,745, which represented

current contributions. There were no premium contributions paid by retirees that exceeded the monthly contribution established by the City. As a result, no additional contributions have been made to date.

The amount necessary to fund future benefits is based on projections from the January 1, 2009, actuarial study completed by Bartel Associates, LLC in accordance with GASB Statement No. 45.

Annual OPEB cost and net OPEB obligation

The City's annual OPEB cost is calculated based on the *Annual Required Contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$ 6,368,707
Interest on net OPEB obligation	325,769
Adjustment to annual required contribution	<u>(592,957)</u>
 Annual OPEB cost	 6,101,519
Contributions made	<u>(633,745)</u>
 Increase in net OPEB obligation	 5,467,774
Net OPEB obligation, beginning of year	<u>7,982,025</u>
 Net OPEB obligation, end of year	 <u>\$ 13,449,799</u>

The net OPEB obligation of \$13,449,799 is included as a noncurrent liability on the Statement of Net Assets. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 and the previous two years were as follows:

	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
Fiscal year ended June 30:			
2009	\$ 4,341,000	12.2%	3,810,137
2010	4,644,014	10.2%	7,982,025
2011	6,101,527	10.4%	13,449,799

Funded status and funding progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was 0% funded. The Actuarial Accrued Liability (AAL) for benefits was \$42,192,000, and the Actuarial Value of Plan Assets was \$0, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$42,192,000. The covered payroll (annual payroll of active employees covered by the plan) was \$18,731,000, and the ratio of UAAL to the covered payroll was 225.3%.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

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

Actuarial methods and assumptions

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

In the January 1, 2009, actuarial valuation, the Entry Age Normal (EAN) cost method was used. Under this cost method, the plan's *normal cost* is developed as a level percent of payroll throughout the participant's working lifetime. Entry age is based on current age minus years of service. The *actuarial accrued liability (AAL)* is the cumulative value on the valuation date of the prior normal cost. For retirees, the AAL is the present value of all projected benefits. The unfunded AAL is being amortized on a closed basis as a level percent of payroll with an amortization period of 30 years.

GASB Statement No. 45 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions included a 4.25% discount rate, representing the long-term expected rate of return. The general inflation rate was assumed to increase at a rate of 3% per annum, while aggregate payroll was assumed to increase at 3.25% per annum. The study also used assumptions for the salary merit and longevity increases, and demographic assumptions such as mortality, withdrawal and disability based on CalPERS' 1997 – 2007 Experience Study. Other assumptions included annual healthcare cost trend rates of 9.5% (non-Medicare) and 10.0% (Medicare), reduced each year until an ultimate rate of 5.0% is reached after 10 years (in the 2020/21 plan year), and an annual dental/vision cost trend rate of 4%. The retirement age assumption was also based on CalPERS' 1997 – 2007 Experience Study of 2.5% at 55 (miscellaneous employees) and 3% at 55 (public safety – police and fire). The expected retirement ages were 58.5 (miscellaneous employees), 56.0 (public safety – police) and 59.0 (public safety – fire), respectively.

NOTE 12 – SELF-INSURANCE PROGRAM

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of twenty-six participating member agencies with equal governing and no management authority. The City of Cathedral City joined PERMA on July 25, 1985, for the purpose of long-term premium stability. The City participates in the liability and worker's compensation coverage programs of PERMA.

PERMA's liability program provides coverage of \$1 million subject to the City's self-insurance retention of \$250,000. Additional coverage up to \$50 million is subject to PERMA's retained limit of \$1 million through the California State Association of Counties Excess Insurance Authority.

PERMA's workers' compensation program provides coverage of \$500,000 (PERMA's limit of liability) subject to the City's self-insurance retention of \$250,000. Excess insurance coverage is limited to statutory levels for workers' compensation and \$5 million for employer's liability.

Estimates for all workers' compensation and general liabilities, up to the self-insured levels, are recorded in an internal service fund. Claims payable for the self-insurance liability, including a provision for incurred but not reported claims, was \$3,865,971 at June 30, 2011. Settled claims from general liability and workers' compensation risks have not exceeded commercial insurance coverage for the past three years.

Changes in claims liabilities for the past two years are as follows:

	Beginning Balance	Claims Incurred/ Changes In Estimates†	Claims Payments	Ending Balance
2009 - 10	\$ 2,262,286	847,646	(743,656)	2,366,276
2010 - 11	2,366,276	2,330,107	(830,412)	3,865,971

† Claims incurred during the year are not specifically reported by PERMA. As a result, the claims incurred and changes in estimates amounts have been combined.

NOTE 13 – CONTINGENT LIABILITIES

The City is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a public entity risk pool as described in Note 12.

NOTE 14 – LOAN GUARANTEES

On April 23, 2003, the Agency agreed to guaranty monthly loan payments in favor of Royal Indemnity Company on behalf of Palm Canyon Partners, LLC (the "Landlord") in the amount of \$99,826 per month. These payments are funded by rent payments made by the tenant, North American Cinema, Inc. (NACI), to the Agency for a 14-screen multiplex theater complex (Mary Pickford Theatre) that opened in 2001.

In June 2005, Palm Canyon Partners, LLC sold the property to MPT 1 Investors, LLC and MPT 2 Investors, LLC (the "Landlords") as tenants in common. On July 5, 2005, a new lease guaranty was signed in favor of IXIS Real Estate Capital, Inc. under the same terms as the previous lease guaranty. In October 2007, the landlords and the Agency amended the loan guaranty to change the lender from IXIS Real Estate Capital, Inc. to LaSalle Bank National Association.

In April 2009, Rolling Hills Silver Spur Pickford Theatre, LLC assumed the loan from MPT 1 Investors, LLC and MPT 2 Investors, LLC. In addition, MPT 1 Investors, LLC and MPT 2 Investors, LLC assigned all of its rights, title and interest as landlord under the lease agreement to Rolling Hills Silver Spur Pickford Theatre, LLC.

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

In June 2011, the second amendment to the Redevelopment Assistance Agreement was approved. This amendment extends the Agency guaranty for a period of five years (June 16, 2016 through June 15, 2021) at a maximum sum of \$500,000 per year.

As of June 30, 2011, there were 60 payments remaining on the original guarantee (\$5,989,560) and 60 months on the extension (\$2,500,000) for a total obligation of up to \$8,489,560. Payments made by the Agency on the loan guaranty exceeded the rent payments received from NACI by \$575,949 for the fiscal year ended June 30, 2011.

NOTE 15 – PLEDGED REVENUES

Tax increment

The City has pledged a portion of future property tax increment revenues to repay the outstanding principal balance of \$210,526,000 for various tax allocation bonds issued between March 2000 and March 2007. The bonds were issued to finance construction and acquisition of capital improvements in the Agency's redevelopment project areas. The bonds are payable solely from the incremental property taxes generated by increased property values in the project areas. Although the incremental property taxes were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, certain conditions could have a material, adverse impact on revenues allocated to the Agency. These include future decreases in the assessed valuation of the project areas, decreases in the applicable tax rates or collection rates, general decline in the economic condition of the project areas, or a change in the law reducing the tax increment received by the Agency. Total principal and interest remaining on the various bonds is \$370,093,861, payable through August 2035. For the current year, principal and interest paid and total incremental property tax revenues were \$15,097,301 and \$21,801,263, respectively.

Lease revenues

The City has pledged certain lease revenues to repay \$4,705,000 in lease revenue bonds issued in March 1997. The lease revenue bonds were issued to make a construction loan to a developer for the construction of a sports complex and community park. The bonds are payable solely from the lease revenues. Although the lease revenues were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, the City has not pledged the full faith and credit of the City for the payment of the lease payments or any other payments due under the lease agreements. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making lease payments and other payments under the lease agreements. Total principal and interest remaining on the bonds is \$8,501,300 payable through August 2027. For the current year, principal and interest paid and total lease revenues were \$503,987 and \$401,628, respectively.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

On July 16, 2008, the City joined with the cities of Indio, Palm Springs and Desert Hot Springs to create the Eastern Riverside County Interoperable Communications Authority (ERICA) by a joint powers agreement under the laws of the State of California. The primary purpose of ERICA is to acquire, plan, design, finance, construct, operate and maintain a regional communications system serving the Coachella Valley and individual political jurisdictions therein. ERICA is governed by a Board of Directors, which consists of one official of the governing body of each member agency, who shall be appointed by the governing body.

During fiscal year 2010-11, the City reimbursed the City of Indio \$61,749 for its proportional share of ongoing maintenance costs. In addition, other ERICA member cities reimbursed the City \$2,626 for their share of ERICA-related costs paid by the City.

NOTE 17 – SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

Special assessment districts (“Districts”) in various parts of the City have issued debt under the 1915 Bond Act and Mello-Roos Special Tax Act to finance infrastructure improvements and facilities within their boundaries. The 1915 Act Bonds are not a general obligation of the City and neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these districts. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2011, is as follows:

Special Assessment Debt With No City Commitment

Description	Issue Year	Maturity Year	Outstanding Balance
Assessment Districts No. 85-1, 86-1, 86-5, 88-2 and 88-3, Series 1996, Limited Obligation Refunding Bonds	1996	2011	\$ 705,000
Assessment District No. 2001-01 Limited Obligation Improvement Bonds	2001	2026	2,460,000
Community Facilities District No. 2000-1 Special Tax Bonds	2001	2030	11,785,000
Assessment District 96-1 (Rio Vista) (Reassessment and Refunding of 2004), Series 2004, Limited Obligation Refunding Improvement Bonds	2004	2026	3,895,364
35th Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds	2004	2034	5,585,000
Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds	2004	2034	5,185,000
Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds	2005	2035	<u>29,930,000</u>
			<u>\$ 59,545,364</u>

NOTE 18 – RESTATEMENT OF BEGINNING NET ASSETS

As of June 30, 2011, the beginning net assets for the following activities were restated as follows:

Governmental Activities

Beginning net assets, as previously reported	\$ 116,236,633
Old library building purchase (net of depreciation)	400,080
Depreciation calculation correction	<u>(562,938)</u>
Beginning net assets, as restated	<u>\$ 116,073,775</u>

CITY OF CATHEDRAL CITY

Notes to the Financial Statements (continued)

June 30, 2011

Old Library Building Purchase

Transactions related to the purchase of the old library building on East Palm Canyon were not previously recorded in the City's financial statements. As a result, prior year net assets were understated by \$400,080.

Depreciation Calculation Correction

Asset additions since 2005 were depreciated using an incorrect formula. As a result, prior year net assets were overstated by \$562,938.

NOTE 19 – CALIFORNIA REDEVELOPMENT AGENCY UNCERTAINTY

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

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

Therefore, the CRA and the League requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11, 2011, the California Supreme Court agreed to hear the case and granted a partial stay, which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued their estimated payment amounts and the Agency filed an appeal regarding the calculation. The estimated payment amount based on the revised calculation is \$6,112,785. The Department of Finance has completed their review of the appeal, and based on those results the payment has been revised to \$5,500,194.

Required Supplementary Information



CITY OF CATHEDRAL CITY
PERS Schedule of Funding Progress
June 30, 2011

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Liability (UL) (a) - (b)	Funded Ratio - AVA (b) / (a)	Annual Covered Payroll (c)	UL as a % of Payroll [(a) - (b)] / (c)
June 30, 2007						
Miscellaneous	\$ 22,826,357	\$ 19,539,233	\$ 3,287,124	85.6%	\$ 6,821,363	48.2%
Safety ¹	N/A	N/A	N/A	N/A	N/A	N/A
June 30, 2008						
Miscellaneous	\$ 25,470,810	\$ 21,846,204	\$ 3,624,606	85.8%	\$ 7,922,960	45.7%
Safety ¹	N/A	N/A	N/A	N/A	N/A	N/A
June 30, 2009						
Miscellaneous	\$ 29,785,341	\$ 24,494,501	\$ 5,290,840	82.2%	\$ 8,342,114	63.4%
Safety ¹	N/A	N/A	N/A	N/A	N/A	N/A

¹ Safety employees are not included in this schedule as they are part of a cost sharing multiple-employer plan. Refer to Note 10 of the Notes to the Financial Statements.

OPEB Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a) - (b)	Funded Ratio (b) / (a)	Covered Payroll (c)	UAAL as a % of Payroll [(a) - (b)] / (c)
January 1, 2007	\$ 31,713,000	\$ -	\$ 31,713,000	0.0%	\$ 15,283,000	207.5%
January 1, 2009	42,192,000	-	42,192,000	0.0%	18,731,000	225.3%

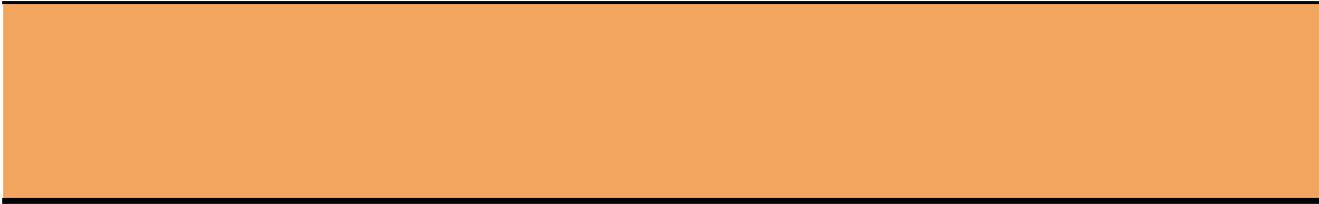
CITY OF CATHEDRAL CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund and Solid Waste Fund
 Year ended June 30, 2011

	General Fund - As Reported			Variance with Final Budget - Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Taxes	\$ 18,855,000	18,855,000	20,327,011	1,472,011
Intergovernmental	150,000	150,000	250,024	100,024
Licenses and permits	1,050,000	1,050,000	763,779	(286,221)
Fines and forfeitures	420,000	420,000	352,765	(67,235)
Charges for services	3,202,159	3,202,159	2,615,489	(586,670)
Special assessments	2,683,715	2,683,715	2,719,581	35,866
Use of money and property	286,000	286,000	196,729	(89,271)
Miscellaneous	385,000	385,000	92,328	(292,672)
Total revenues	27,031,874	27,031,874	27,317,706	285,832
Expenditures				
Current:				
General government	7,194,431	7,291,431	6,297,732	993,699
Community development	2,576,286	2,639,286	2,189,995	449,291
Culture and recreation	238,500	238,500	188,097	50,403
Public safety	23,369,854	23,369,854	22,153,417	1,216,437
Public works	1,197,544	1,197,544	1,120,634	76,910
Capital outlay	170,000	10,000	-	10,000
Payments under pass-through agreements	100,000	100,000	-	100,000
Debt service:				
Principal	168,504	168,504	168,504	-
Interest	79,287	79,287	79,287	-
Total expenditures	35,094,406	35,094,406	32,197,666	2,896,740
Excess (deficiency) of revenues over (under) expenditures	(8,062,532)	(8,062,532)	(4,879,960)	3,182,572
Other financing sources (uses)				
Transfers in	3,450,454	3,450,454	3,230,856	(219,598)
Transfers out	(170,602)	(170,602)	(1,448,111)	(1,277,509)
Proceeds from sale of capital assets	-	-	396,164	396,164
Total other financing sources (uses)	3,279,852	3,279,852	2,178,909	(1,100,943)
Net change in fund balance	(4,782,680)	(4,782,680)	(2,701,051)	2,081,629
Fund balances, beginning	11,912,786	11,912,786	11,912,786	-
Fund balances, ending	\$ 7,130,106	7,130,106	9,211,735	2,081,629

(continued)

See note to required supplementary information.



General Fund - As Reported			
Big League Dreams (Fund 431)			
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
422,960	422,960	406,653	(16,307)
-	-	-	-
<u>422,960</u>	<u>422,960</u>	<u>406,653</u>	<u>(16,307)</u>
-	-	-	-
-	-	-	-
5,150	5,150	5,256	(106)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>5,150</u>	<u>5,150</u>	<u>5,256</u>	<u>(106)</u>
<u>417,810</u>	<u>417,810</u>	<u>401,397</u>	<u>(16,413)</u>
-	-	-	-
(503,988)	(503,988)	(503,987)	1
-	-	-	-
<u>(503,988)</u>	<u>(503,988)</u>	<u>(503,987)</u>	<u>1</u>
(86,178)	(86,178)	(102,590)	(16,412)
4,560,508	4,560,508	4,560,508	-
<u>4,474,330</u>	<u>4,474,330</u>	<u>4,457,918</u>	<u>(16,412)</u>

Revenues

- Taxes
- Intergovernmental
- Licenses and permits
- Fines and forfeitures
- Charges for services
- Special assessments
- Use of money and property
- Miscellaneous
- Total revenues

Expenditures

Current:

- General government
- Community development
- Culture and recreation
- Public safety
- Public works
- Capital outlay
- Payments under pass-through agreements

Debt service:

- Principal
- Interest
- Total expenditures

Excess (deficiency) of revenues over (under) expenditures

Other financing sources (uses)

- Transfers in
- Transfers out
- Proceeds from sale of capital assets
- Total other financing sources (uses)
- Net change in fund balance

Fund balances, beginning

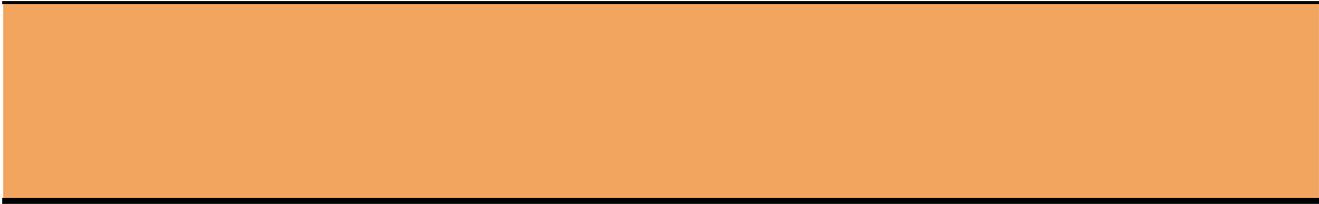
Fund balances, ending

CITY OF CATHEDRAL CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund and Solid Waste Fund
 Year ended June 30, 2011 (continued)

	General Fund - As Reported			Variance with Final Budget - Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Special assessments	-	-	-	-
Use of money and property	14,000	14,000	8,236	(5,764)
Miscellaneous	-	-	-	-
Total revenues	14,000	14,000	8,236	(5,764)
Expenditures				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Payments under pass-through agreements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	14,000	14,000	8,236	(5,764)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	14,000	14,000	8,236	(5,764)
Fund balances, beginning	114,095	114,095	114,095	-
Fund balances, ending	\$ 128,095	128,095	122,331	(5,764)

See note to required supplementary information.



General Fund - As Reported

Total			
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
18,855,000	18,855,000	20,327,011	1,472,011
150,000	150,000	250,024	100,024
1,050,000	1,050,000	763,779	(286,221)
420,000	420,000	352,765	(67,235)
3,202,159	3,202,159	2,615,489	(586,670)
2,683,715	2,683,715	2,719,581	35,866
722,960	722,960	611,618	(111,342)
385,000	385,000	92,328	(292,672)
<u>27,468,834</u>	<u>27,468,834</u>	<u>27,732,595</u>	<u>263,761</u>
7,194,431	7,291,431	6,297,732	993,699
2,576,286	2,639,286	2,189,995	449,291
243,650	243,650	193,353	50,297
23,369,854	23,369,854	22,153,417	1,216,437
1,197,544	1,197,544	1,120,634	76,910
170,000	10,000	-	10,000
100,000	100,000	-	100,000
168,504	168,504	168,504	-
79,287	79,287	79,287	-
<u>35,099,556</u>	<u>35,099,556</u>	<u>32,202,922</u>	<u>2,896,634</u>
<u>(7,630,722)</u>	<u>(7,630,722)</u>	<u>(4,470,327)</u>	<u>3,160,395</u>
3,450,454	3,450,454	3,230,856	(219,598)
(674,590)	(674,590)	(1,952,098)	(1,277,508)
-	-	396,164	396,164
<u>2,775,864</u>	<u>2,775,864</u>	<u>1,674,922</u>	<u>(1,100,942)</u>
<u>(4,854,858)</u>	<u>(4,854,858)</u>	<u>(2,795,405)</u>	<u>2,059,453</u>
<u>16,587,389</u>	<u>16,587,389</u>	<u>16,587,389</u>	<u>-</u>
<u>11,732,531</u>	<u>11,732,531</u>	<u>13,791,984</u>	<u>2,059,453</u>

Revenues

Taxes	
Intergovernmental	
Licenses and permits	
Fines and forfeitures	
Charges for services	
Special assessments	
Use of money and property	
Miscellaneous	
Total revenues	

Expenditures

Current:	
General government	
Community development	
Culture and recreation	
Public safety	
Public works	
Capital outlay	
Payments under pass-through agreements	
Debt service:	
Principal	
Interest	
Total expenditures	
Excess (deficiency) of revenues over (under) expenditures	

Other financing sources (uses)

Transfers in	
Transfers out	
Proceeds from sale of capital assets	
Total other financing sources (uses)	
Net change in fund balance	

Fund balances, beginning

Fund balances, ending

CITY OF CATHEDRAL CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund and Solid Waste Fund
 Year ended June 30, 2011 (continued)

	Solid Waste			Variance with Final Budget - Positive (Negative)
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues				
Intergovernmental	\$ -	-	14,087	14,087
Charges for services	420,000	420,000	617,131	197,131
Use of money and property	2,000	2,000	2,674	674
Total revenues	422,000	422,000	633,892	211,892
Expenditures				
Current:				
Community development	608,911	608,911	379,560	229,351
Total expenditures	608,911	608,911	379,560	229,351
Excess (deficiency) of revenues	(186,911)	(186,911)	254,332	441,243
Other financing uses				
Transfers out	(27,109)	(27,109)	(25,400)	1,709
Total other financing uses	(27,109)	(27,109)	(25,400)	1,709
Net change in fund balance	(214,020)	(214,020)	228,932	442,952
Fund balances (deficits), beginning	(539,600)	(539,600)	(539,600)	-
Fund balances (deficits), ending	\$ (753,620)	(753,620)	(310,668)	442,952

See note to required supplementary information.

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City adopts a biennial budget prepared on the modified accrual basis of accounting for the General Fund and certain special revenue funds (Low and Moderate Income Housing, Traffic Safety, State Gas Tax, Air Quality Improvement, Police Department Special Revenues, Fire Department Special Revenues, Landscape and Lighting Districts, Measure A and Solid Waste). Special revenue funds for which budgets are not adopted are: Master Underground Plan, Developer Fees, TDA SB821, Community Development Block Grant, Asset Forfeiture Program, Police Grants, Transfer Station Road and Energy and Efficiency Block Grant. Budgetary data for the debt service and capital projects funds are not presented herein, as the budgets for these funds are long-term in nature.

The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to the end of the two-year period and administer it after adoption. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end.

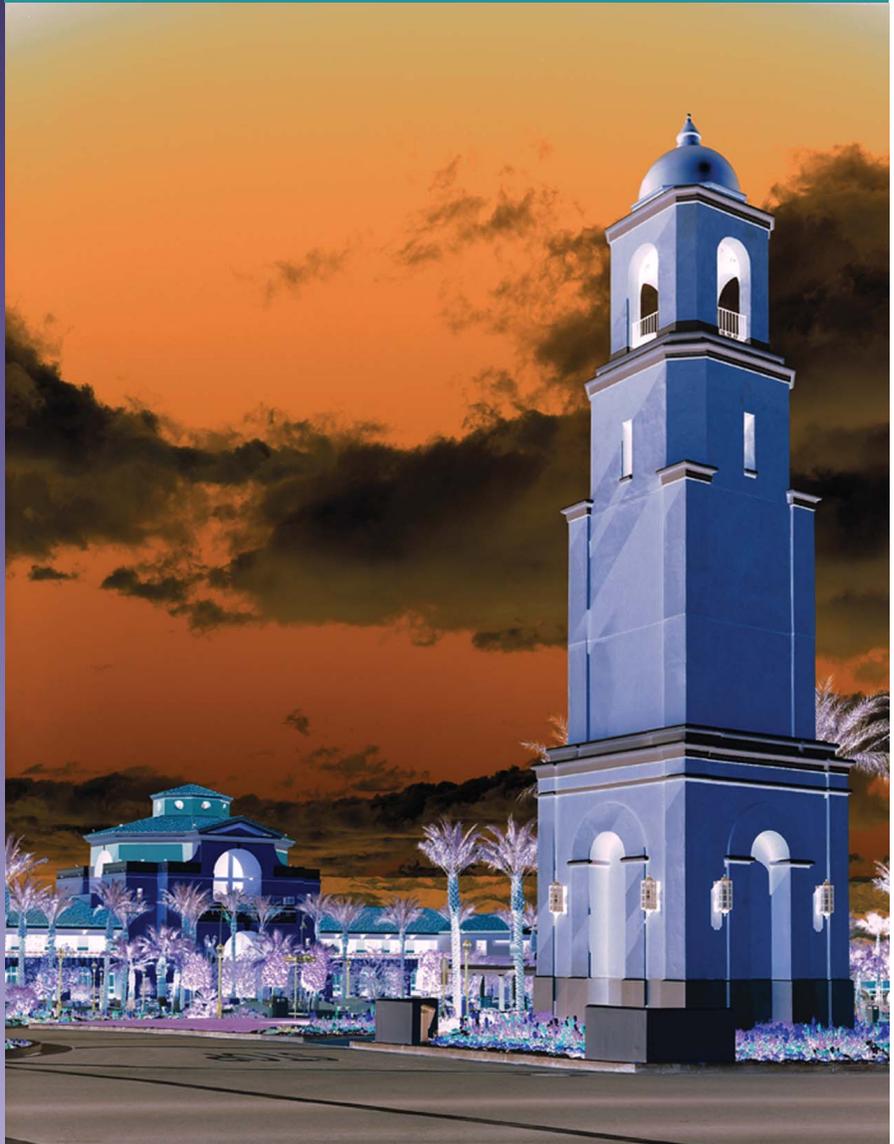
The Administrative Services Director is authorized to adjust appropriations between each department, provided that the total activity does not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Such adjustments will be made only upon written request to the City Manager and/or Administrative Services Director on forms prescribed and approved by the Administrative Services Director. Once the written request is properly executed and approved, the funds will be made available. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for authorized, but uncompleted, projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director. For each fund, total expenditures may not legally exceed total appropriations.

During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations. General Fund and Solid Waste expenditures did not exceed appropriations.

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Combining and Individual Fund Statements – General Fund



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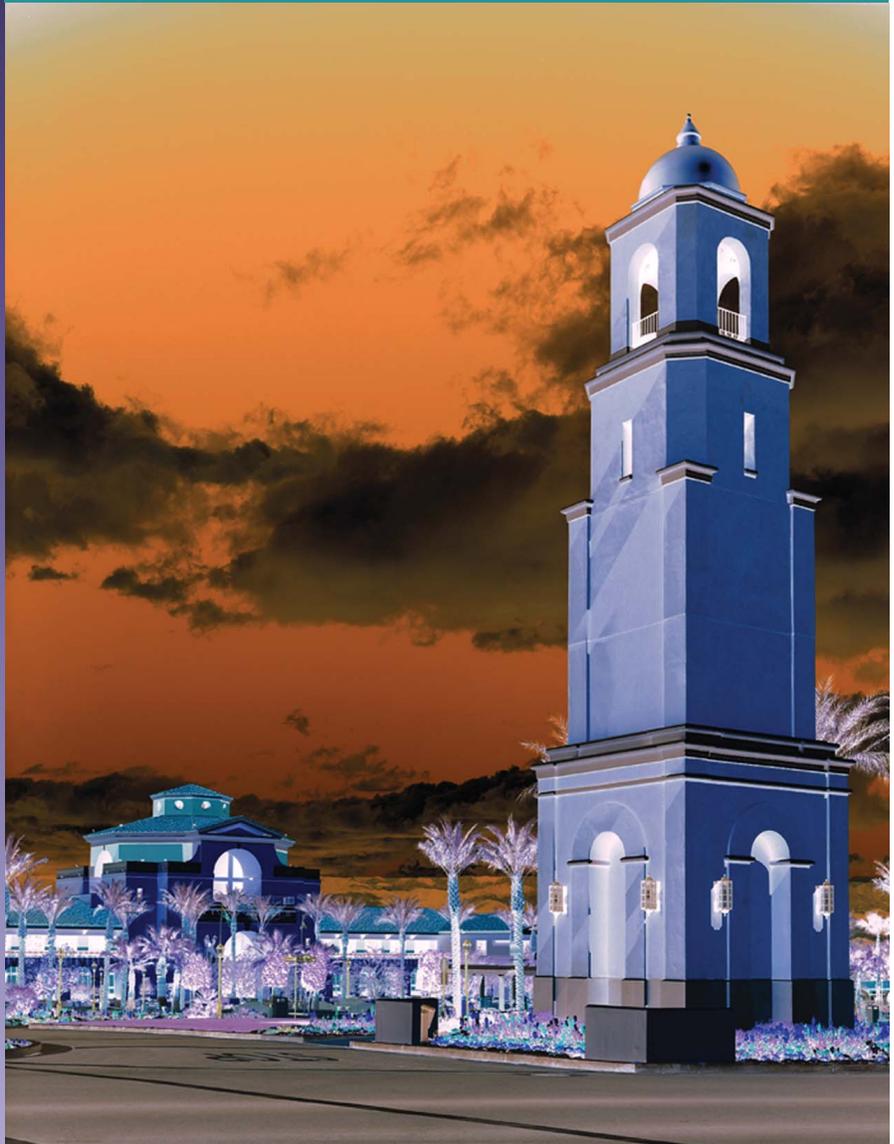
CITY OF CATHEDRAL CITY
Combining Balance Sheet
General Fund
June 30, 2011

	General Fund - As Reported			Total
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	
Assets				
Cash and investments	\$ 8,016,661	670,413	873,189	9,560,263
Interest receivable	12,161	996	1,298	14,455
Accounts receivable	3,424,385	118,750	-	3,543,135
Loans receivable	-	3,667,759	-	3,667,759
Due from other funds	159,162	-	-	159,162
Prepaid assets	78,327	-	-	78,327
Total assets	\$ 11,690,696	4,457,918	874,487	17,023,101
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,567,795	-	49,551	1,617,346
Deposits from others	4,774	-	702,605	707,379
Deferred revenue	906,392	-	-	906,392
Total liabilities	2,478,961	-	752,156	3,231,117
Fund balances:				
Nonspendable:				
Loans receivable	-	3,667,759	-	3,667,759
Prepaid assets	78,327	-	-	78,327
Restricted:				
Commercial building operations	50,000	-	-	50,000
Assigned:				
Debt service	-	790,159	-	790,159
Subsequent year's expenditures	2,381,121	-	-	2,381,121
Unassigned	6,702,287	-	122,331	6,824,618
Total fund balances	9,211,735	4,457,918	122,331	13,791,984
Total liabilities and fund balances	\$ 11,690,696	4,457,918	874,487	17,023,101

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Year ended June 30, 2011

	General Fund - As Reported			Total
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	
Revenues				
Taxes	\$ 20,327,011	-	-	20,327,011
Intergovernmental	250,024	-	-	250,024
Licenses and permits	763,779	-	-	763,779
Fines and forfeitures	352,765	-	-	352,765
Charges for services	2,615,489	-	-	2,615,489
Special assessments	2,719,581	-	-	2,719,581
Use of money and property	196,729	406,653	8,236	611,618
Miscellaneous	92,328	-	-	92,328
Total revenues	<u>27,317,706</u>	<u>406,653</u>	<u>8,236</u>	<u>27,732,595</u>
Expenditures				
Current:				
General government	6,297,732	-	-	6,297,732
Community development	2,189,995	-	-	2,189,995
Culture and recreation	188,097	5,256	-	193,353
Public safety	22,153,417	-	-	22,153,417
Public works	1,120,634	-	-	1,120,634
Debt service:				
Principal	168,504	-	-	168,504
Interest	79,287	-	-	79,287
Total expenditures	<u>32,197,666</u>	<u>5,256</u>	<u>-</u>	<u>32,202,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,879,960)</u>	<u>401,397</u>	<u>8,236</u>	<u>(4,470,327)</u>
Other financing sources (uses)				
Transfers in	3,230,856	-	-	3,230,856
Transfers out	(1,448,111)	(503,987)	-	(1,952,098)
Proceeds from sale of capital assets	396,164	-	-	396,164
Total other financing sources (uses)	<u>2,178,909</u>	<u>(503,987)</u>	<u>-</u>	<u>1,674,922</u>
Net change in fund balances	<u>(2,701,051)</u>	<u>(102,590)</u>	<u>8,236</u>	<u>(2,795,405)</u>
Fund balances, beginning	<u>11,912,786</u>	<u>4,560,508</u>	<u>114,095</u>	<u>16,587,389</u>
Fund balances, ending	<u>\$ 9,211,735</u>	<u>4,457,918</u>	<u>122,331</u>	<u>13,791,984</u>

Combining and Individual Fund Statements and Schedules – Nonmajor Governmental Funds



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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Low and Moderate Income Housing – Accounts for low and moderate income housing expenditures for the Redevelopment Agency and 20% set aside of property tax increment revenues collected by the County of Riverside.

Master Underground Plan – Accounts for the cost of burying above ground utility lines. Financing is provided by a fee charged to developers.

Developer Fees – Accounts for revenue and expenditures for various developer fees imposed by the City and reserved for specific projects as designated by the individual fee approved by the City Council. Financing is provided by fees charged to developers.

TDA SB821 – Accounts for the revenue and expenditures under the Transportation Development Act (TDA) Article 3 Riverside County Transportation Commission (RCTC) approved projects. Projects are funded by the RCTC.

Traffic Safety – Accounts for traffic safety signal installation, maintenance, and road repairs. Financing is provided by vehicle code fines collected by the County of Riverside.

Community Development Block Grant – Accounts for capital projects designated in the grant. Financing is provided by the County of Riverside’s Department of Housing and Community Development, which is a U.S. Department of Housing and Urban Development grant recipient.

State Gas Tax – Accounts for street improvement and engineering costs. Financing is provided by the City’s allocation of the state gasoline taxes.

Air Quality Improvement – Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction.

Asset Forfeiture Program – Accounts for expenditures incurred in narcotics interdiction efforts. Financing is provided by seized assets awarded by the court.

Police Grants – Accounts for revenues and expenditures related to state and federal grants for the City’s Police Department.

Police Department Special Revenues – Accounts for receipts collected that are restricted for expenditures related to the City’s Police Department projects.

Fire Department Special Revenues – Accounts for revenues and expenditures related to state and federal grants and receipts collected that are restricted for expenditures related to the City’s Fire Department projects.

Landscape and Lighting Districts – Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance for certain districts formed within the City.

Measure A – Accounts for revenues provided by the County of Riverside Measure A. These funds are used for street improvements and engineering costs.

Transfer Station Road – Accounts for revenues collected by the County of Riverside as a City mitigation fee. Funds are to be used for road construction and maintenance of roadways to access the Edom Hill Transfer Station and various signalization requirements. Any excess funds are to be used for any streets or public services within the City.

(continued)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, (continued)

Energy and Efficiency Block Grant - Accounts for projects designated in the grant. Financing is provided by the U.S. Department of Energy.

DEBT SERVICE FUNDS

Debt service funds are used primarily to account for the accumulation of resources for the payment of principal and interest on long-term debt of the City and the Redevelopment Agency.

Redevelopment Agency Area 1 – Accounts for principal and interest payments on long-term debt of the City's Redevelopment Agency via transfers out to the Public Financing Authority.

Redevelopment Agency Area 2 – Accounts for principal and interest payments on long-term debt of the City's Redevelopment Agency via transfers out to the Public Financing Authority.

2002 D Housing Bonds – Accounts for principal and interest payments on the 2002 Tax Allocation Bonds, Series D via transfers out to the Public Financing Authority.

2002 E Housing Bonds – Accounts for principal and interest payments on the 2002 Tax Allocation Bonds, Series E via transfers out to the Public Financing Authority.

2004 Limited Obligation Bond A – Accounts for principal and interest payments on the Limited Obligation Improvement Bonds.

CAPITAL PROJECTS FUNDS

Capital projects funds account for the financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

Redevelopment Agency Administration – Accounts for administrative and development costs related to the City's Redevelopment Agency.

Redevelopment Agency Area 1 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly the Merged Project Area (Nos. 1 and 2) and Project Area 1).

Redevelopment Agency Area 2 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly the Merged Project Area (Nos. 1 and 2) and Project Area 2).

Redevelopment Agency Area 3 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly Project Area 3).

2002 D Housing Bond – Accounts for financial resources to be used for low and moderate housing development projects within the City.

2004 TAB A – Accounts for reimbursement to the Merged Project Area for development of a hotel/golf course, reimbursement to the general fund for soft costs, and for miscellaneous capital improvements.

2004 TAB B – Accounts for loans to the developer for the hotel/golf course development.

(continued)

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS, (continued)

2005 TAB A MPA – Accounts for miscellaneous capital improvements in the Merged Project Area (MPA) and Area 3.

2005 TAB A PA3 – Accounts for miscellaneous capital improvements in Project Area 3 (PA3).

Police and Fire Facilities – Accounts for the purchase of police and fire land, buildings, and replacement equipment. Financing is provided by developers' fees.

Traffic Signalization – Accounts for the installation of traffic signals. Financing is provided by developers' fees.

Assessment District 85-1 – Accounts for curbs, gutters, and sewer construction within Assessment District 85-1. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 86-1 – Accounts for certain street, water, and sewer improvements within Assessment District 86-1. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 86-5 – Accounts for certain street, water, and sewer improvements within Assessment District 86-5. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 87-2 – Accounts for certain street, water, and sewer improvements within Assessment District 87-2. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 88-2 – Accounts for improvements within Assessment District 88-2. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 88-3 – Accounts for improvements within Assessment District 88-3. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 2001-01 – Accounts for improvements within Assessment District 2001-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

CFD Rio Vista – Accounts for improvements within the Rio Vista Community Facilities District. Financing is provided by contributions from property owners.

Assessment District 03-01 – Accounts for improvements within Assessment District 03-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 04-01 – Accounts for improvements within Assessment District 04-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 04-02 – Accounts for improvements within Assessment District 04-02. Financing is provided from the Limited Obligation Improvement Bonds issued.

2007 TAB A – Accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series A.

2007 TAB C Fund (Capital Projects) – This fund accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series C.

CITY OF CATHEDRAL CITY

Combining Balance Sheet

Nonmajor Governmental Funds by Fund Type

June 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 11,524,121	2,367,459	6,751,885	20,643,465
Interest receivable	17,188	3,517	26,984	47,689
Accounts receivable	858,556	1,205	250,515	1,110,276
Loans receivable	5,456,640	-	905,372	6,362,012
Prepaid assets	770	-	25,475	26,245
Deposits	-	-	350,000	350,000
Land held for resale	3,428,278	-	26,121,714	29,549,992
Restricted cash and investments:				
Held with Redevelopment Agency	-	-	16,524,273	16,524,273
Held with fiscal agent	-	2,387,357	959,992	3,347,349
Total assets	\$ 21,285,553	4,759,538	51,916,210	77,961,301
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 430,469	-	119,654	550,123
Intergovernmental payable	4,461	-	-	4,461
Deposits from others	-	-	17,082	17,082
Due to other funds	159,162	-	-	159,162
Deferred revenue	1,449,196	-	77,194	1,526,390
Total liabilities	2,043,288	-	213,930	2,257,218
Fund balances:				
Nonspendable:				
Deposits	-	-	350,000	350,000
Land held for resale	3,428,278	-	26,121,714	29,549,992
Loans receivable	5,338,658	-	836,936	6,175,594
Prepaid assets	770	-	25,475	26,245
Restricted:				
Capital projects	-	-	24,022,068	24,022,068
Community development	5,681,652	-	320,072	6,001,724
Debt service	-	4,759,538	-	4,759,538
Public safety	2,852,947	-	26,015	2,878,962
Public works	2,037,116	-	-	2,037,116
Unassigned	(97,156)	-	-	(97,156)
Total fund balances	19,242,265	4,759,538	51,702,280	75,704,083
Total liabilities and fund balances	\$ 21,285,553	4,759,538	51,916,210	77,961,301

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
Year ended June 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 4,360,253	4,681,293	-	9,041,546
Intergovernmental	3,657,402	-	2,174,639	5,832,041
Fines and forfeitures	528,279	-	-	528,279
Charges for services	273,466	-	6,986	280,452
Special assessments	462,034	-	-	462,034
Development fees	94,158	-	3,750	97,908
Use of money and property	107,937	6,878	459,072	573,887
Contributions from property owners	-	-	112,036	112,036
Gain on sale of land held for resale	15,000	-	-	15,000
Miscellaneous	437,612	-	1,794,013	2,231,625
Total revenues	9,936,141	4,688,171	4,550,496	19,174,808
Expenditures				
Current:				
Community development	4,011,096	121,402	4,367,112	8,499,610
Public safety	884,297	-	105,043	989,340
Public works	1,679,495	-	-	1,679,495
Capital outlay	547,463	-	4,206,451	4,753,914
Payments under pass-through agreements	-	340,760	-	340,760
Debt service:				
Principal	500,000	995,000	-	1,495,000
Interest	48,677	232,731	-	281,408
Other debt-related costs	-	17,566	-	17,566
Total expenditures	7,671,028	1,707,459	8,678,606	18,057,093
Excess (deficiency) of revenues over (under) expenditures	2,265,113	2,980,712	(4,128,110)	1,117,715
Other financing sources (uses)				
Transfers in	3,651,246	3,767,055	3,018,907	10,437,208
Transfers out	(7,594,888)	(6,854,542)	(12,521,212)	(26,970,642)
Total other financing sources (uses)	(3,943,642)	(3,087,487)	(9,502,305)	(16,533,434)
Net change in fund balances	(1,678,529)	(106,775)	(13,630,415)	(15,415,719)
Fund balances, beginning	20,920,794	4,866,313	65,332,695	91,119,802
Fund balances, ending	\$ 19,242,265	4,759,538	51,702,280	75,704,083

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	Low and Moderate Income Housing	Master Underground Plan	Developer Fees
Assets			
Cash and investments	\$ 3,052,433	1,855,588	1,135,776
Interest receivable	4,535	2,757	1,688
Accounts receivable	5,181	-	-
Loans receivable	5,456,640	-	-
Prepaid assets	-	-	-
Land held for resale	3,428,278	-	-
Total assets	\$ 11,947,067	1,858,345	1,137,464
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 15,234	-	-
Intergovernmental payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	118,957	-	1,132,671
Total liabilities	134,191	-	1,132,671
Fund balances (deficits):			
Nonspendable:			
Land held for resale	3,428,278	-	-
Loans receivable	5,338,658	-	-
Prepaid assets	-	-	-
Restricted:			
Community development	3,045,940	1,858,345	4,793
Public safety	-	-	-
Public works	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	11,812,876	1,858,345	4,793
Total liabilities and fund balances	\$ 11,947,067	1,858,345	1,137,464

(continued)



TDA SB821	Traffic Safety	Community Development Block Grant
-	1,218,109	-
-	1,810	-
57,747	32,379	38,393
-	-	-
-	-	-
-	-	-
<u>57,747</u>	<u>1,252,298</u>	<u>38,393</u>
30,430	59,411	-
4,461	-	-
11,348	-	43,730
11,501	-	38,393
<u>57,740</u>	<u>59,411</u>	<u>82,123</u>
-	-	-
-	-	-
-	-	-
7	-	-
-	1,192,887	-
-	-	-
-	-	-
<u>7</u>	<u>1,192,887</u>	<u>(43,730)</u>
<u>57,747</u>	<u>1,252,298</u>	<u>38,393</u>

Assets

- Cash and investments
- Interest receivable
- Accounts receivable
- Loans receivable
- Prepaid assets
- Land held for resale

Total assets

Liabilities and Fund Balances

Liabilities:

- Accounts payable
- Intergovernmental payable
- Due to other funds
- Deferred revenue

Total liabilities

Fund balances (deficits):

Nonspendable:

- Land held for resale
- Loans receivable
- Prepaid assets

Restricted:

- Community development
- Public safety
- Public works

Unassigned

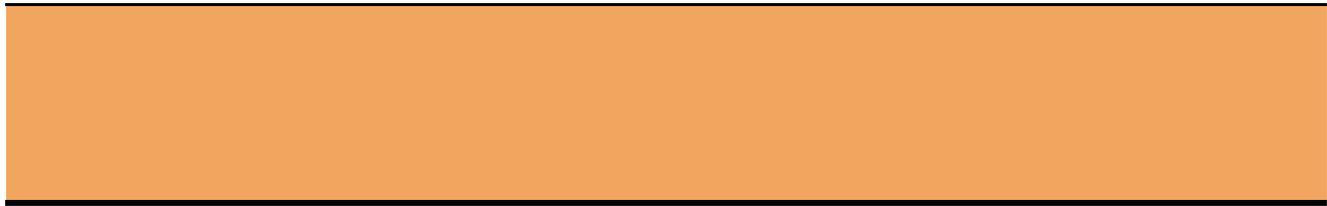
Total fund balances (deficits)

Total liabilities and fund balances

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011 (continued)

	State Gas Tax	Air Quality Improvement	Asset Forfeiture Program
Assets			
Cash and investments	\$ 1,799,893	253,923	248,003
Interest receivable	2,740	377	369
Accounts receivable	170,965	12,220	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Land held for resale	-	-	-
Total assets	\$ 1,973,598	266,520	248,372
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 34,574	-	-
Intergovernmental payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	12,072	-	-
Total liabilities	46,646	-	-
Fund balances (deficits):			
Nonspendable:			
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Restricted:			
Community development	-	266,520	-
Public safety	-	-	248,372
Public works	1,926,952	-	-
Unassigned	-	-	-
Total fund balances (deficits)	1,926,952	266,520	248,372
Total liabilities and fund balances	\$ 1,973,598	266,520	248,372

(continued)



Police Grants	Police Department Special Revenues	Fire Department Special Revenues
-	514,855	897,838
-	764	1,334
244,539	2,927	-
-	-	-
-	-	-
-	-	-
<u>244,539</u>	<u>518,546</u>	<u>899,172</u>
164,801	6,030	-
-	-	-
9,634	-	-
123,530	-	-
<u>297,965</u>	<u>6,030</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	512,516	899,172
-	-	-
(53,426)	-	-
<u>(53,426)</u>	<u>512,516</u>	<u>899,172</u>
<u>244,539</u>	<u>518,546</u>	<u>899,172</u>

Assets

- Cash and investments
- Interest receivable
- Accounts receivable
- Loans receivable
- Prepaid assets
- Land held for resale

Total assets

Liabilities and Fund Balances

Liabilities:

- Accounts payable
- Intergovernmental payable
- Due to other funds
- Deferred revenue

Total liabilities

Fund balances (deficits):

Nonspendable:

- Land held for resale
- Loans receivable
- Prepaid assets

Restricted:

- Community development
- Public safety
- Public works

Unassigned

Total fund balances (deficits)

Total liabilities and fund balances

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011 (continued)

	Landscape and Lighting Districts	Measure A	Transfer Station Road
Assets			
Cash and investments	\$ 89,115	-	280,333
Interest receivable	132	-	417
Accounts receivable	8,350	185,484	44,903
Loans receivable	-	-	-
Prepaid assets	770	-	-
Land held for resale	-	-	-
Total assets	\$ 98,367	185,484	325,653
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 8,321	58,074	-
Intergovernmental payable	-	-	-
Due to other funds	-	94,450	-
Deferred revenue	-	12,072	-
Total liabilities	8,321	164,596	-
Fund balances (deficits):			
Nonspendable:			
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	770	-	-
Restricted:			
Community development	-	-	325,653
Public safety	-	-	-
Public works	89,276	20,888	-
Unassigned	-	-	-
Total fund balances (deficits)	90,046	20,888	325,653
Total liabilities and fund balances	\$ 98,367	185,484	325,653



<p>Energy and Efficiency Block Grant</p> <hr/> <p style="text-align: right;">178,255 265 55,468 - - -</p> <hr/> <p style="text-align: right;">233,988</p> <hr/> <p style="text-align: right;">53,594 - - -</p> <hr/> <p style="text-align: right;">53,594</p> <hr/> <p style="text-align: right;">- - -</p> <p style="text-align: right;">180,394 - - -</p> <hr/> <p style="text-align: right;">180,394</p> <hr/> <p style="text-align: right;">233,988</p> <hr/>	<p>Total</p> <hr/> <p style="text-align: right;">11,524,121 17,188 858,556 5,456,640 770 3,428,278</p> <hr/> <p style="text-align: right;">21,285,553</p> <hr/> <p style="text-align: right;">430,469 4,461 159,162 1,449,196</p> <hr/> <p style="text-align: right;">2,043,288</p> <hr/> <p style="text-align: right;">3,428,278 5,338,658 770</p> <p style="text-align: right;">5,681,652 2,852,947 2,037,116 (97,156)</p> <hr/> <p style="text-align: right;">19,242,265</p> <hr/> <p style="text-align: right;">21,285,553</p> <hr/>	<p>Assets</p> <p>Cash and investments Interest receivable Accounts receivable Loans receivable Prepaid assets Land held for resale</p> <p style="text-align: right;">Total assets</p> <p>Liabilities and Fund Balances</p> <p>Liabilities:</p> <p>Accounts payable Intergovernmental payable Due to other funds Deferred revenue</p> <p style="text-align: right;">Total liabilities</p> <p>Fund balances (deficits):</p> <p>Nonspendable:</p> <p style="padding-left: 20px;">Land held for resale Loans receivable Prepaid assets</p> <p>Restricted:</p> <p style="padding-left: 20px;">Community development Public safety Public works</p> <p>Unassigned</p> <p style="text-align: right;">Total fund balances (deficits)</p> <p style="text-align: right;">Total liabilities and fund balances</p>
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CITY OF CATHEDRAL CITY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year ended June 30, 2011

	Low and Moderate Income Housing	Master Underground Plan	Developer Fees
Revenues			
Taxes	\$ 4,360,253	-	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Special assessments	-	-	-
Development fees	-	3,304	90,854
Use of money and property	46,766	16,966	13
Gain on sale of land held for resale	15,000	-	-
Miscellaneous	64,439	-	-
Total revenues	<u>4,486,458</u>	<u>20,270</u>	<u>90,867</u>
Expenditures			
Current:			
Community development	3,078,797	-	-
Public safety	-	-	-
Public works	-	-	-
Capital outlay	104,319	5,936	41,626
Debt service:			
Principal	500,000	-	-
Interest	48,677	-	-
Total expenditures	<u>3,731,793</u>	<u>5,936</u>	<u>41,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>754,665</u>	<u>14,334</u>	<u>49,241</u>
Other financing sources (uses)			
Transfers in	2,885,159	-	-
Transfers out	(6,699,553)	-	(44,448)
Total other financing sources (uses)	<u>(3,814,394)</u>	<u>-</u>	<u>(44,448)</u>
Net change in fund balances	(3,059,729)	14,334	4,793
Fund balances (deficits), beginning	<u>14,872,605</u>	<u>1,844,011</u>	<u>-</u>
Fund balances (deficits), ending	<u>\$ 11,812,876</u>	<u>1,858,345</u>	<u>4,793</u>

(continued)



TDA SB821	Traffic Safety	Community Development Block Grant
-	-	-
41,785	-	-
-	503,279	-
-	-	-
-	-	-
10	10,977	-
-	-	-
-	-	-
<u>41,795</u>	<u>514,256</u>	<u>-</u>
1,537	94,474	30,439
-	222,759	-
-	-	-
53,634	72,957	-
-	-	-
-	-	-
<u>55,171</u>	<u>390,190</u>	<u>30,439</u>
<u>(13,376)</u>	<u>124,066</u>	<u>(30,439)</u>
11,805	3,048	309
-	(70,527)	-
<u>11,805</u>	<u>(67,479)</u>	<u>309</u>
(1,571)	56,587	(30,130)
<u>1,578</u>	<u>1,136,300</u>	<u>(13,600)</u>
<u>7</u>	<u>1,192,887</u>	<u>(43,730)</u>

Revenues
 Taxes
 Intergovernmental
 Fines and forfeitures
 Charges for services
 Special assessments
 Development fees
 Use of money and property
 Gain on sale of land held for resale
 Miscellaneous
 Total revenues

Expenditures
 Current:
 Community development
 Public safety
 Public works
 Capital outlay
 Debt service:
 Principal
 Interest
 Total expenditures
 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)
 Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances (deficits), beginning
Fund balances (deficits), ending

CITY OF CATHEDRAL CITY

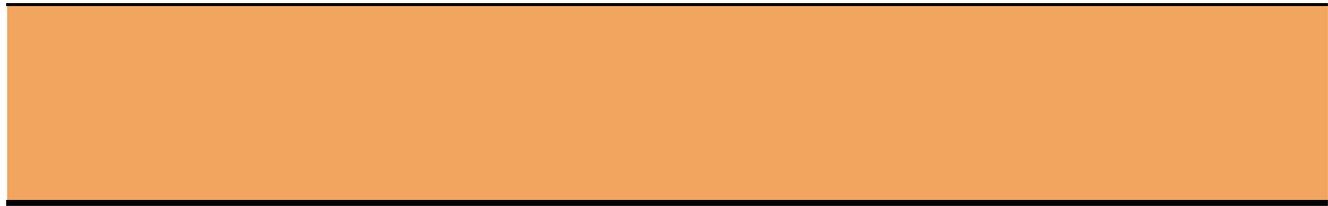
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year ended June 30, 2011 (continued)

	State Gas Tax	Air Quality Improvement	Asset Forfeiture Program
Revenues			
Taxes	\$ -	-	-
Intergovernmental	1,365,380	365,638	-
Fines and forfeitures	-	-	25,000
Charges for services	844	-	-
Special assessments	-	-	-
Development fees	-	-	-
Use of money and property	13,853	2,761	2,023
Gain on sale of land held for resale	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>1,380,077</u>	<u>368,399</u>	<u>27,023</u>
Expenditures			
Current:			
Community development	35,824	60,560	-
Public safety	-	-	97
Public works	697,770	459	-
Capital outlay	39,994	3,321	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>773,588</u>	<u>64,340</u>	<u>97</u>
Excess (deficiency) of revenues over (under) expenditures	<u>606,489</u>	<u>304,059</u>	<u>26,926</u>
Other financing sources (uses)			
Transfers in	30,383	-	-
Transfers out	<u>(118,124)</u>	-	-
Total other financing sources (uses)	<u>(87,741)</u>	-	-
Net change in fund balances	518,748	304,059	26,926
Fund balances (deficits), beginning	<u>1,408,204</u>	<u>(37,539)</u>	<u>221,446</u>
Fund balances (deficits), ending	<u>\$ 1,926,952</u>	<u>266,520</u>	<u>248,372</u>

(continued)



Police Grants	Police Department Special Revenues	Fire Department Special Revenues
-	-	-
540,613	-	20,861
-	-	-
-	-	-
-	-	-
201	4,880	6,561
-	-	-
40,001	93,311	239,496
<u>580,815</u>	<u>98,191</u>	<u>266,918</u>
-	-	-
500,243	126,307	34,891
-	-	-
177,279	-	-
-	-	-
-	-	-
<u>677,522</u>	<u>126,307</u>	<u>34,891</u>
<u>(96,707)</u>	<u>(28,116)</u>	<u>232,027</u>
486	-	-
<u>(123,530)</u>	<u>(2,999)</u>	<u>-</u>
<u>(123,044)</u>	<u>(2,999)</u>	<u>-</u>
(219,751)	(31,115)	232,027
<u>166,325</u>	<u>543,631</u>	<u>667,145</u>
<u>(53,426)</u>	<u>512,516</u>	<u>899,172</u>

Revenues

- Taxes
- Intergovernmental
- Fines and forfeitures
- Charges for services
- Special assessments
- Development fees
- Use of money and property
- Gain on sale of land held for resale
- Miscellaneous
- Total revenues

Expenditures

- Current:
 - Community development
 - Public safety
 - Public works
- Capital outlay
- Debt service:
 - Principal
 - Interest
- Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

- Transfers in
- Transfers out
- Total other financing sources (uses)

Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

CITY OF CATHEDRAL CITY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year ended June 30, 2011 (continued)

	Landscape and Lighting Districts	Measure A	Transfer Station Road
Revenues			
Taxes	\$ -	-	-
Intergovernmental	-	991,298	-
Fines and forfeitures	-	-	-
Charges for services	-	844	271,778
Special assessments	462,034	-	-
Development fees	-	-	-
Use of money and property	243	-	2,197
Gain on sale of land held for resale	-	-	-
Miscellaneous	-	365	-
Total revenues	<u>462,277</u>	<u>992,507</u>	<u>273,975</u>
Expenditures			
Current:			
Community development	-	357,546	-
Public safety	-	-	-
Public works	235,104	746,162	-
Capital outlay	-	48,397	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>235,104</u>	<u>1,152,105</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>227,173</u>	<u>(159,598)</u>	<u>273,975</u>
Other financing sources (uses)			
Transfers in	159,662	360,388	-
Transfers out	<u>(274,310)</u>	<u>(161,502)</u>	<u>(99,895)</u>
Total other financing sources (uses)	<u>(114,648)</u>	<u>198,886</u>	<u>(99,895)</u>
Net change in fund balances	112,525	39,288	174,080
Fund balances (deficits), beginning	<u>(22,479)</u>	<u>(18,400)</u>	<u>151,573</u>
Fund balances (deficits), ending	<u>\$ 90,046</u>	<u>20,888</u>	<u>325,653</u>



Energy and Efficiency Block Grant	Total
-	4,360,253
331,827	3,657,402
-	528,279
-	273,466
-	462,034
-	94,158
486	107,937
-	15,000
-	437,612
<u>332,313</u>	<u>9,936,141</u>
351,919	4,011,096
-	884,297
-	1,679,495
-	547,463
-	500,000
-	48,677
<u>351,919</u>	<u>7,671,028</u>
<u>(19,606)</u>	<u>2,265,113</u>
200,006	3,651,246
-	(7,594,888)
<u>200,006</u>	<u>(3,943,642)</u>
180,400	(1,678,529)
(6)	20,920,794
<u>180,394</u>	<u>19,242,265</u>

Revenues	
Taxes	
Intergovernmental	
Fines and forfeitures	
Charges for services	
Special assessments	
Development fees	
Use of money and property	
Gain on sale of land held for resale	
Miscellaneous	
Total revenues	
Expenditures	
Current:	
Community development	
Public safety	
Public works	
Capital outlay	
Debt service:	
Principal	
Interest	
Total expenditures	
Excess (deficiency) of revenues over (under) expenditures	
Other financing sources (uses)	
Transfers in	
Transfers out	
Total other financing sources (uses)	
Net change in fund balances	
Fund balances (deficits), beginning	
Fund balances (deficits), ending	

CITY OF CATHEDRAL CITY

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

Year ended June 30, 2011

	Low and Moderate Income Housing		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 4,994,948	4,360,253	(634,695)
Fines and forfeitures	-	-	-
Use of money and property	55,609	46,766	(8,843)
Gain on land held for resale	-	15,000	15,000
Miscellaneous	50,000	64,439	14,439
Total revenues	<u>5,100,557</u>	<u>4,486,458</u>	<u>(614,099)</u>
Expenditures			
Current:			
Community development	3,552,162	3,078,797	473,365
Public safety	-	-	-
Capital outlay	145,000	104,319	40,681
Debt service:			
Principal	500,000	500,000	-
Interest	150,000	48,677	101,323
Total expenditures	<u>4,347,162</u>	<u>3,731,793</u>	<u>615,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>753,395</u>	<u>754,665</u>	<u>1,270</u>
Other financing uses			
Transfers in	1,500,000	2,885,159	1,385,159
Transfers out	<u>(3,514,731)</u>	<u>(6,699,553)</u>	<u>(3,184,822)</u>
Total other financing uses	<u>(2,014,731)</u>	<u>(3,814,394)</u>	<u>(1,799,663)</u>
Net change in fund balances	(1,261,336)	(3,059,729)	(1,798,393)
Fund balances, beginning	<u>14,872,605</u>	<u>14,872,605</u>	<u>-</u>
Fund balances, ending	<u>\$ 13,611,269</u>	<u>11,812,876</u>	<u>(1,798,393)</u>

(continued)



Traffic Safety

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
-	-	-
575,000	503,279	(71,721)
25,000	10,977	(14,023)
-	-	-
-	-	-
<u>600,000</u>	<u>514,256</u>	<u>(85,744)</u>
-	94,474	(94,474)
238,880	222,759	16,121
51,800	72,957	(21,157)
-	-	-
-	-	-
<u>290,680</u>	<u>390,190</u>	<u>(99,510)</u>
<u>309,320</u>	<u>124,066</u>	<u>(185,254)</u>
-	3,048	3,048
<u>(76,183)</u>	<u>(70,527)</u>	<u>5,656</u>
<u>(76,183)</u>	<u>(67,479)</u>	<u>8,704</u>
233,137	56,587	(176,550)
<u>1,136,300</u>	<u>1,136,300</u>	<u>-</u>
<u>1,369,437</u>	<u>1,192,887</u>	<u>(176,550)</u>

Revenues

- Taxes
- Fines and forfeitures
- Use of money and property
- Gain on land held for resale
- Miscellaneous
- Total revenues

Expenditures

- Current:
 - Community development
 - Public safety
- Capital outlay
- Debt service:
 - Principal
 - Interest
- Total expenditures
- Excess (deficiency) of revenues over (under) expenditures

Other financing uses

- Transfers in
- Transfers out
- Total other financing uses
- Net change in fund balances

Fund balances, beginning

Fund balances, ending

CITY OF CATHEDRAL CITY

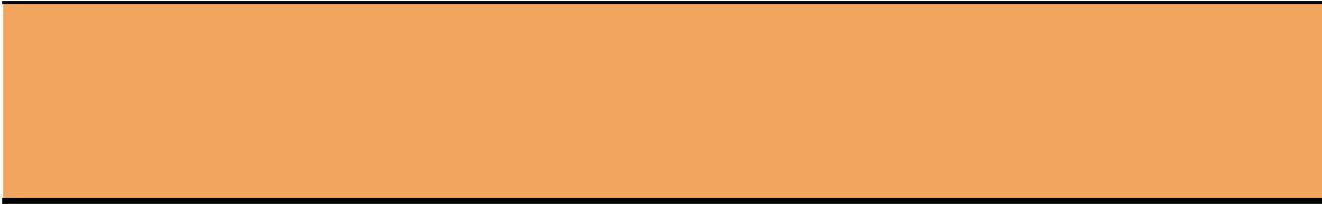
Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

Year ended June 30, 2011 (continued)

	State Gas Tax		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ 855,000	1,365,380	510,380
Use of money and property	20,000	13,853	(6,147)
Total revenues	875,000	1,380,077	505,077
Expenditures			
Current:			
Community development	-	35,824	(35,824)
Public works	874,045	697,770	176,275
Capital outlay	-	39,994	(39,994)
Total expenditures	874,045	773,588	100,457
Excess (deficiency) of revenues over (under) expenditures	955	606,489	605,534
Other financing sources (uses)			
Transfers in	31,627	30,383	(1,244)
Transfers out	(122,884)	(118,124)	4,760
Total other financing sources (uses)	(91,257)	(87,741)	3,516
Net change in fund balances	(90,302)	518,748	609,050
Fund balances, beginning	1,408,204	1,408,204	-
Fund balances (deficits), ending	\$ 1,317,902	1,926,952	609,050

(continued)



Air Quality Improvement

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
34,000	365,638	331,638
9,000	2,761	(6,239)
<u>43,000</u>	<u>368,399</u>	<u>325,399</u>
32,000	60,560	(28,560)
-	459	(459)
-	3,321	(3,321)
<u>32,000</u>	<u>64,340</u>	<u>(32,340)</u>
<u>11,000</u>	<u>304,059</u>	<u>293,059</u>
-	-	-
-	-	-
-	-	-
<u>11,000</u>	<u>304,059</u>	<u>293,059</u>
<u>(37,539)</u>	<u>(37,539)</u>	<u>-</u>
<u>(26,539)</u>	<u>266,520</u>	<u>293,059</u>

Revenues
 Intergovernmental
 Use of money and property
 Total revenues

Expenditures
 Current:
 Community development
 Public works
 Capital outlay
 Total expenditures
 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)
 Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances, beginning
Fund balances (deficits), ending

CITY OF CATHEDRAL CITY

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

Year ended June 30, 2011 (continued)

	Police Department Special Revenues		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ -	-	-
Use of money and property	13,750	4,880	(8,870)
Miscellaneous	102,000	93,311	(8,689)
Total revenues	<u>115,750</u>	<u>98,191</u>	<u>(17,559)</u>
Expenditures			
Current:			
Public safety	<u>108,000</u>	<u>126,307</u>	<u>(18,307)</u>
Total expenditures	<u>108,000</u>	<u>126,307</u>	<u>(18,307)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,750</u>	<u>(28,116)</u>	<u>(35,866)</u>
Other financing sources (uses)			
Transfers out	<u>(4,100)</u>	<u>(2,999)</u>	<u>1,101</u>
Total other financing sources (uses)	<u>(4,100)</u>	<u>(2,999)</u>	<u>1,101</u>
Net change in fund balances	3,650	(31,115)	(34,765)
Fund balances, beginning	<u>543,631</u>	<u>543,631</u>	<u>-</u>
Fund balances, ending	<u>\$ 547,281</u>	<u>512,516</u>	<u>(34,765)</u>

(continued)



Fire Department Special Revenues

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
-	20,861	20,861
17,000	6,561	(10,439)
-	239,496	239,496
<u>17,000</u>	<u>266,918</u>	<u>249,918</u>
-	34,891	(34,891)
-	34,891	(34,891)
<u>17,000</u>	<u>232,027</u>	<u>215,027</u>
-	-	-
-	-	-
<u>17,000</u>	<u>232,027</u>	<u>215,027</u>
<u>667,145</u>	<u>667,145</u>	-
<u><u>684,145</u></u>	<u><u>899,172</u></u>	<u><u>215,027</u></u>

Revenues

Intergovernmental
 Use of money and property
 Miscellaneous
 Total revenues

Expenditures

Current:
 Public safety
 Total expenditures
 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)

Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances, beginning

Fund balances, ending

CITY OF CATHEDRAL CITY

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

Year ended June 30, 2011 (continued)

	Landscape and Lighting Districts		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ -	-	-
Charges for services	-	-	-
Special assessments	408,793	462,034	53,241
Use of money and property	-	243	243
Total revenues	<u>408,793</u>	<u>462,277</u>	<u>53,484</u>
Expenditures			
Current:			
Community development	-	-	-
Public works	237,949	235,104	2,845
Capital outlay	-	-	-
Total expenditures	<u>237,949</u>	<u>235,104</u>	<u>2,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>170,844</u>	<u>227,173</u>	<u>56,329</u>
Other financing sources (uses)			
Transfers in	172,252	159,662	(12,590)
Transfers out	(507,041)	(274,310)	232,731
Total other financing sources (uses)	<u>(334,789)</u>	<u>(114,648)</u>	<u>220,141</u>
Net change in fund balances	(163,945)	112,525	276,470
Fund balances (deficits), beginning	<u>(22,479)</u>	<u>(22,479)</u>	<u>-</u>
Fund balances (deficits), ending	<u>\$ (186,424)</u>	<u>90,046</u>	<u>276,470</u>

(continued)



Measure A		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
984,000	991,298	7,298
-	844	844
-	-	-
<u>6,500</u>	<u>-</u>	<u>(6,500)</u>
<u>990,500</u>	<u>992,507</u>	<u>2,007</u>
148,239	357,546	(209,307)
926,834	746,162	180,672
-	48,397	(48,397)
<u>1,075,073</u>	<u>1,152,105</u>	<u>(77,032)</u>
<u>(84,573)</u>	<u>(159,598)</u>	<u>(75,025)</u>
31,626	360,388	328,762
<u>(78,720)</u>	<u>(161,502)</u>	<u>(82,782)</u>
<u>(47,094)</u>	<u>198,886</u>	<u>245,980</u>
(131,667)	39,288	170,955
<u>(18,400)</u>	<u>(18,400)</u>	<u>-</u>
<u><u>(150,067)</u></u>	<u><u>20,888</u></u>	<u><u>170,955</u></u>

Revenues
 Intergovernmental
 Charges for services
 Special assessments
 Use of money and property
 Total revenues

Expenditures
 Current:
 Community development
 Public works
 Capital outlay
 Total expenditures
 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)
 Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances (deficits), beginning
Fund balances (deficits), ending

CITY OF CATHEDRAL CITY
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2011

	<u>Redevelopment Agency Area 1</u>	<u>Redevelopment Agency Area 2</u>	<u>2002 D Housing Bonds</u>
Assets			
Cash and investments	\$ 91,668	2,272,297	1,316
Interest receivable	136	3,376	2
Accounts receivable	1	1,204	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total assets	<u>\$ 91,805</u>	<u>2,276,877</u>	<u>1,318</u>
Fund Balances			
Fund balances:			
Restricted:			
Debt service	<u>\$ 91,805</u>	<u>2,276,877</u>	<u>1,318</u>
Total fund balances	<u>\$ 91,805</u>	<u>2,276,877</u>	<u>1,318</u>



<u>2002 E Housing Bonds</u>	<u>2004 Limited Obligation Bond A</u>	<u>Total</u>
2,178	-	2,367,459
3	-	3,517
-	-	1,205
<u>-</u>	<u>2,387,357</u>	<u>2,387,357</u>
<u>2,181</u>	<u>2,387,357</u>	<u>4,759,538</u>
<u>2,181</u>	<u>2,387,357</u>	<u>4,759,538</u>
<u>2,181</u>	<u>2,387,357</u>	<u>4,759,538</u>

Assets
Cash and investments
Interest receivable
Accounts receivable
Restricted assets:
Cash and investments with fiscal agent
Total assets

Fund Balances
Fund balances:
Restricted:
Debt service
Total fund balances

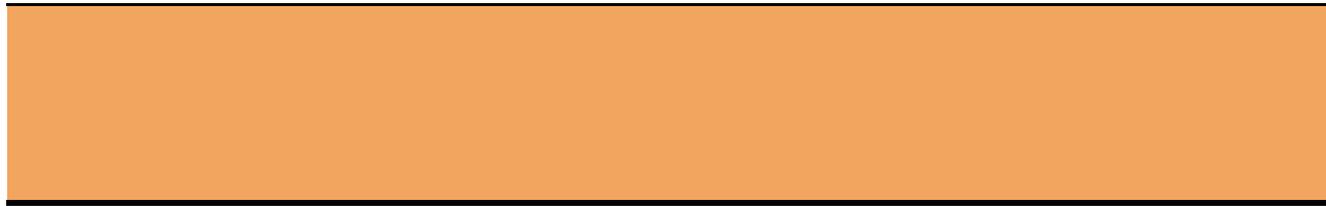
CITY OF CATHEDRAL CITY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

Year ended June 30, 2011

	Redevelopment Agency Area 1	Redevelopment Agency Area 2	2002 D Housing Bonds
Revenues			
Taxes	\$ 1,294,999	3,386,294	-
Use of money and property	-	6,633	13
Total revenues	<u>1,294,999</u>	<u>3,392,927</u>	<u>13</u>
Expenditures			
Community development	18,357	103,045	-
Payments under pass-through agreements	59,644	281,116	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other debt-related costs	83	9,883	3,800
Total expenditures	<u>78,084</u>	<u>394,044</u>	<u>3,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,216,915</u>	<u>2,998,883</u>	<u>(3,787)</u>
Other financing sources (uses)			
Transfers in	-	-	1,429,169
Transfers out	(1,423,331)	(2,975,433)	(1,425,669)
Total other financing sources (uses)	<u>(1,423,331)</u>	<u>(2,975,433)</u>	<u>3,500</u>
Net change in fund balances	(206,416)	23,450	(287)
Fund balances, beginning	<u>298,221</u>	<u>2,253,427</u>	<u>1,605</u>
Fund balances, ending	<u>\$ 91,805</u>	<u>2,276,877</u>	<u>1,318</u>



2002 E Housing Bonds	2004 Limited Obligation Bond A	Total
-	-	4,681,293
21	211	6,878
<u>21</u>	<u>211</u>	<u>4,688,171</u>
-	-	121,402
-	-	340,760
-	995,000	995,000
-	232,731	232,731
3,800	-	17,566
<u>3,800</u>	<u>1,227,731</u>	<u>1,707,459</u>
<u>(3,779)</u>	<u>(1,227,520)</u>	<u>2,980,712</u>
1,033,609	1,304,277	3,767,055
(1,030,109)	-	(6,854,542)
<u>3,500</u>	<u>1,304,277</u>	<u>(3,087,487)</u>
(279)	76,757	(106,775)
<u>2,460</u>	<u>2,310,600</u>	<u>4,866,313</u>
<u>2,181</u>	<u>2,387,357</u>	<u>4,759,538</u>

Revenues

Taxes
 Use of money and property
 Total revenues

Expenditures

Community development
 Payments under pass-through agreements
 Debt service:
 Principal
 Interest
 Other debt-related costs
 Total expenditures
 Excess (deficiency) of revenues over
 (under) expenditures

Other financing sources (uses)

Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances, beginning

Fund balances, ending

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011

	Redevelopment Agency Administration	Redevelopment Agency Area 1	Redevelopment Agency Area 2
Assets			
Cash and investments	\$ 71,455	15,789	544,220
Interest receivable	106	23	809
Accounts receivable	246,531	-	-
Loans receivable	-	35,718	-
Prepaid assets	25,475	-	-
Deposits	-	-	-
Land held for resale	230,807	1,378,622	3,420,803
Restricted cash and investments:			
Held with Redevelopment Agency	-	-	-
Held with fiscal agent	-	-	-
Total assets	\$ 574,374	1,430,152	3,965,832
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 88,834	-	-
Deposits from others	11,782	-	-
Deferred revenue	1,425	558	-
Total liabilities	102,041	558	-
Fund balances:			
Nonspendable:			
Deposits	-	-	-
Land held for resale	230,807	1,378,622	3,420,803
Loans receivable	-	35,160	-
Prepaid assets	25,475	-	-
Restricted:			
Capital projects	-	15,812	545,029
Community development	216,051	-	-
Public safety	-	-	-
Total fund balances	472,333	1,429,594	3,965,832
Total liabilities and fund balances	\$ 574,374	1,430,152	3,965,832

(continued)



Redevelopment Agency Area 3	2002 D Housing Bond	2004 TAB A	
327,540	250,680	220,363	Assets
486	373	328	Cash and investments
-	-	-	Interest receivable
-	-	-	Accounts receivable
-	-	-	Loans receivable
-	-	-	Prepaid assets
-	-	-	Deposits
3,047,989	8,083,981	-	Land held for resale
-	-	-	Restricted cash and investments:
-	-	-	Held with Redevelopment Agency
-	-	-	Held with fiscal agent
<u>3,376,015</u>	<u>8,335,034</u>	<u>220,691</u>	Total assets
			Liabilities and Fund Balances
			Liabilities:
238	-	-	Accounts payable
-	-	-	Deposits from others
7,333	-	-	Deferred revenue
<u>7,571</u>	<u>-</u>	<u>-</u>	Total liabilities
			Fund balances:
			Nonspendable:
-	-	-	Deposits
3,047,989	8,083,981	-	Land held for resale
-	-	-	Loans receivable
-	-	-	Prepaid assets
			Restricted:
320,455	251,053	220,691	Capital projects
-	-	-	Community development
-	-	-	Public safety
<u>3,368,444</u>	<u>8,335,034</u>	<u>220,691</u>	Total fund balances
<u><u>3,376,015</u></u>	<u><u>8,335,034</u></u>	<u><u>220,691</u></u>	Total liabilities and fund balances

CITY OF CATHEDRAL CITY
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2011 (continued)

	2004 TAB B	2005 TAB A MPA	2005 TAB A PA3
Assets			
Cash and investments	\$ -	243,776	-
Interest receivable	-	362	-
Accounts receivable	-	3,975	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Deposits	-	-	-
Land held for resale	-	1,687,328	-
Restricted cash and investments:			
Held with Redevelopment Agency	-	-	-
Held with fiscal agent	-	-	-
Total assets	<u>\$ -</u>	<u>1,935,441</u>	<u>-</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Deposits from others	-	5,300	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>5,300</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Deposits	-	-	-
Land held for resale	-	1,687,328	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Restricted:			
Capital projects	-	242,813	-
Community development	-	-	-
Public safety	-	-	-
Total fund balances	<u>-</u>	<u>1,930,141</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>1,935,441</u>	<u>-</u>

(continued)



Police and Fire Facilities	Traffic Signalization	Assessment District 85-1	
25,976	106,865	1,892	Assets
39	159	-	Cash and investments
-	-	-	Interest receivable
-	-	-	Accounts receivable
-	-	-	Loans receivable
-	-	-	Prepaid assets
-	-	-	Deposits
-	-	-	Land held for resale
-	-	-	Restricted cash and investments:
-	-	-	Held with Redevelopment Agency
-	-	-	Held with fiscal agent
<u>26,015</u>	<u>107,024</u>	<u>1,892</u>	Total assets
-	3,003	-	Liabilities and Fund Balances
-	-	-	Liabilities:
-	-	-	Accounts payable
-	-	-	Deposits from others
-	-	-	Deferred revenue
<u>-</u>	<u>3,003</u>	<u>-</u>	Total liabilities
-	-	-	Fund balances:
-	-	-	Nonspendable:
-	-	-	Deposits
-	-	-	Land held for resale
-	-	-	Loans receivable
-	-	-	Prepaid assets
-	-	1,892	Restricted:
-	104,021	-	Capital projects
26,015	-	-	Community development
26,015	-	-	Public safety
<u>26,015</u>	<u>104,021</u>	<u>1,892</u>	Total fund balances
<u>26,015</u>	<u>107,024</u>	<u>1,892</u>	Total liabilities and fund balances

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011 (continued)

	Assessment District 86-1	Assessment District 86-5	Assessment District 87-2
Assets			
Cash and investments	\$ 6,722	52,994	12,036
Interest receivable	-	-	-
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Deposits	-	-	-
Land held for resale	-	-	-
Restricted cash and investments:			
Held with Redevelopment Agency	-	-	-
Held with fiscal agent	-	-	-
Total assets	\$ 6,722	52,994	12,036
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Deposits from others	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Nonspendable:			
Deposits	-	-	-
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Restricted:			
Capital projects	6,722	52,994	12,036
Community development	-	-	-
Public safety	-	-	-
Total fund balances	6,722	52,994	12,036
Total liabilities and fund balances	\$ 6,722	52,994	12,036

(continued)



Assessment District 88-2	Assessment District 88-3	Assessment District 2001-01	
788	31,968	123,120	Assets
-	-	-	Cash and investments
-	-	-	Interest receivable
-	-	-	Accounts receivable
-	-	-	Loans receivable
-	-	-	Prepaid assets
-	-	-	Deposits
-	-	-	Land held for resale
-	-	-	Restricted cash and investments:
-	-	-	Held with Redevelopment Agency
-	-	-	Held with fiscal agent
-	-	99,794	
<u>788</u>	<u>31,968</u>	<u>222,914</u>	Total assets
			Liabilities and Fund Balances
			Liabilities:
-	-	-	Accounts payable
-	-	-	Deposits from others
-	-	-	Deferred revenue
<u>-</u>	<u>-</u>	<u>-</u>	Total liabilities
			Fund balances:
			Nonspendable
-	-	-	Deposits
-	-	-	Land held for resale
-	-	-	Loans receivable
-	-	-	Prepaid assets
			Restricted:
788	31,968	222,914	Capital projects
-	-	-	Community development
-	-	-	Public safety
<u>788</u>	<u>31,968</u>	<u>222,914</u>	Total fund balances
<u><u>788</u></u>	<u><u>31,968</u></u>	<u><u>222,914</u></u>	Total liabilities and fund balances

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011 (continued)

	CFD Rio Vista	Assessment District 03-01	Assessment District 04-01
Assets			
Cash and investments	\$ 17,739	361,581	547,960
Interest receivable	-	-	-
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Deposits	-	-	-
Land held for resale	-	-	-
Restricted cash and investments:			
Held with Redevelopment Agency	-	-	-
Held with fiscal agent	108,207	751,991	-
Total assets	\$ 125,946	1,113,572	547,960
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Deposits from others	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Nonspendable:			
Deposits	-	-	-
Land held for resale	-	-	-
Loans receivable	-	-	-
Prepaid assets	-	-	-
Restricted:			
Capital projects	125,946	1,113,572	547,960
Community development	-	-	-
Public safety	-	-	-
Total fund balances	125,946	1,113,572	547,960
Total liabilities and fund balances	\$ 125,946	1,113,572	547,960

(continued)



Assessment District 04-02	2007 TAB A	2007 TAB C	
632,700	2,705,021	450,700	Assets
-	9,396	14,903	Cash and investments
-	9	-	Interest receivable
-	869,654	-	Accounts receivable
-	-	-	Loans receivable
-	-	350,000	Prepaid assets
-	4,000,000	4,272,184	Deposits
-	4,530,918	11,993,355	Land held for resale
-	-	-	Restricted cash and investments:
-	-	-	Held with Redevelopment Agency
-	-	-	Held with fiscal agent
<u>632,700</u>	<u>12,114,998</u>	<u>17,081,142</u>	Total assets
			Liabilities and Fund Balances
10,572	6,454	10,553	Liabilities:
-	-	-	Accounts payable
-	67,878	-	Deposits from others
-	-	-	Deferred revenue
<u>10,572</u>	<u>74,332</u>	<u>10,553</u>	Total liabilities
			Fund balances:
-	-	350,000	Nonspendable:
-	4,000,000	4,272,184	Deposits
-	801,776	-	Land held for resale
-	-	-	Loans receivable
-	-	-	Prepaid assets
622,128	7,238,890	12,448,405	Restricted:
-	-	-	Capital projects
-	-	-	Community development
-	-	-	Public safety
<u>622,128</u>	<u>12,040,666</u>	<u>17,070,589</u>	Total fund balances
<u>632,700</u>	<u>12,114,998</u>	<u>17,081,142</u>	Total liabilities and fund balances

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011 (continued)

	<u>Total</u>
Assets	
Cash and investments	\$ 6,751,885
Interest receivable	26,984
Accounts receivable	250,515
Loans receivable	905,372
Prepaid assets	25,475
Deposits	350,000
Land held for resale	26,121,714
Restricted cash and investments:	
Held with Redevelopment Agency	16,524,273
Held with fiscal agent	<u>959,992</u>
Total assets	<u><u>\$ 51,916,210</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 119,654
Deposits from others	17,082
Deferred revenue	<u>77,194</u>
Total liabilities	<u>213,930</u>
Fund balances:	
Nonspendable:	
Deposits	350,000
Land held for resale	26,121,714
Loans receivable	836,936
Prepaid assets	25,475
Restricted:	
Capital projects	24,022,068
Community development	320,072
Public safety	<u>26,015</u>
Total fund balances	<u>51,702,280</u>
Total liabilities and fund balances	<u><u>\$ 51,916,210</u></u>

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CITY OF CATHEDRAL CITY

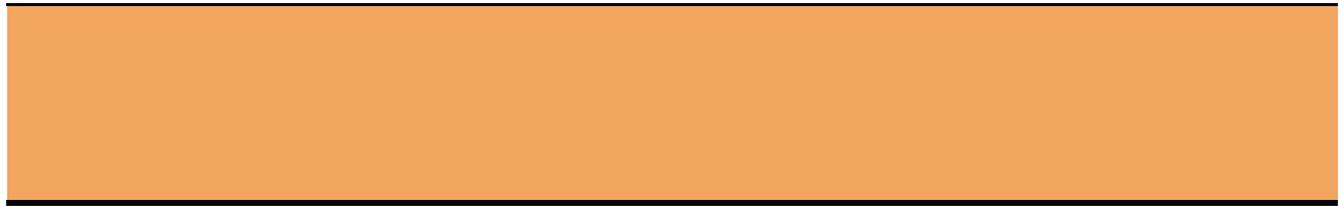
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

Year ended June 30, 2011

	Redevelopment Agency Administration	Redevelopment Agency Area 1	Redevelopment Agency Area 2
Revenues			
Intergovernmental	\$ -	-	-
Charges for services	6,986	-	-
Development fees	-	-	-
Use of money and property	159,326	7,225	4,922
Contributions from property owners	-	-	-
Miscellaneous	210	-	-
Total revenues	<u>166,522</u>	<u>7,225</u>	<u>4,922</u>
Expenditures			
Community development	2,537,092	1,000,000	-
Public safety	105,043	-	-
Capital outlay	-	-	-
Total expenditures	<u>2,642,135</u>	<u>1,000,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,475,613)</u>	<u>(992,775)</u>	<u>4,922</u>
Other financing sources (uses)			
Transfers in	2,912,809	291	7,075
Transfers out	(850,000)	(350,000)	-
Total other financing sources (uses)	<u>2,062,809</u>	<u>(349,709)</u>	<u>7,075</u>
Net change in fund balances	(412,804)	(1,342,484)	11,997
Fund balances (deficits), beginning	<u>885,137</u>	<u>2,772,078</u>	<u>3,953,835</u>
Fund balances, ending	<u>\$ 472,333</u>	<u>1,429,594</u>	<u>3,965,832</u>

(continued)



Redevelopment Agency Area 3	2002 D Housing Bond	2004 TAB A	
-	-	-	Revenues
-	-	-	Intergovernmental
-	-	-	Charges for services
-	-	-	Development fees
15,250	47,270	2,011	Use of money and property
-	-	-	Contributions from property owners
-	-	-	Miscellaneous
<u>15,250</u>	<u>47,270</u>	<u>2,011</u>	Total revenues
5,160	550	-	Expenditures
-	-	-	Community development
99,251	-	-	Public safety
<u>104,411</u>	<u>550</u>	<u>-</u>	Capital outlay
(89,161)	46,720	2,011	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
71,711	-	-	Other financing sources (uses)
(531,675)	(297,020)	-	Transfers in
<u>(459,964)</u>	<u>(297,020)</u>	<u>-</u>	Transfers out
(549,125)	(250,300)	2,011	Total other financing sources (uses)
3,917,569	8,585,334	218,680	Net change in fund balances
<u>3,368,444</u>	<u>8,335,034</u>	<u>220,691</u>	Fund balances (deficits), beginning
			Fund balances, ending

CITY OF CATHEDRAL CITY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

Year ended June 30, 2011 (continued)

	2004 TAB B	2005 TAB A MPA	2005 TAB A PA3
Revenues			
Intergovernmental	\$ -	-	-
Charges for services	-	-	-
Development fees	-	-	-
Use of money and property	6,550	36,897	-
Contributions from property owners	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>6,550</u>	<u>36,897</u>	<u>-</u>
Expenditures			
Community development	-	67,290	-
Public safety	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>67,290</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,550</u>	<u>(30,393)</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	5,999
Transfers out	<u>(1,167,298)</u>	<u>(185,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,167,298)</u>	<u>(185,000)</u>	<u>5,999</u>
Net change in fund balances	<u>(1,160,748)</u>	<u>(215,393)</u>	<u>5,999</u>
Fund balances (deficits), beginning	<u>1,160,748</u>	<u>2,145,534</u>	<u>(5,999)</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>1,930,141</u></u>	<u><u>-</u></u>

(continued)



<u>Police and Fire Facilities</u>	<u>Traffic Signalization</u>	<u>Assessment District 85-1</u>	
-	-	-	Revenues
-	-	-	Intergovernmental
2,500	1,250	-	Charges for services
229	1,042	-	Development fees
-	-	-	Use of money and property
-	-	-	Contributions from property owners
-	-	-	Miscellaneous
<u>2,729</u>	<u>2,292</u>	<u>-</u>	Total revenues
-	30,165	-	Expenditures
-	-	-	Community development
-	16,456	-	Public safety
-	46,621	-	Capital outlay
<u>2,729</u>	<u>(44,329)</u>	<u>-</u>	Total expenditures
-	-	-	Excess (deficiency) of revenues over (under) expenditures
-	-	-	Other financing sources (uses)
-	-	-	Transfers in
-	-	-	Transfers out
<u>2,729</u>	<u>(44,329)</u>	<u>-</u>	Total other financing sources (uses)
23,286	148,350	1,892	Net change in fund balances
<u>26,015</u>	<u>104,021</u>	<u>1,892</u>	Fund balances (deficits), beginning
<u>26,015</u>	<u>104,021</u>	<u>1,892</u>	Fund balances, ending

CITY OF CATHEDRAL CITY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

Year ended June 30, 2011 (continued)

	Assessment District 86-1	Assessment District 86-5	Assessment District 87-2
Revenues			
Intergovernmental	\$ -	-	-
Charges for services	-	-	-
Development fees	-	-	-
Use of money and property	-	-	-
Contributions from property owners	-	-	12,036
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>12,036</u>
Expenditures			
Community development	-	-	-
Public safety	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>12,036</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	12,036
Fund balances (deficits), beginning	<u>6,722</u>	<u>52,994</u>	<u>-</u>
Fund balances, ending	<u>\$ 6,722</u>	<u>52,994</u>	<u>12,036</u>

(continued)



Assessment District 88-2	Assessment District 88-3	Assessment District 2001-01	
-	-	-	Revenues
-	-	-	Intergovernmental
-	-	-	Charges for services
-	-	-	Development fees
-	-	-	Use of money and property
-	100,000	-	Contributions from property owners
-	-	-	Miscellaneous
-	100,000	-	Total revenues
-	-	-	Expenditures
-	-	-	Community development
-	-	-	Public safety
-	68,032	-	Capital outlay
-	68,032	-	Total expenditures
-	31,968	-	Excess (deficiency) of revenues over (under) expenditures
-	-	-	Other financing sources (uses)
-	-	-	Transfers in
-	-	-	Transfers out
-	-	-	Total other financing sources (uses)
-	31,968	-	Net change in fund balances
788	-	222,914	Fund balances (deficits), beginning
788	31,968	222,914	Fund balances, ending

CITY OF CATHEDRAL CITY

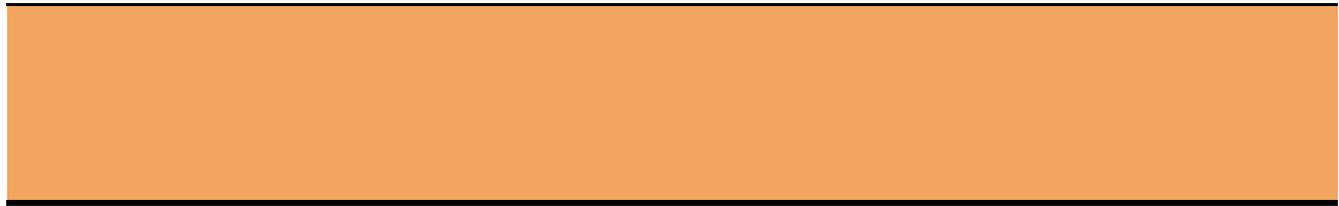
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

Year ended June 30, 2011 (continued)

	CFD Rio Vista	Assessment District 03-01	Assessment District 04-01
Revenues			
Intergovernmental	-	-	-
Charges for services	-	-	-
Development fees	-	-	-
Use of money and property	-	95	-
Contributions from property owners	-	-	-
Miscellaneous	17,739	-	-
Total revenues	<u>17,739</u>	<u>95</u>	<u>-</u>
Expenditures			
Community development	-	-	-
Public safety	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,739</u>	<u>95</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	21,022	-	-
Transfers out	-	(198,879)	(5,922)
Total other financing sources (uses)	<u>21,022</u>	<u>(198,879)</u>	<u>(5,922)</u>
Net change in fund balances	38,761	(198,784)	(5,922)
Fund balances (deficits), beginning	<u>87,185</u>	<u>1,312,356</u>	<u>553,882</u>
Fund balances, ending	<u><u>125,946</u></u>	<u><u>1,113,572</u></u>	<u><u>547,960</u></u>

(continued)



Assessment District 04-02	2007 TAB A	2007 TAB C	
2,174,639	-	-	Revenues
-	-	-	Intergovernmental
-	-	-	Charges for services
-	62,795	115,460	Development fees
-	-	-	Use of money and property
1,761,064	15,000	-	Contributions from property owners
3,935,703	77,795	115,460	Miscellaneous
			Total revenues
208,721	322,730	195,404	Expenditures
-	-	-	Community development
3,272,948	238,135	511,629	Public safety
3,481,669	560,865	707,033	Capital outlay
			Total expenditures
454,034	(483,070)	(591,573)	Excess (deficiency) of revenues over (under) expenditures
-	-	-	Other financing sources (uses)
-	(5,080,260)	(3,855,158)	Transfers in
-	(5,080,260)	(3,855,158)	Transfers out
454,034	(5,563,330)	(4,446,731)	Total other financing sources (uses)
168,094	17,603,996	21,517,320	Net change in fund balances
622,128	12,040,666	17,070,589	Fund balances (deficits), beginning
			Fund balances, ending

CITY OF CATHEDRAL CITY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

Year ended June 30, 2011 (continued)

	<u>Total</u>
Revenues	
Intergovernmental	\$ 2,174,639
Charges for services	6,986
Development fees	3,750
Use of money and property	459,072
Contributions from property owners	112,036
Miscellaneous	<u>1,794,013</u>
Total revenues	<u>4,550,496</u>
Expenditures	
Community development	4,367,112
Public safety	105,043
Capital outlay	<u>4,206,451</u>
Total expenditures	<u>8,678,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,128,110)</u>
Other financing sources (uses)	
Transfers in	3,018,907
Transfers out	<u>(12,521,212)</u>
Total other financing sources (uses)	<u>(9,502,305)</u>
Net change in fund balances	(13,630,415)
Fund balances, beginning	<u>65,332,695</u>
Fund balances (deficits), ending	<u><u>\$ 51,702,280</u></u>

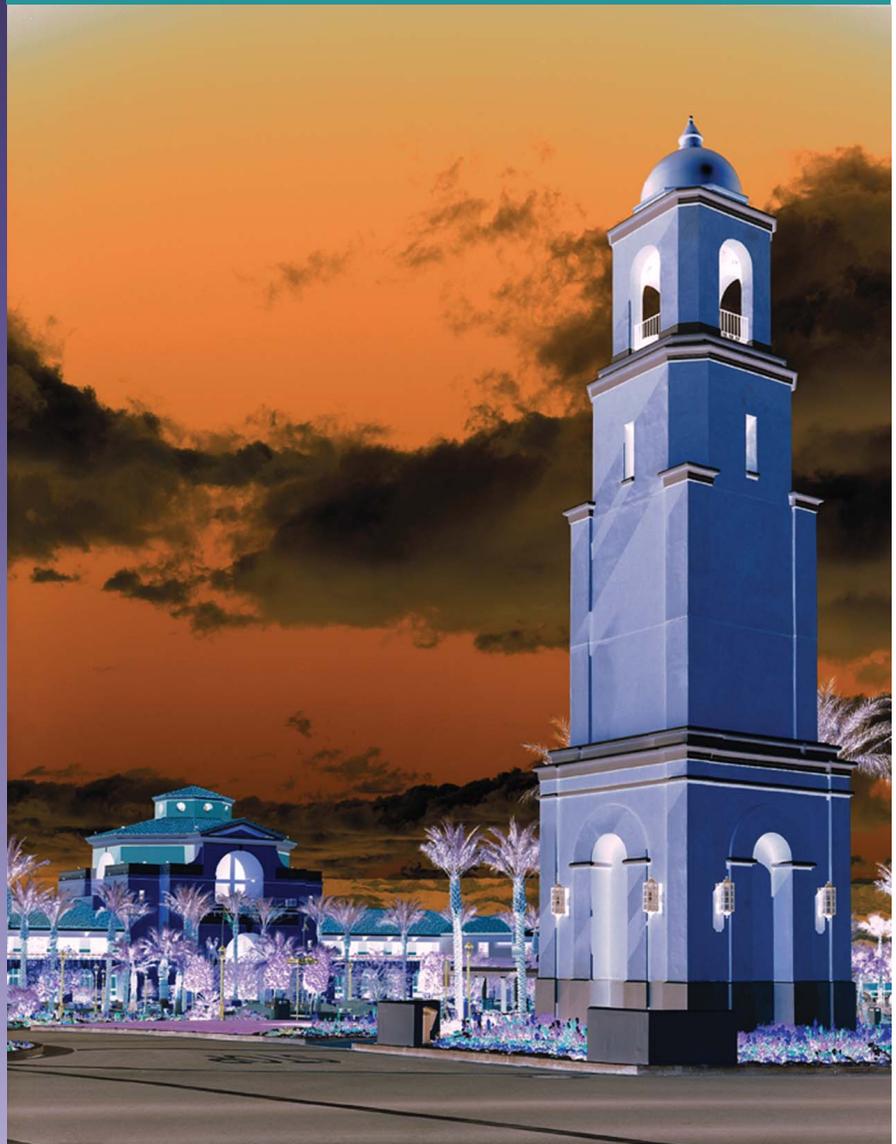
CITY OF CATHEDRAL CITY
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Capital Projects Funds
Year ended June 30, 2011

	RDA Administration		Variance with Final Budget - Positive (Negative)
	Final Budgeted Amounts	Actual Amounts	
Revenues			
Charges for services	\$ -	6,986	6,986
Use of money and property	82,486	159,326	76,840
Miscellaneous	-	210	210
Total revenues	<u>82,486</u>	<u>166,522</u>	<u>84,036</u>
Expenditures			
Current:			
Community development	3,978,242	2,537,092	1,441,150
Public safety	92,701	105,043	(12,342)
Total expenditures	<u>4,070,943</u>	<u>2,642,135</u>	<u>1,428,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,988,457)</u>	<u>(2,475,613)</u>	<u>1,512,844</u>
Other financing uses			
Transfers in	4,469,496	2,912,809	(1,556,687)
Transfers out	(1,700,000)	(850,000)	850,000
Total other financing uses	<u>2,769,496</u>	<u>2,062,809</u>	<u>(706,687)</u>
Net change in fund balances	<u>(1,218,961)</u>	<u>(412,804)</u>	<u>806,157</u>
Fund balances, beginning	<u>885,137</u>	<u>885,137</u>	<u>-</u>
Fund balances, ending	<u>\$ (333,824)</u>	<u>472,333</u>	<u>806,157</u>

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Combining and Individual Fund Statements – Internal Service Funds



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INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities involved in rendering services to various City departments. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

Equipment Replacement – Accounts for costs of maintaining and providing for replacement of the City’s vehicles and equipment. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.

Insurance – Accounts for costs related to the City’s insurance coverages, including employee benefits. Premium costs, self-insured claim losses, liability claims and other administrative costs are reported in this fund. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.

Technology – Accounts for reserves set aside for the future acquisition and replacement of technology software used throughout the City. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.

Facilities – Accounts for reserves set aside for the future replacement of major building components. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.

CITY OF CATHEDRAL CITY

Combining Statement of Net Assets

Internal Service Funds

June 30, 2011

	Equipment Replacement	Insurance	Technology
Assets			
Current assets:			
Cash and investments	\$ 2,036,963	8,100,372	569,053
Interest receivable	3,027	12,036	846
Accounts receivable	-	250	-
Deposits with PERMA	-	1,699,353	-
Prepaid assets	-	10,611	-
Inventories	27,660	-	-
Total current assets	<u>2,067,650</u>	<u>9,822,622</u>	<u>569,899</u>
Capital assets:			
Vehicles	8,274,762	-	-
Accumulated depreciation	<u>(5,418,860)</u>	<u>-</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>2,855,902</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,923,552</u>	<u>9,822,622</u>	<u>569,899</u>
Liabilities and Net Assets			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 6,142	86,060	-
Claims payable	-	500,000	-
Unearned revenue	-	1,116	-
Total current liabilities	<u>6,142</u>	<u>587,176</u>	<u>-</u>
Noncurrent liabilities:			
Claims payable	-	<u>3,365,971</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>3,365,971</u>	<u>-</u>
Total liabilities	<u>6,142</u>	<u>3,953,147</u>	<u>-</u>
Net assets:			
Invested in capital assets	2,855,902	-	-
Unrestricted	<u>2,061,508</u>	<u>5,869,475</u>	<u>569,899</u>
Total net assets	<u>4,917,410</u>	<u>5,869,475</u>	<u>569,899</u>
Total liabilities and net assets	<u>\$ 4,923,552</u>	<u>9,822,622</u>	<u>569,899</u>



<u>Facilities</u>	<u>Total</u>
1,224,953	11,931,341
1,820	17,729
-	250
-	1,699,353
-	10,611
-	27,660
1,226,773	13,686,944
-	8,274,762
-	(5,418,860)
-	2,855,902
1,226,773	16,542,846
-	92,202
-	500,000
-	1,116
-	593,318
-	3,365,971
-	3,365,971
-	3,959,289
-	2,855,902
1,226,773	9,727,655
1,226,773	12,583,557
1,226,773	16,542,846

Assets

Current assets:
Cash and investments
Interest receivable
Accounts receivable
Deposits with PERMA
Prepaid assets
Inventories
Total current assets
Capital assets:
Vehicles
Accumulated depreciation
Total capital assets (net of accumulated depreciation)
Total assets

Liabilities and Net Assets

Liabilities:
Current liabilities:
Accounts payable
Claims payable
Unearned revenue
Total current liabilities
Noncurrent liabilities:
Claims payable
Total noncurrent liabilities
Total liabilities
Net assets:
Invested in capital assets
Unrestricted
Total net assets
Total liabilities and net assets

CITY OF CATHEDRAL CITY

Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year ended June 30, 2011

	Equipment Replacement	Insurance	Technology
Operating revenues			
Charges for services	\$ 640,036	5,559,949	200,000
Total operating revenues	<u>640,036</u>	<u>5,559,949</u>	<u>200,000</u>
Operating expenses			
Insurance claims and expenses	-	7,325,214	-
Minor equipment	800	-	4,737
Depreciation	815,124	-	-
Total expenses	<u>815,924</u>	<u>7,325,214</u>	<u>4,737</u>
Operating income (loss)	<u>(175,888)</u>	<u>(1,765,265)</u>	<u>195,263</u>
Nonoperating revenues			
Interest and investment income	16,900	86,977	1,838
Insurance recovery	31,052	-	-
Gain on sale of capital assets	4,111	-	-
Total nonoperating revenues	<u>52,063</u>	<u>86,977</u>	<u>1,838</u>
Income (loss) before transfers	<u>(123,825)</u>	<u>(1,678,288)</u>	<u>197,101</u>
Transfers			
Transfers in	-	-	372,798
Transfers out	-	(21,022)	-
Total transfers	<u>-</u>	<u>(21,022)</u>	<u>372,798</u>
Change in net assets	(123,825)	(1,699,310)	569,899
Net assets, beginning	<u>5,041,235</u>	<u>7,568,785</u>	<u>-</u>
Net assets, ending	<u>\$ 4,917,410</u>	<u>5,869,475</u>	<u>569,899</u>



<u>Facilities</u>	<u>Total</u>
1,000,000	7,399,985
<u>1,000,000</u>	<u>7,399,985</u>
-	7,325,214
-	5,537
-	815,124
-	<u>8,145,875</u>
<u>1,000,000</u>	<u>(745,890)</u>
4,773	110,488
-	31,052
-	4,111
<u>4,773</u>	<u>145,651</u>
<u>1,004,773</u>	<u>(600,239)</u>
222,000	594,798
-	<u>(21,022)</u>
<u>222,000</u>	<u>573,776</u>
1,226,773	(26,463)
-	12,610,020
<u>1,226,773</u>	<u>12,583,557</u>

Operating revenues
Charges for services
Total operating revenues

Operating expenses
Insurance claims and expenses
Minor equipment
Depreciation
Total expenses
Operating income (loss)

Nonoperating revenues
Interest and investment income
Insurance recovery
Gain on sale of capital assets
Total nonoperating revenues
Income (loss) before transfers

Transfers
Transfers in
Transfers out
Total transfers
Change in net assets

Net assets, beginning

Net assets, ending

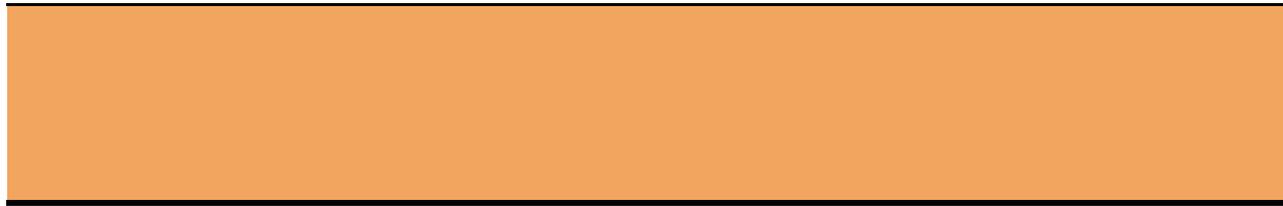
CITY OF CATHEDRAL CITY

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2011

	Equipment Replacement	Insurance	Technology
Cash flows from operating activities			
Receipts from customers and user departments	\$ 956,010	5,587,442	200,000
Payments to suppliers for goods and services	(328,020)	(6,055,430)	(4,737)
Other receipts	15,000	16,710	-
Net cash provided by operating activities	<u>642,990</u>	<u>(451,278)</u>	<u>195,263</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	-	372,798
Transfers to other funds	-	(21,022)	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>(21,022)</u>	<u>372,798</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(15,000)	-	-
Insurance recovery proceeds	31,052	-	-
Proceeds from sale of capital assets	4,111	-	-
Net cash provided by capital and related financing activities	<u>20,163</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Interest received on investments	17,348	95,390	992
Net cash provided by investing activities	<u>17,348</u>	<u>95,390</u>	<u>992</u>
Net increase (decrease) in cash and cash equivalents	680,501	(376,910)	569,053
Cash and cash equivalents at beginning of year	<u>1,356,462</u>	<u>8,477,282</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 2,036,963</u>	<u>8,100,372</u>	<u>569,053</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (175,888)	(1,765,265)	195,263
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	815,124	-	-
(Increase) decrease in accounts receivable	-	548	-
(Increase) decrease in prepaid assets	-	(1,546)	-
(Increase) decrease in deposits with PERMA	-	(207,118)	-
(Increase) decrease in inventories	581	-	-
Increase (decrease) in claims payable	-	1,499,695	-
Increase (decrease) in accounts payable	3,173	21,531	-
Increase (decrease) in unearned revenue	-	877	-
Total adjustments	<u>818,878</u>	<u>1,313,987</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 642,990</u>	<u>(451,278)</u>	<u>195,263</u>
Noncash investing, capital, and financing activities			
Capital asset trade-ins	\$ -	-	-



Facilities	Total
1,000,000	7,743,452
-	(6,388,187)
-	31,710
<u>1,000,000</u>	<u>1,386,975</u>
222,000	594,798
-	(21,022)
<u>222,000</u>	<u>573,776</u>
-	(15,000)
-	31,052
-	4,111
-	20,163
<u>2,953</u>	<u>116,683</u>
<u>2,953</u>	<u>116,683</u>
1,224,953	2,097,597
-	9,833,744
<u>1,224,953</u>	<u>11,931,341</u>
<u>1,000,000</u>	<u>(745,890)</u>
-	815,124
-	548
-	(1,546)
-	(207,118)
-	581
-	1,499,695
-	24,704
-	877
-	2,132,865
<u>1,000,000</u>	<u>1,386,975</u>
-	\$ -

Cash flows from operating activities

Receipts from customers and user departments
 Payments to suppliers for goods and services
 Other receipts

Net cash provided by operating activities

Cash flows from noncapital financing activities

Transfers from other funds
 Transfers to other funds

Net cash provided by noncapital financing activities

Cash flows from capital and related financing activities

Purchase of capital assets
 Insurance recovery proceeds
 Proceeds from sale of capital assets

Net cash provided by capital and related financing activities

Cash flows from investing activities

Interest received on investments

Net cash provided by investing activities

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

Reconciliation of operating income (loss) to net cash provided by operating activities

Operating income (loss)

Adjustments to reconcile operating income (loss) to net cash provided by operating activities:

Depreciation
 (Increase) decrease in accounts receivable
 (Increase) decrease in prepaid assets
 (Increase) decrease in deposits with PERMA
 (Increase) decrease in inventories
 Increase (decrease) in claims payable
 Increase (decrease) in accounts payable
 Increase (decrease) in unearned revenue

Net cash provided by (used in) operating activities

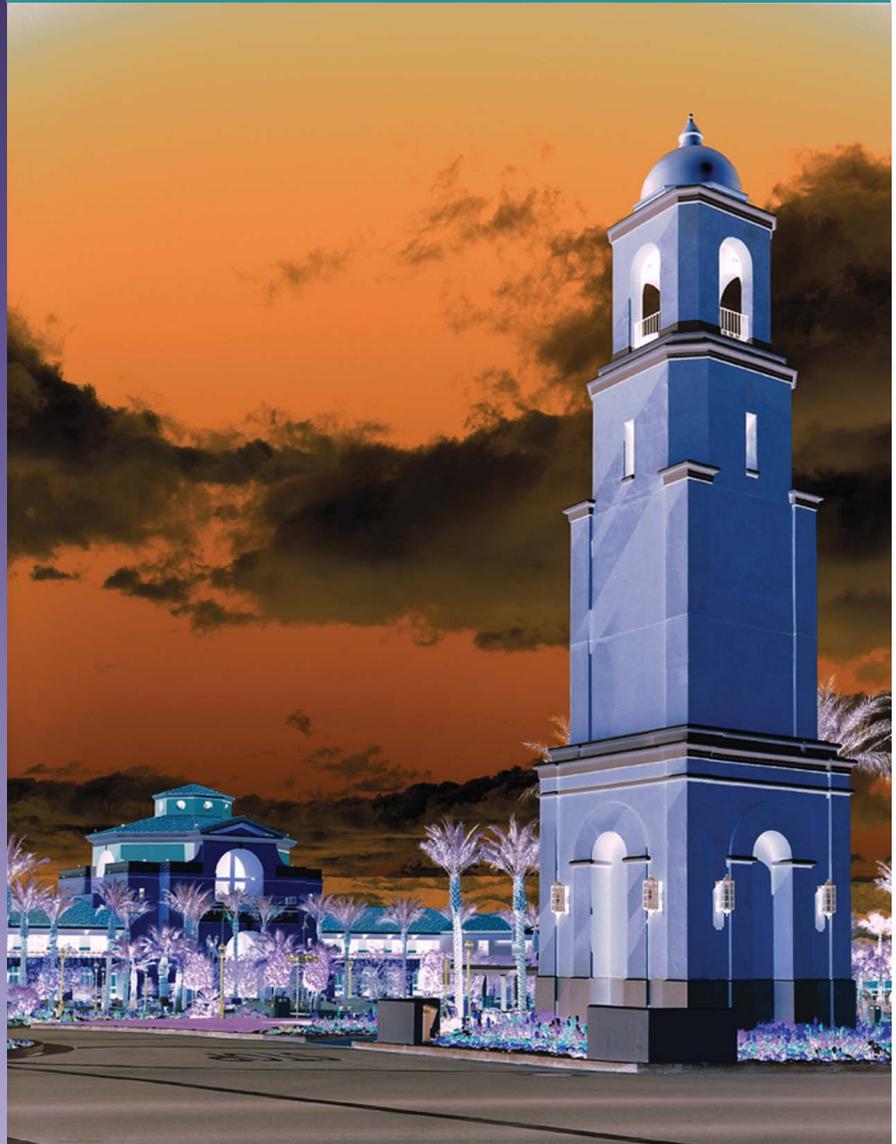
Noncash investing, capital, and financing activities

Capital asset trade-ins

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Combining and Individual Fund Statements – Agency Funds



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AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, principal organizations, other governments, and/or funds.

Assessment District 85-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 86-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 86-5 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 87-2 – Accounts for the remaining monies on hand to be used for the benefit of homeowners in Assessment District 87-2.

Assessment District 88-2 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 88-3 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 96-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (2004).

Assessment District 2001-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Rio Vista CFD – Accounts for the receipt of special assessments and principal and interest payments on the Special Tax Bonds related to the Rio Vista Community Facilities District (CFD 2000-1).

Assessment District 03-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds (35th Avenue).

Assessment District 04-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds (Dream Homes).

Assessment District 04-02 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds (Cove Improvement).

CITY OF CATHEDRAL CITY

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2011

	Assessment District 85-1	Assessment District 86-1	Assessment District 86-5	Assessment District 87-2
Assets				
Cash and investments	\$ 508,362	772,679	455,588	15
Interest receivable	758	1,158	756	18
Special assessments receivable	25,305	21,748	10,146	-
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
Total assets	\$ 534,425	795,585	466,490	33
Liabilities				
Accounts payable	\$ -	-	-	-
Due to bondholders	534,425	795,585	466,490	33
Total liabilities	\$ 534,425	795,585	466,490	33

	Rio Vista CFD	Assessment District 03-01	Assessment District 04-01	Assessment District 04-02
Assets				
Cash and investments	\$ 98,526	440,704	467,467	2,595,792
Interest receivable	173	1,192	1,509	4,797
Special assessments receivable	113,812	5,850,050	5,419,202	30,697,718
Restricted assets:				
Cash and investments with fiscal agent	2,532,763	440,267	410,208	2,124,845
Total assets	\$ 2,745,274	6,732,213	6,298,386	35,423,152
Liabilities				
Accounts payable	\$ 386	963	1,720	2,803
Due to bondholders	2,744,888	6,731,250	6,296,666	35,420,349
Total liabilities	\$ 2,745,274	6,732,213	6,298,386	35,423,152



Assessment District 88-2	Assessment District 88-3	Assessment District 96-1	Assessment District 2001-01
369,052	1,756,162	754,411	265,508
550	2,657	1,121	577
31,861	84,269	4,067,525	2,568,381
-	-	569,060	252,775
<u>401,463</u>	<u>1,843,088</u>	<u>5,392,117</u>	<u>3,087,241</u>
-	3,760	1,428	424
<u>401,463</u>	<u>1,839,328</u>	<u>5,390,689</u>	<u>3,086,817</u>
<u>401,463</u>	<u>1,843,088</u>	<u>5,392,117</u>	<u>3,087,241</u>

Assets
 Cash and investments
 Interest receivable
 Special assessments receivable
 Restricted assets:
 Cash and investments with fiscal agent
 Total assets

Liabilities
 Accounts payable
 Due to bondholders
 Total liabilities

Total
8,484,266
15,266
48,890,017
<u>6,329,918</u>
<u>63,719,467</u>
11,484
<u>63,707,983</u>
<u>63,719,467</u>

Assets
 Cash and investments
 Interest receivable
 Special assessments receivable
 Restricted assets:
 Cash and investments with fiscal agent
 Total assets

Liabilities
 Accounts payable
 Due to bondholders
 Total liabilities

CITY OF CATHEDRAL CITY

Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year ended June 30, 2011

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 85-1</u>				
Assets				
Cash and investments	\$ 497,010	12,970	1,618	508,362
Interest receivable	1,278	758	1,278	758
Special assessments receivable	23,234	8,527	6,456	25,305
Total assets	<u>\$ 521,522</u>	<u>22,255</u>	<u>9,352</u>	<u>534,425</u>
Liabilities				
Accounts payable	\$ -	-	-	-
Due to bondholders	521,522	15,799	2,896	534,425
Total liabilities	<u>\$ 521,522</u>	<u>15,799</u>	<u>2,896</u>	<u>534,425</u>
 <u>Assessment District 86-1</u>				
Assets				
Cash and investments	\$ 728,021	46,345	1,687	772,679
Interest receivable	1,882	1,158	1,882	1,158
Special assessments receivable	35,306	15,545	29,103	21,748
Total assets	<u>\$ 765,209</u>	<u>63,048</u>	<u>32,672</u>	<u>795,585</u>
Liabilities				
Accounts payable	\$ -	-	-	-
Due to bondholders	765,209	33,945	3,569	795,585
Total liabilities	<u>\$ 765,209</u>	<u>33,945</u>	<u>3,569</u>	<u>795,585</u>
 <u>Assessment District 86-5</u>				
Assets				
Cash and investments	\$ 432,428	29,085	5,925	455,588
Interest receivable	1,244	756	1,244	756
Special assessments receivable	15,375	6,251	11,480	10,146
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
Total assets	<u>\$ 449,047</u>	<u>36,092</u>	<u>18,649</u>	<u>466,490</u>
Liabilities				
Accounts payable	\$ 1,182	3,125	4,307	-
Due to bondholders	447,865	24,612	5,987	466,490
Total liabilities	<u>\$ 449,047</u>	<u>27,737</u>	<u>10,294</u>	<u>466,490</u>

(continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2011 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 87-2</u>				
Assets				
Cash and investments	\$ 11,928	126	12,039	15
Interest receivable	30	18	30	18
Total assets	<u>\$ 11,958</u>	<u>144</u>	<u>12,069</u>	<u>33</u>
Liabilities				
Due to bondholders	\$ 11,958	144	12,069	33
Total liabilities	<u>\$ 11,958</u>	<u>144</u>	<u>12,069</u>	<u>33</u>
<u>Assessment District 88-2</u>				
Assets				
Cash and investments	\$ 532,144	28,158	191,250	369,052
Interest receivable	1,365	550	1,365	550
Special assessments receivable	211,388	9,397	188,924	31,861
Restricted assets:				
Cash and investments with fiscal agent	-	178,407	178,407	-
Total assets	<u>\$ 744,897</u>	<u>216,512</u>	<u>559,946</u>	<u>401,463</u>
Liabilities				
Accounts payable	\$ -	181,219	181,219	-
Due to bondholders	744,897	30,138	373,572	401,463
Total liabilities	<u>\$ 744,897</u>	<u>211,357</u>	<u>554,791</u>	<u>401,463</u>
<u>Assessment District 88-3</u>				
Assets				
Cash and investments	\$ 1,757,992	922,549	924,379	1,756,162
Interest receivable	4,504	2,657	4,504	2,657
Special assessments receivable	1,528,389	84,269	1,528,389	84,269
Restricted assets:				
Cash and investments with fiscal agent	-	751,649	751,649	-
Total assets	<u>\$ 3,290,885</u>	<u>1,761,124</u>	<u>3,208,921</u>	<u>1,843,088</u>
Liabilities				
Accounts payable	\$ -	779,216	775,456	3,760
Due to bondholders	3,290,885	971,657	2,423,214	1,839,328
Total liabilities	<u>\$ 3,290,885</u>	<u>1,750,873</u>	<u>3,198,670</u>	<u>1,843,088</u>

(continued)

CITY OF CATHEDRAL CITY

Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year ended June 30, 2011 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 96-1</u>				
Assets				
Cash and investments	\$ 585,239	582,913	413,741	754,411
Interest receivable	1,499	1,121	1,499	1,121
Special assessments receivable	4,064,894	23,855	21,224	4,067,525
Restricted assets:				
Cash and investments with fiscal agent	715,625	374,288	520,853	569,060
Total assets	\$ 5,367,257	982,177	957,317	5,392,117
Liabilities				
Accounts payable	\$ -	388,398	386,970	1,428
Due to bondholders	5,367,257	440,805	417,373	5,390,689
Total liabilities	\$ 5,367,257	829,203	804,343	5,392,117
<u>Assessment District 2001-01</u>				
Assets				
Cash and investments	\$ 253,412	270,891	258,795	265,508
Interest receivable	965	577	965	577
Special assessments receivable	2,566,977	8,380	6,976	2,568,381
Restricted assets:				
Cash and investments with fiscal agent	252,775	246,915	246,915	252,775
Total assets	\$ 3,074,129	526,763	513,651	3,087,241
Liabilities				
Accounts payable	\$ -	253,092	252,668	424
Due to bondholders	3,074,129	273,129	260,441	3,086,817
Total liabilities	\$ 3,074,129	526,221	513,109	3,087,241
<u>Rio Vista CFD</u>				
Assets				
Cash and investments	\$ 99,100	564,338	564,912	98,526
Interest receivable	209	173	209	173
Special assessments receivable	13,749	113,812	13,749	113,812
Restricted assets:				
Cash and investments with fiscal agent	2,895,998	540,689	903,924	2,532,763
Total assets	\$ 3,009,056	1,219,012	1,482,794	2,745,274
Liabilities				
Accounts payable	\$ -	556,697	556,311	386
Due to bondholders	3,009,056	664,876	929,044	2,744,888
Total liabilities	\$ 3,009,056	1,221,573	1,485,355	2,745,274

(continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2011 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District 03-01</u>				
Assets				
Cash and investments	\$ 424,899	464,019	448,214	440,704
Interest receivable	2,524	1,192	2,524	1,192
Special assessments receivable	5,822,253	48,553	20,756	5,850,050
Restricted assets:				
Cash and investments with fiscal agent	440,267	433,995	433,995	440,267
Total assets	\$ 6,689,943	947,759	905,489	6,732,213
Liabilities				
Accounts payable	\$ -	441,080	440,117	963
Due to bondholders	6,689,943	493,361	452,054	6,731,250
Total liabilities	\$ 6,689,943	934,441	892,171	6,732,213
<u>Assessment District 04-01</u>				
Assets				
Cash and investments	\$ 446,694	458,681	437,908	467,467
Interest receivable	2,564	1,508	2,563	1,509
Special assessments receivable	5,412,182	34,058	27,038	5,419,202
Restricted assets:				
Cash and investments with fiscal agent	410,561	417,942	418,295	410,208
Total assets	\$ 6,272,001	912,189	885,804	6,298,386
Liabilities				
Accounts payable	\$ -	427,644	425,924	1,720
Due to bondholders	6,272,001	467,653	442,988	6,296,666
Total liabilities	\$ 6,272,001	895,297	868,912	6,298,386
<u>Assessment District 04-02</u>				
Assets				
Cash and investments	\$ 2,546,352	2,233,458	2,184,018	2,595,792
Interest receivable	7,088	4,797	7,088	4,797
Special assessments receivable	30,698,558	72,099	72,939	30,697,718
Restricted assets:				
Cash and investments with fiscal agent	2,124,846	2,134,614	2,134,615	2,124,845
Total assets	\$ 35,376,844	4,444,968	4,398,660	35,423,152
Liabilities				
Accounts payable	\$ -	2,153,529	2,150,726	2,803
Due to bondholders	35,376,844	2,238,466	2,194,961	35,420,349
Total liabilities	\$ 35,376,844	4,391,995	4,345,687	35,423,152

(continued)

CITY OF CATHEDRAL CITY

Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year ended June 30, 2011 (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Totals				
Assets				
Cash and investments	\$ 8,315,219	5,613,533	5,444,486	8,484,266
Interest receivable	25,152	15,265	25,151	15,266
Special assessments receivable	50,392,305	424,746	1,927,034	48,890,017
Restricted assets:				
Cash and investments with fiscal agent	6,840,072	5,078,499	5,588,653	6,329,918
Total assets	<u>\$ 65,572,748</u>	<u>11,132,043</u>	<u>12,985,324</u>	<u>63,719,467</u>
Liabilities				
Accounts payable	\$ 1,182	5,184,000	5,173,698	11,484
Due to bondholders	65,571,566	5,654,585	7,518,168	63,707,983
Total liabilities	<u>\$ 65,572,748</u>	<u>10,838,585</u>	<u>12,691,866</u>	<u>63,719,467</u>

STATISTICAL SECTION



STATISTICAL SECTION (UNAUDITED)

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the reader a better understanding of the City's economic condition.

Page

Financial trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

• Net Assets by Component	186
• Changes in Net Assets	188
• Fund Balances of Governmental Funds	192
• Changes in Fund Balances of Governmental Funds	194
• Governmental Activities Tax Revenues by Source	196

Revenue capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

• Assessed Value and Actual Value of Taxable Property	197
• Property Tax Rates – Direct and Overlapping Governments	198
• Principal Property Taxpayers	200
• Property Tax Levies and Collections	201
• Taxable Transactions by Category	202
• Top 25 Sales Tax Producers	204

Debt capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

• Ratios of Outstanding Debt by Type	205
• Ratios of General Bonded Debt Outstanding	206
• Direct and Overlapping Governmental Activities Debt	207
• Legal Debt Margin Information	208
• Pledged-Revenue Coverage	209

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

• Demographic and Economic Statistics	210
• Principal Employers – Current Year and Nine Years Ago	211

(continued)

STATISTICAL SECTION (UNAUDITED)

Page

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- Full-time Equivalent City Government Employees by Function 212
- Operating Indicators by Function 214
- Capital Asset Statistics by Function 216
- City of Cathedral City Map 218

CITY OF CATHEDRAL CITY

Net Assets by Component

Last Nine Fiscal Years (Dollars in thousands)

(Accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 36,888	107,520	112,911	122,219	129,980
Restricted	7,219	91,617	98,648	125,460	165,751
Unrestricted	(3,510)	(110,017)	(109,324)	(102,049)	(127,461)
Total governmental activities net assets	<u>\$ 40,597</u>	<u>89,120</u>	<u>102,235</u>	<u>145,630</u>	<u>168,270</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ -	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 36,888	107,520	112,911	122,219	129,980
Restricted	7,219	91,617	98,648	125,460	165,751
Unrestricted	(3,510)	(110,017)	(109,324)	(102,049)	(127,461)
Total primary government net assets	<u>\$ 40,597</u>	<u>89,120</u>	<u>102,235</u>	<u>145,630</u>	<u>168,270</u>

Notes to Schedule:

Note 1: GASB 34 financial statements were first presented for the fiscal year ended June 30, 2003. Subsequent years will be added to this schedule until a total of ten years is presented.

Note 2: The reporting format was changed beginning with the fiscal year ended June 30, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. Amounts for the fiscal year ended June 30, 2003, have been restated to eliminate all net assets related to assessment district debt service funds.

Note 3: The increase in total net assets of \$48,523 from 2003 to 2004 consists of the following: (1) prior period adjustments - \$43,177; and (2) current year increase in net assets - \$5,346.

Note 4: The increase in total net assets of \$13,115 from 2004 to 2005 consists of the following: (1) prior period adjustment - \$10,160; and (2) current year increase in net assets - \$2,955.

Note 5: In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated.

Source: City of Cathedral City, Government-Wide Financial Statements

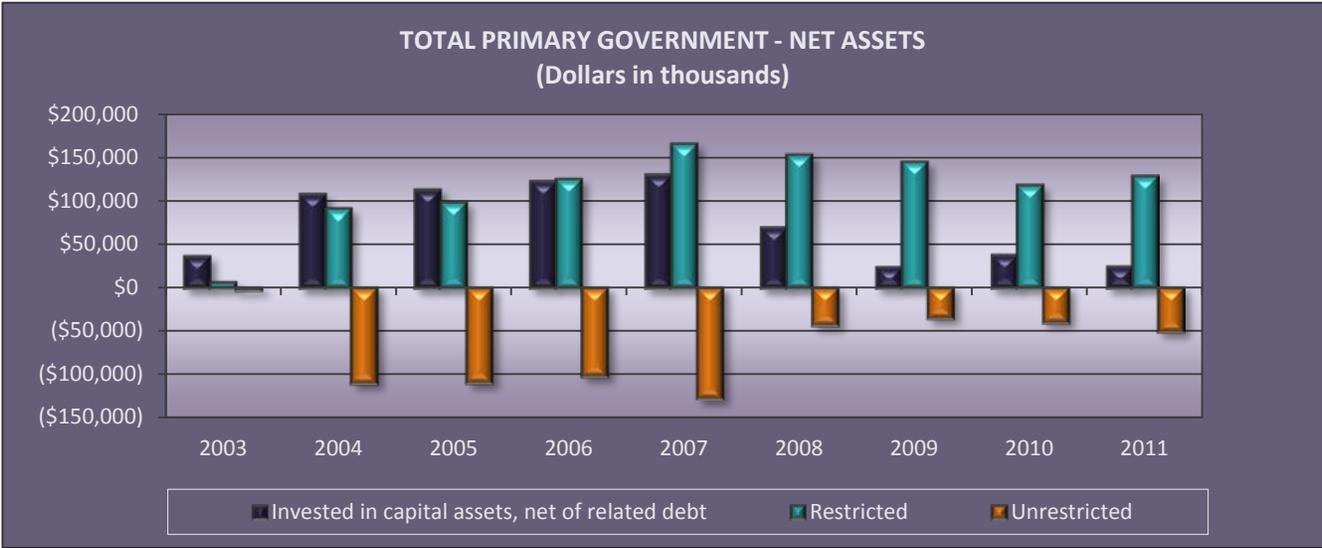


Fiscal Year				
2008	2009	2010	2011	2012
69,918	24,533	38,544	25,065	
153,335	145,031	118,320	128,477	
(43,693)	(35,435)	(40,627)	(51,202)	
<u>179,560</u>	<u>134,129</u>	<u>116,237</u>	<u>102,340</u>	<u>-</u>
40	21	20	377	
-	-	-	-	
<u>18</u>	<u>16</u>	<u>225</u>	<u>246</u>	
<u>58</u>	<u>37</u>	<u>245</u>	<u>623</u>	<u>-</u>
69,958	24,554	38,564	25,442	
153,335	145,031	118,320	128,477	
(43,675)	(35,419)	(40,402)	(50,956)	
<u>179,618</u>	<u>134,166</u>	<u>116,482</u>	<u>102,963</u>	<u>-</u>

Governmental activities:
 Invested in capital assets, net of related debt
 Restricted
 Unrestricted
 Total governmental activities net assets

Business-type activities:
 Invested in capital assets, net of related debt
 Restricted
 Unrestricted
 Total business-type activities net assets

Primary government:
 Invested in capital assets, net of related debt
 Restricted
 Unrestricted
 Total primary government net assets



CITY OF CATHEDRAL CITY

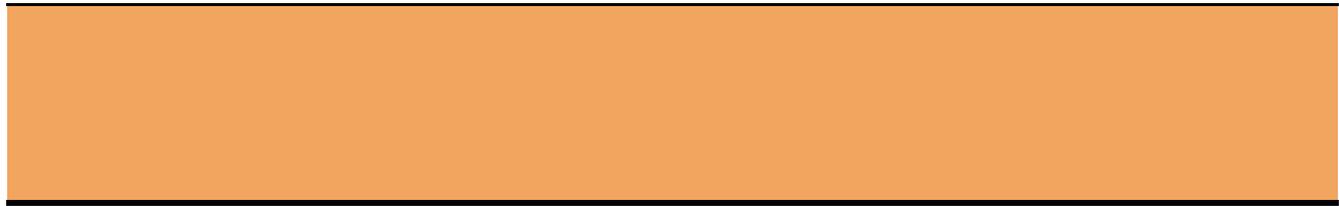
Changes in Net Assets

Last Nine Fiscal Years (Dollars in thousands)

(Accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 20,302	21,164	31,122	18,833	17,617
Community development	-	801	7,130	9,108	9,413
Culture and recreation	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public safety	12,762	12,845	15,433	17,006	19,703
Public works	2,533	2,172	2,879	5,351	4,960
Interest on long-term debt	6,877	6,175	6,156	5,113	8,070
Total governmental activities expenses	<u>42,474</u>	<u>43,157</u>	<u>62,720</u>	<u>55,411</u>	<u>59,763</u>
Business-type activities:					
Education	-	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 42,474</u>	<u>43,157</u>	<u>62,720</u>	<u>55,411</u>	<u>59,763</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,522	2,658	2,665	3,246	7,719
Community development	-	95	74	44	441
Culture and recreation	-	-	-	-	-
Parks and recreation	101	-	-	-	-
Public safety	1,573	1,637	1,934	1,988	1,957
Public works	-	255	606	606	600
Operating grants and contributions	3,891	3,989	4,798	6,955	4,091
Capital grants and contributions	253	755	354	-	10,237
Total governmental activities program revenues	<u>9,340</u>	<u>9,389</u>	<u>10,431</u>	<u>12,839</u>	<u>25,045</u>
Business-type activities:					
Charges for services:					
Education	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 9,340</u>	<u>9,389</u>	<u>10,431</u>	<u>12,839</u>	<u>25,045</u>
Net (Expense)/Revenue					
Governmental activities	\$ (33,134)	(33,768)	(52,289)	(42,572)	(34,718)
Business-type activities	-	-	-	-	-
Total primary government net expense	<u>\$ (33,134)</u>	<u>(33,768)</u>	<u>(52,289)</u>	<u>(42,572)</u>	<u>(34,718)</u>

(continued)



Fiscal Year				
2008	2009	2010	2011	2012
7,040	10,030	19,033	11,572	
14,855	25,819	27,220	14,271	
362	58	675	595	
-	-	-	-	
21,556	25,160	25,879	26,980	
4,874	6,608	6,645	6,609	
13,856	12,190	12,080	11,745	
<u>62,543</u>	<u>79,865</u>	<u>91,532</u>	<u>71,772</u>	<u>-</u>
1,078	1,208	1,506	990	
1,078	1,208	1,506	990	-
<u>63,621</u>	<u>81,073</u>	<u>93,038</u>	<u>72,762</u>	<u>-</u>
2,492	3,311	3,062	2,126	
560	752	892	412	
-	-	2	2	
-	-	-	-	
2,591	2,622	5,472	5,515	
361	310	277	735	
3,881	3,421	2,744	3,393	
3,180	2,379	15,707	3,772	
<u>13,065</u>	<u>12,795</u>	<u>28,156</u>	<u>15,955</u>	<u>-</u>
743	937	1,439	569	-
300	250	275	799	-
<u>1,043</u>	<u>1,187</u>	<u>1,714</u>	<u>1,368</u>	<u>-</u>
<u>14,108</u>	<u>13,982</u>	<u>29,870</u>	<u>17,323</u>	<u>-</u>
(49,478)	(67,070)	(63,376)	(55,817)	-
(35)	(21)	208	378	-
<u>(49,513)</u>	<u>(67,091)</u>	<u>(63,168)</u>	<u>(55,439)</u>	<u>-</u>

Expenses

Governmental activities:

- General government
- Community development
- Culture and recreation
- Parks and recreation
- Public safety
- Public works
- Interest on long-term debt

Total governmental activities expenses

Business-type activities:

- Education

Total business-type activities expenses

Total primary government expenses

Program Revenues

Governmental activities:

Charges for services:

- General government
- Community development
- Culture and recreation
- Parks and recreation
- Public safety
- Public works

Operating grants and contributions

Capital grants and contributions

Total governmental activities program revenues

Business-type activities:

Charges for services:

- Education
- Operating grants and contributions

Total business-type activities program revenues

Total primary government program revenues

Net (Expense)/Revenue

Governmental activities

Business-type activities

Total primary government net expense

CITY OF CATHEDRAL CITY

Changes in Net Assets

Last Nine Fiscal Years (Dollars in thousands)

(Accrual basis of accounting) (continued)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 20,855	20,087	19,908	24,280	28,145
Sales taxes (Note 3)	8,652	9,331	10,165	10,177	10,008
Transactions and use taxes	-	-	-	-	-
Motor vehicle in lieu taxes (Note 4)	2,595	2,160	2,902	4,434	-
Transient occupancy taxes	1,774	1,681	1,703	1,851	-
Utility users taxes	-	-	-	-	-
Other taxes	-	-	-	-	6,240
Franchise fees	1,333	2,012	4,146	4,383	2,031
Interest and investment earnings	1,916	1,387	2,613	3,846	6,803
Capital contributions	-	-	-	33,244	-
Transfers	-	2,241	12,014	-	-
Insurance proceeds	-	-	-	-	-
Miscellaneous	278	215	1,793	3,752	4,131
Extraordinary item	-	-	-	-	-
Total governmental activities	<u>37,403</u>	<u>39,114</u>	<u>55,244</u>	<u>85,967</u>	<u>57,358</u>
Business-type activities:					
Miscellaneous	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 37,403</u>	<u>39,114</u>	<u>55,244</u>	<u>85,967</u>	<u>57,358</u>
Change in Net Assets					
Governmental activities	\$ 4,269	5,346	2,955	43,395	22,640
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 4,269</u>	<u>5,346</u>	<u>2,955</u>	<u>43,395</u>	<u>22,640</u>

Notes to Schedule:

Note 1: GASB 34 financial statements were first presented for the fiscal year ended June 30, 2003. Subsequent years will be added to this schedule until a total of ten years is presented.

Note 2: The reporting format was changed beginning with the fiscal year ended June 30, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. Amounts for the fiscal year ended June 30, 2003, have been adjusted to eliminate all net assets related to assessment district debt service funds.

Note 3: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

Note 4: Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as an intergovernmental revenue.

Note 5: In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated.

Source: City of Cathedral City, Government-Wide Financial Statements



Fiscal Year				
2008	2009	2010	2011	2012
34,634	33,049	29,078	21,980	
8,345	6,165	6,222	6,572	
-	-	-	2,941	
-	-	-	-	
-	-	-	-	
-	635	2,861	2,766	
2,110	1,633	1,504	1,463	
1,975	1,995	1,855	1,851	
9,720	4,934	2,888	2,157	
-	-	-	-	
-	-	-	-	
-	683	-	-	
2,067	2,255	776	2,353	
264	-	-	-	
<u>59,115</u>	<u>51,349</u>	<u>45,184</u>	<u>42,083</u>	<u>-</u>
4	-	-	-	-
<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>59,119</u>	<u>51,349</u>	<u>45,184</u>	<u>42,083</u>	<u>-</u>
9,637	(15,721)	(18,192)	(13,734)	-
<u>(31)</u>	<u>(21)</u>	<u>208</u>	<u>378</u>	<u>-</u>
<u>9,606</u>	<u>(15,742)</u>	<u>(17,984)</u>	<u>(13,356)</u>	<u>-</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes:

- Property taxes
- Sales taxes (Note 3)
- Transaction and use taxes
- Motor vehicle in lieu taxes (Note 4)
- Transient occupancy taxes
- Utility users taxes
- Other taxes
- Franchise fees

- Interest and investment earnings
- Capital contributions
- Transfers
- Insurance proceeds
- Miscellaneous
- Extraordinary item

Total governmental activities

Business-type activities:

- Miscellaneous

Total business-type activities

Total primary government

Change in Net Assets

Governmental activities

Business-type activities

Total primary government

CITY OF CATHEDRAL CITY

Fund Balances of Governmental Funds
 Last Ten Fiscal Years (Dollars in thousands)
 (Modified accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund (note 5):					
Nonspendable					
Restricted					
Assigned					
Unassigned					
Total general fund					
All other governmental funds (note 5):					
Nonspendable					
Restricted					
Assigned					
Unassigned					
Total all other governmental funds					
General fund (note 5):					
Reserved	\$ 3,701	3,701	3,701	3,701	6,836
Unreserved	11,754	12,525	13,159	15,692	12,055
Total general fund	<u>\$ 15,455</u>	<u>16,226</u>	<u>16,860</u>	<u>19,393</u>	<u>18,891</u>
All other governmental funds (note 5):					
Reserved	\$ 24,524	35,759	38,107	41,284	52,607
Unreserved, reported in:					
Special revenue funds	10,612	12,073	11,417	11,751	12,716
Capital projects funds	16,906	46,344	43,984	49,167	64,282
Debt service funds	-	-	-	-	306
Total all other governmental funds	<u>\$ 52,042</u>	<u>94,176</u>	<u>93,508</u>	<u>102,202</u>	<u>129,911</u>

Notes to Schedule:

Note 1: Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

Note 2: The reporting format was changed with the fiscal year ended June 20, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any manner. Amounts for fiscal years ended June 30, 2002 through June 30, 2003, have been adjusted to eliminate all assessment district debt service funds.

Note 3: The increase in total fund balances of \$42,905 from 2002 to 2003 consists of the following: (1) prior period adjustment - (\$3,744); and (2) current year increase in fund balances - \$46,649.

Note 4: The decrease in total fund balances of \$34 from 2003 to 2004 consists of the following: (1) prior period adjustment - \$61; and (2) current year decrease in fund balances - \$95.

Note 5: The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for the fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is unavailable.

Source: City of Cathedral City, Fund Financial Statements



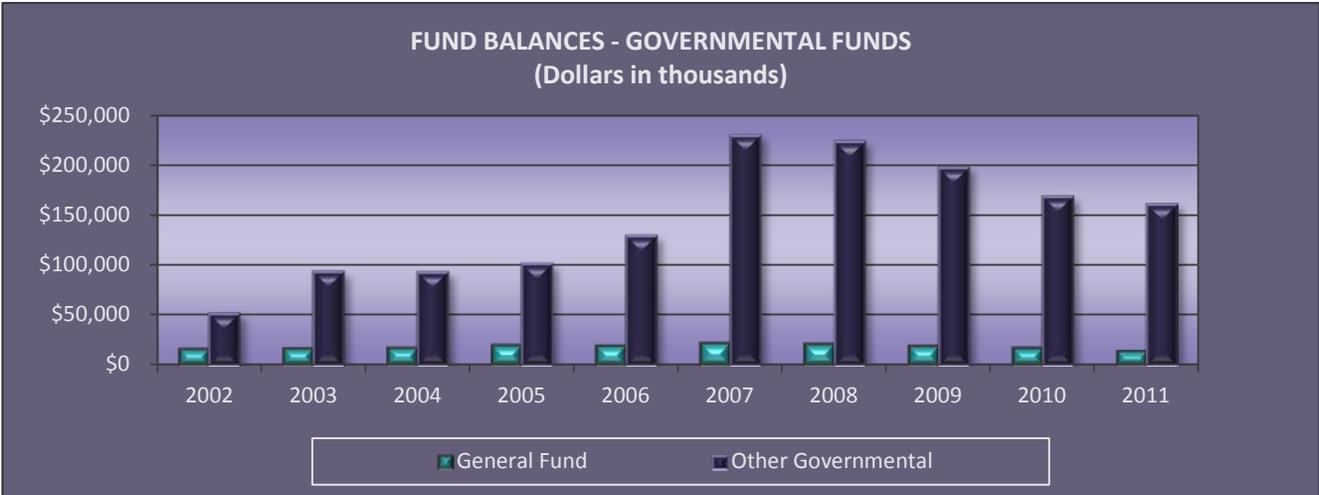
Fiscal Year				
2007	2008	2009	2010	2011
				3,746
				50
				3,171
				6,825
				<u>13,792</u>
				72,780
				89,254
				-
				(455)
				<u>161,579</u>
355	4,249	4,168	4,210	
20,856	15,999	14,383	12,377	
<u>21,211</u>	<u>20,248</u>	<u>18,551</u>	<u>16,587</u>	
73,666	83,077	95,782	99,386	
13,955	15,089	5,699	5,461	
142,992	126,372	96,817	64,116	
-	-	-	-	
<u>230,613</u>	<u>224,538</u>	<u>198,298</u>	<u>168,963</u>	

General fund (note 5):
 Nonspendable
 Restricted
 Assigned
 Unassigned
 Total general fund

All other governmental funds (note 5):
 Nonspendable
 Restricted
 Assigned
 Unassigned
 Total all other governmental funds

General fund (note 5):
 Reserved
 Unreserved
 Total general fund

All other governmental funds (note 5):
 Reserved
 Unreserved, reported in:
 Special revenue funds
 Capital projects funds
 Debt service funds
 Total all other governmental funds



CITY OF CATHEDRAL CITY

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Dollars in thousands)
(Modified accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Taxes	\$ 30,372	33,876	30,159	34,678	41,894
Intergovernmental	2,382	3,948	3,941	4,200	5,845
Licenses and permits	2,147	2,676	2,564	2,524	2,648
Fines and forfeitures	197	225	289	11	15
Charges for services	4,099	2,896	3,499	4,243	4,733
Special assessments	-	-	-	-	-
Development fees	-	-	-	-	-
Use of money and property	2,311	1,917	1,444	2,612	3,846
Contributions from property owners	-	-	-	-	33,244
Gain on sale of land held for resale	-	-	-	-	-
Miscellaneous	4,077	1,206	1,083	1,922	4,172
Total revenues	<u>45,585</u>	<u>46,744</u>	<u>42,979</u>	<u>50,190</u>	<u>96,397</u>
Expenditures					
Current:					
General government	\$ 8,402	8,896	8,339	7,836	7,517
Community development	-	-	801	7,130	3,217
Culture and recreation	-	-	-	-	-
Public safety	11,277	11,813	12,845	15,434	17,006
Public works	2,433	2,304	2,047	2,126	4,351
Capital outlay	11,152	10,238	3,682	16,142	17,573
Payments under pass-through agreements	7,426	9,006	3,985	6,106	5,983
Loss on sale of land held for resale	-	-	-	-	-
Debt service:					
Principal	3,718	4,026	5,904	4,138	17,690
Interest	4,890	3,726	6,233	5,604	6,116
Other debt-related costs	-	1,615	-	1,090	650
Total expenditures	<u>\$ 49,298</u>	<u>51,624</u>	<u>43,836</u>	<u>65,606</u>	<u>80,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,713)</u>	<u>(4,880)</u>	<u>(857)</u>	<u>(15,416)</u>	<u>16,294</u>
Other financing sources (uses)					
Transfers in	\$ 5,644	16,401	16,946	37,616	30,566
Transfers out	(4,812)	(16,286)	(16,175)	(27,420)	(32,825)
Proceeds from capital leases	-	-	-	-	-
Proceeds from sale of capital assets	-	-	(9)	-	2
Issuance of debt	961	51,983	-	40,672	13,000
Refunding of debt	-	9,407	-	(27,308)	-
Discount on bonds issued	-	(569)	-	-	-
Bond premium	-	-	-	-	-
Payments to refunded bond escrow agent	-	(3,898)	-	-	-
Payment of bonds refunded	-	(5,509)	-	-	-
Loan proceeds	-	-	-	3,083	170
Total other financing sources (uses)	<u>\$ 1,793</u>	<u>51,529</u>	<u>762</u>	<u>26,643</u>	<u>10,913</u>
Net change in fund balances	<u>\$ (1,920)</u>	<u>46,649</u>	<u>(95)</u>	<u>11,227</u>	<u>27,207</u>
Debt service as a % of noncapital expenditures	42.0%	44.4%	40.2%	34.2%	48.7%

Notes to Schedule:

Note 1: Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

Note 2: The reporting format was changed with the fiscal year ended June 20, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any manner. Amounts for fiscal years ended June 30, 2002 through June 30, 2003, have been adjusted to eliminate all assessment district debt service funds activity.



Fiscal Year				
2007	2008	2009	2010	2011
44,393	47,064	43,477	40,636	42,128
11,818	6,883	5,979	7,264	10,004
1,370	957	876	954	764
409	371	875	1,163	881
5,392	3,908	4,446	4,389	3,513
-	351	386	2,710	3,182
-	59	1,510	68	98
6,725	9,236	4,966	2,826	1,731
2,394	-	-	7,648	313
90	-	-	200	15
2,448	1,649	757	554	2,352
<u>75,039</u>	<u>70,478</u>	<u>63,272</u>	<u>68,412</u>	<u>64,981</u>
10,976	6,672	6,697	16,399	8,254
4,329	16,204	16,475	22,090	13,111
-	147	217	311	271
19,166	21,289	22,804	23,626	23,155
2,857	2,709	3,167	3,067	2,800
31,343	20,109	18,252	14,357	5,056
4,985	5,502	6,107	4,803	4,494
86	3	-	-	-
4,907	5,040	6,449	5,828	6,618
6,377	10,874	11,556	11,402	11,185
2,366	-	38	41	39
<u>87,392</u>	<u>88,549</u>	<u>91,762</u>	<u>101,924</u>	<u>74,983</u>
<u>(12,353)</u>	<u>(18,071)</u>	<u>(28,490)</u>	<u>(33,512)</u>	<u>(10,002)</u>
142,933	26,550	34,382	42,710	52,888
(145,683)	(28,389)	(34,737)	(42,775)	(53,462)
-	-	-	-	-
2,896	-	257	69	396
115,000	-	-	2,015	-
-	-	-	-	-
-	-	-	-	-
229	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>115,375</u>	<u>(1,839)</u>	<u>(98)</u>	<u>2,019</u>	<u>(178)</u>
<u>103,022</u>	<u>(19,910)</u>	<u>(28,588)</u>	<u>(31,493)</u>	<u>(10,180)</u>
33.2%	25.5%	23.7%	19.7%	25.1%

Revenues

- Taxes
- Intergovernmental
- Licenses and permits
- Fines and forfeitures
- Charges for services
- Special assessments
- Development fees
- Use of money and property
- Contributions from property owners
- Gain on sale of land held for resale
- Miscellaneous
- Total revenues

Expenditures

- Current:
 - General government
 - Community development
 - Culture and recreation
 - Public safety
 - Public works
- Capital outlay
- Payments under pass-through agreements
- Loss on sale of land held for resale
- Debt service:
 - Principal
 - Interest
 - Other debt-related costs

Total expenditures

Excess (deficiency) of revenues over (under) expenditures

Other financing sources (uses)

- Transfers in
- Transfers out
- Proceeds from capital leases
- Proceeds from sale of capital assets
- Issuance of debt
- Refunding of debt
- Discount on bonds issued
- Bond premium
- Payments to refunded bond escrow agent
- Payment of bonds refunded
- Loan proceeds

Total other financing sources (uses)

Net change in fund balances

Debt service as a % of noncapital expenditures

Notes to Schedule:

Note 3: Prior to the fiscal year ended June 30, 2006, capital contributions were reported as "transfers in."

Source: City of Cathedral City, Fund Financial Statements

CITY OF CATHEDRAL CITY

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years (Dollars in thousands)

(Modified accrual basis of accounting)

Fiscal Year	Property (including RDA tax increment)	In-Lieu VLF Property (Note 1)	Sales (Note 2)	Transient Occupancy	Utility Users	Transactions and Use	Other (Note 3)	Franchise Fees (Note 4)	Total
2002	\$ 18,296	-	7,817	1,464	-	-	2,795	-	30,372
2003	20,795	-	8,652	1,774	-	-	2,655	-	33,876
2004	16,684	-	9,331	1,681	-	-	2,463	-	30,159
2005	19,373	2,585	10,165	1,703	-	-	852	-	34,678
2006	25,109	3,282	10,177	1,851	-	-	1,475	-	41,894
2007	28,145	3,691	10,008	1,961	-	-	588	-	44,393
2008	30,467	4,167	8,345	1,632	-	-	478	1,975	47,064
2009	28,835	4,214	6,165	1,150	635	-	483	1,995	43,477
2010	25,257	3,690	5,468	1,023	2,861	-	481	1,856	40,636
2011	23,066	3,469	6,572	999	2,766	2,941	464	1,851	42,128
Change									
2002- 2011	26.1%	NA	-15.9%	-31.8%	NA	NA	-83.4%	NA	38.7%

Notes to Schedule:

Note 1: As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee (VLF) reductions for a like amount of property tax revenues from ERAF (Education Revenue Augmentation Fund). The VLF/Property Tax swap beginning with the fiscal year ended June 30, 2005.

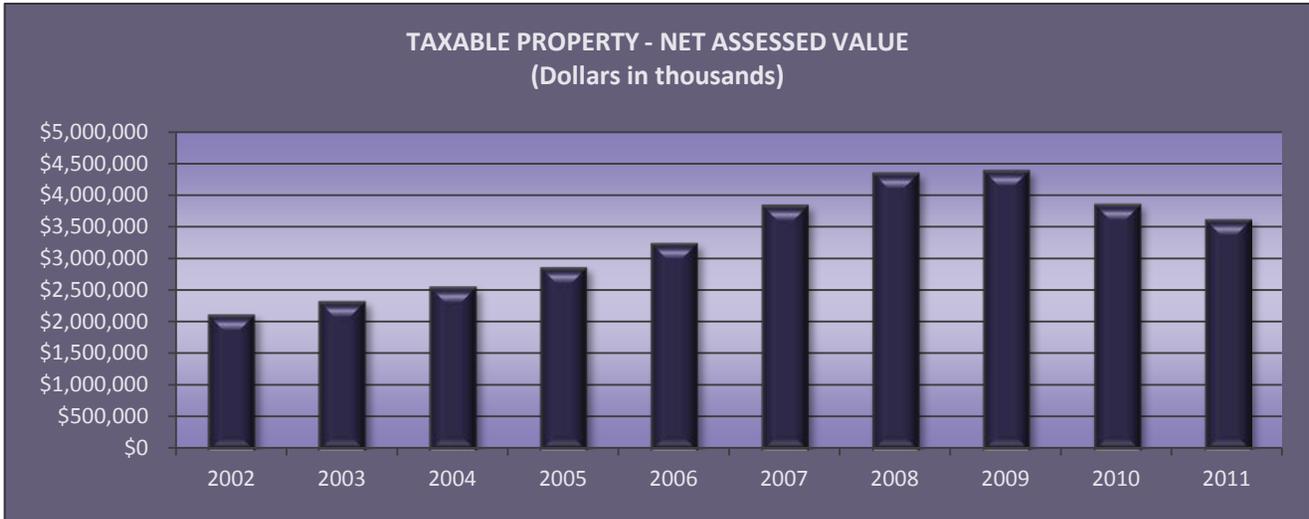
Note 2: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

Note 3: Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as intergovernmental revenue.

Note 4: Prior to 2008, franchise fees were reported as charges for services.

Source: City of Cathedral City Finance Department

CITY OF CATHEDRAL CITY
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 (Dollars in thousands)



Fiscal Year	Residential Property	Commercial Property	Industrial Property	All Other Property (Note 2)	Total Net Taxable Assessed Value (Note 3)	Total Direct Tax Rate
2002	\$ 1,239,520	269,046	58,227	543,781	2,110,574	0.79588
2003	1,454,583	292,071	61,930	516,106	2,324,690	0.81589
2004	1,648,488	297,851	63,361	538,209	2,547,909	0.83172
2005	1,919,596	314,487	65,739	556,786	2,856,608	0.84892
2006	2,204,561	326,394	73,642	632,913	3,237,510	0.86768
2007	2,610,321	377,727	78,579	773,443	3,840,070	0.89126
2008	2,974,597	450,895	86,412	836,362	4,348,266	0.90270
2009	2,951,474	487,746	90,519	857,634	4,387,373	0.90368
2010	2,473,035	515,875	92,260	775,437	3,856,607	0.88814
2011	2,295,531	450,136	90,613	778,147	3,614,427	0.87588

Notes to Schedule:

Note 1: In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2: Includes the following categories: dry farm, government owned, institutional, recreational, vacant land, SBE nonunitary, cross reference, unsecured and unknown.

Note 3: The "total net taxable assessed value" is net of tax-exempt property. In addition, homeowners exemptions are not included in the above totals.

Source: HdL Coren & Cone (Riverside County Assessor 2001/2002 - 2010/11 Combined Tax Rolls)

CITY OF CATHEDRAL CITY

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

(Rate per \$100 of assessed value)

Fiscal Year	Basic Levy (Note 1)	Overlapping Rates (Note 2)				
		Coachella Valley Water District	CVWD Improvement District 53	CVWD Improvement District 54	Desert Community College	Desert Water Agency
2002	\$ 1.00000	0.02080	0.00170	0.02300	-	0.07000
2003	1.00000	0.02080	0.00170	0.02160	-	0.07000
2004	1.00000	0.02080	0.00060	0.02020	-	0.06000
2005	1.00000	0.02080	0.00020	0.01910	0.01994	0.06000
2006	1.00000	0.02080	0.00020	0.01800	0.01995	0.06000
2007	1.00000	0.02080	-	0.01800	0.01995	0.08000
2008	1.00000	0.04000	0.00090	0.00720	0.01995	0.08000
2009	1.00000	0.04000	-	0.00650	0.01995	0.08000
2010	1.00000	0.06000	-	0.00650	0.01995	0.08000
2011	1.00000	0.08000	-	0.00530	0.01995	0.08000

Notes to Schedule:

Note 1: In 1978, California voters passed Proposition 13, which set the property tax rate at a 1.00% fixed amount (basic levy). This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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

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

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

Note 5: The Government Finance Officers Association 's definition of total direct rate is: "The weighted average of all individual rates applied by the government preparing the statistical section." The total direct rate of the City is calculated based on this definition, therefore, the columns will not sum across.

Source: HdL Coren & Cone (Riverside County Assessor, 2001/2002 - 2010/11 Tax Rate Tables)



<u>Palm Springs Unified B&I 1992-A</u>	<u>Total Direct and Overlapping Rates</u>	<u>City Share of 1% Levy (Note 3)</u>	<u>Redevelopment Rate (Note 4)</u>	<u>Total Direct Rate (Note 5)</u>	<u>Fiscal Year</u>
0.06192	1.17742	0.16455	1.00000	0.79588	2002
0.06002	1.17412	0.16455	1.00000	0.81589	2003
0.06052	1.16212	0.16455	1.00000	0.83172	2004
0.05715	1.17719	0.14057	1.00000	0.84892	2005
0.05012	1.16907	0.14057	1.00000	0.86768	2006
0.05912	1.19787	0.16455	1.00000	0.89126	2007
0.05468	1.20273	0.16455	1.00000	0.90270	2008
0.06007	1.20652	0.16455	1.00000	0.90368	2009
0.12628	1.29273	0.16455	1.00000	0.88814	2010
0.13224	1.31749	0.16144	1.00000	0.87588	2011

CITY OF CATHEDRAL CITY

Principal Property Taxpayers

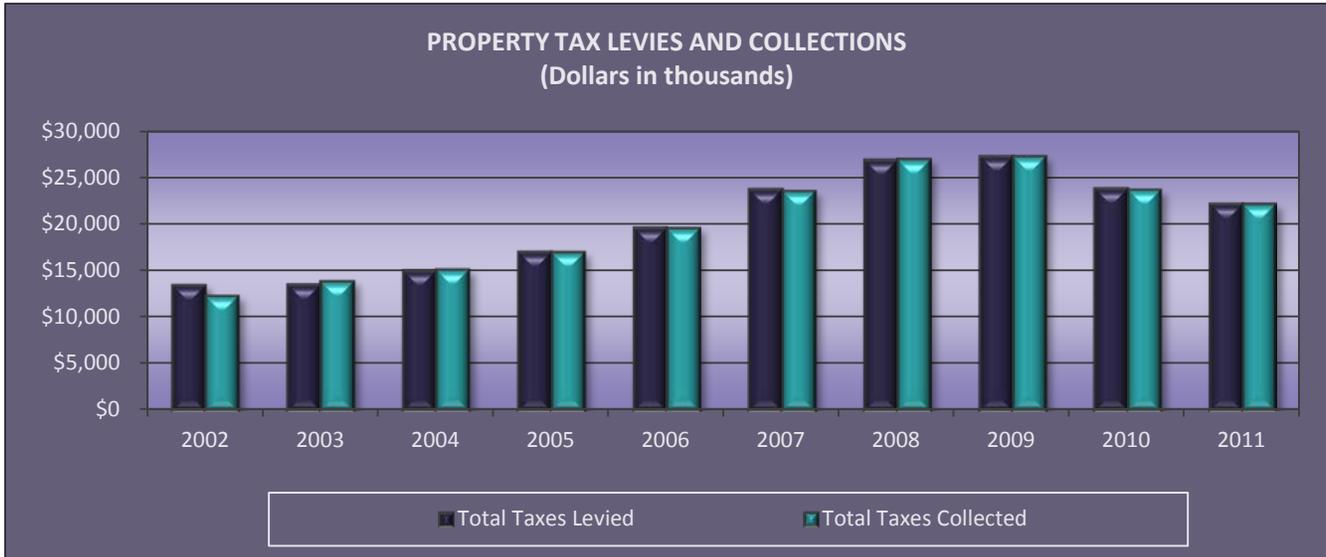
Current Year and Nine Years Ago

(Dollars in thousands)

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BJ's Cathedral City	\$ 37,602	1	1.01%			
MHC Date Palm LLC	30,063	2	0.81%	\$ 25,293	2	1.20%
Welk Park North	26,048	3	0.70%	25,853	1	1.22%
Roberta's Limited Partnership	21,765	4	0.58%			
Edom Hills Project 1 LLC	15,421	5	0.41%			
Cathedral City Rio Vista Town Center	15,245	6	0.41%			
Meristar Sub 1C	14,400	7	0.39%			
C V Storage	13,522	8	0.36%			
Federal National Mortgage Assn	13,456	9	0.36%			
U Store It LP	13,031	10	0.35%			
Capstar Cathedral City Company				20,531	3	0.97%
West Southwest Retail Partners				18,558	4	0.88%
Wal Mart Stores, Inc. / Sam's West				14,796	5	0.70%
Desert Vistas				13,005	6	0.62%
Cimarron Golf Club				12,510	7	0.59%
Dana B. Horn				11,740	8	0.56%
Date Palm Interiors				11,459	9	0.54%
Pace Membership Warehouse				11,054	10	0.52%
Totals	\$ 200,553		5.38%	164,799		7.80%

Notes to Schedule:**Note 1:** Rankings are based on taxable assessed value, not property taxes paid.**Source:** HdL Coren & Cone (Riverside County Assessor 2010/11 and 2001/2002 Combined Tax Rolls and the SBE Unitary Tax Roll)

CITY OF CATHEDRAL CITY
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in thousands)



Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (Note 1)	Collected within the Fiscal Year of the Levy		Previous Years Collections (Notes 2 and 3)	Total Collections to Date	
		Amount (Note 2)	Percentage of Levy		Amount	Percentage of Levy
2002	13,517	12,338	91.28%	2	12,340	91.29%
2003	13,577	13,905	102.42%	3	13,908	102.44%
2004	15,056	15,148	100.61%	5	15,153	100.64%
2005	17,111	17,009	99.40%	5	17,014	99.43%
2006	19,670	19,608	99.68%	9	19,617	99.73%
2007	23,790	23,575	99.10%	3	23,578	99.11%
2008	26,965	26,900	99.76%	95	26,995	100.11%
2009	27,324	27,174	99.45%	118	27,292	99.88%
2010	23,891	23,627	98.89%	100	23,727	99.31%
2011	22,254	22,117	99.38%	71	22,188	99.70%

Notes to Schedule:

Note 1: Information as to the total tax levy for the fiscal year is not available from the Riverside County Auditor-Controller. The total tax levy has been estimated using the Statements of Original Charge and Tax Increment Summaries from the Riverside County Auditor-Controller.

Note 2: Collections for 2011 are for amounts received as of August 31, 2011.

Note 3: The table above shows the total amount of previous years taxes collected in each fiscal year. The Riverside County Auditor-Controller does not provide information regarding the levy year to which the delinquent tax collections pertain.

Note 4: 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 pass-throughs to other agencies. Fixed charge collections related to assessment district debt, which the City is not obligated for, are not included in this schedule.

Source: City of Cathedral City; Riverside County Auditor-Controller

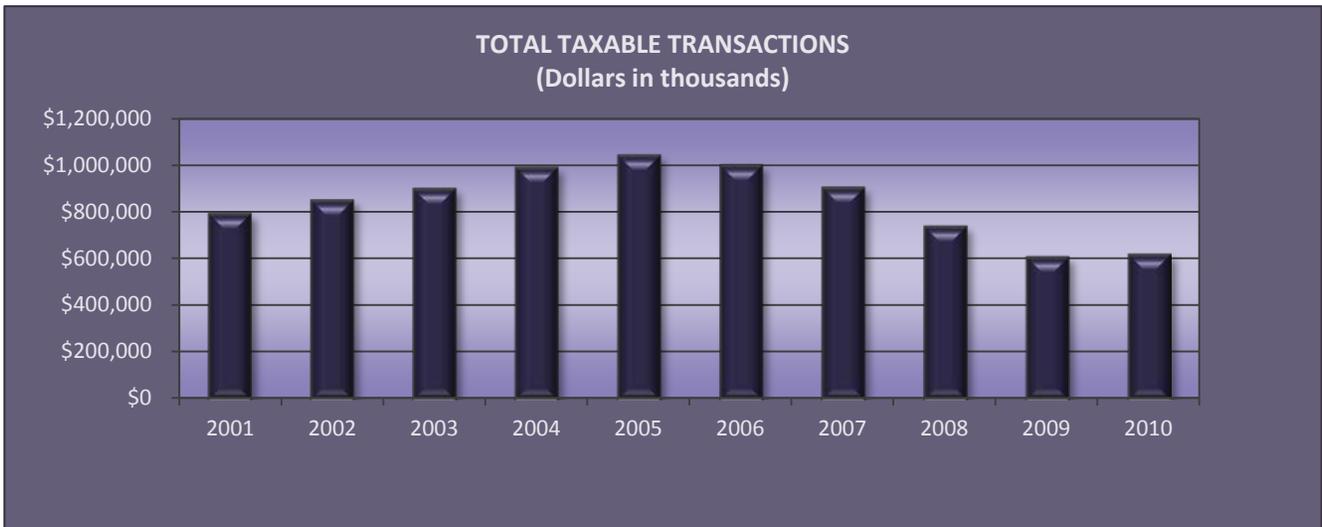
CITY OF CATHEDRAL CITY

Taxable Transactions By Category

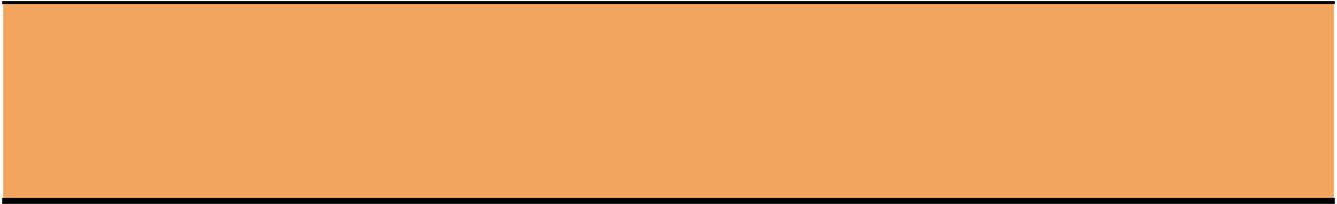
Last Ten Calendar Years

(Dollars in thousands)

Calendar Year	Category					
	Apparel Stores	General Merchandise	Food Stores	Eating and Drinking Places	Building Materials	Auto Dealers and Supplies
2001	\$ 7,524	91,867	29,373	43,652	45,422	334,739
2002	7,183	98,653	30,408	46,724	44,844	370,645
2003	6,363	105,108	32,328	48,614	47,850	389,115
2004	5,333	112,750	31,823	53,536	59,906	422,413
2005	5,142	102,389	33,911	57,089	71,320	434,988
2006	5,513	56,896	33,948	56,355	67,613	442,644
2007	7,935	36,717	33,270	57,194	46,308	410,984
2008	9,883	34,117	32,959	59,604	37,065	275,588
2009	8,470	31,262	34,034	52,520	26,344	232,066
2010	8,713	30,249	30,930	49,170	17,507	258,732



Source: The HdL Companies, State of California Board of Equalization



Category				
<u>Service Stations</u>	<u>Other Retail Stores</u>	<u>All Other Outlets</u>	<u>Total</u>	<u>Calendar Year</u>
42,977	64,756	130,223	790,533	2001
43,432	71,761	134,524	848,174	2002
52,059	77,801	138,876	898,114	2003
65,220	82,629	155,453	989,063	2004
76,701	87,528	172,295	1,041,363	2005
85,171	80,638	169,810	998,588	2006
88,283	70,760	151,865	903,316	2007
91,846	57,297	137,809	736,168	2008
65,780	48,978	105,132	604,586	2009
74,672	47,901	97,576	615,450	2010

CITY OF CATHEDRAL CITY

Top 25 Sales Tax Producers
 Current Year and Nine Years Ago
 (Listed alphabetically)

2011		2002	
Taxpayer	Business	Taxpayer	Business
Acura of the Desert	New Motor Vehicles Dealer	Acura Mazda of the Desert	New Motor Vehicles Dealer
Arco AM PM	Service Stations	Albertsons	Grocery Stores Liquor
Burlington Coat Factory	Family Apparel	Arco AM PM	Service Stations
Cardenas Markets	Grocery Stores Liquor	Arco AM PM	Service Stations
Clipper Windpower Technology	Heavy Industrial	C & M Building Materials	Lumber/Building Materials
Crystal Chrysler Jeep Dodge	New Motor Vehicles Dealer	Champion Mitsubishi	New Motor Vehicles Dealer
Desert Lexus	New Motor Vehicles Dealer	Chrysler Financial Co	Auto Lease
Honda of the Desert	New Motor Vehicles Dealer	Crystal Chrysler Center	New Motor Vehicles Dealer
JC Mobil	Service Stations	Desert Lexus	New Motor Vehicles Dealer
Jessup Auto Plaza	New Motor Vehicles Dealer	Ferguson Enterprises	Plumbing/Electrical Supplies
MSV Group	Service Stations	Ford Credit Titling Trust	Auto Lease
Palm Springs Kia	New Motor Vehicles Dealer	Honda of the Desert	New Motor Vehicles Dealer
Palm Springs Motors	New Motor Vehicles Dealer	Jessup Auto Plaza	New Motor Vehicles Dealer
Palm Springs Nissan	New Motor Vehicles Dealer	Kia Superstore	New Motor Vehicles Dealer
Palm Springs Oil	Service Stations	Legacy Home Furnishings	Home Furnishings
Palm Springs Volvo Subaru	New Motor Vehicles Dealer	Mitsubishi Motors Credit	Auto Lease
Ramon Car Wash/Arco AM PM	Service Stations	Palm Springs Motors	New Motor Vehicles Dealer
Saini Bros Arco AM PM	Service Stations	Palm Springs Oil	Service Stations
Stater Bros	Grocery Stores Liquor	Sam's Club	Discount Dept Stores
Target	Discount Dept Stores	Spreen Saturn	New Motor Vehicles Dealer
Toyota Motor Credit Corp	Auto Lease	Stater Bros	Grocery Stores Liquor
Toyota of the Desert Scion	New Motor Vehicles Dealer	Target	Discount Dept Stores
Valero Corner Store	Service Stations	Toyota of the Desert	New Motor Vehicles Dealer
Walgreens	Drug Stores	Ultramar	Service Stations
Wiley Hyundai	New Motor Vehicles Dealer	Walmart	Discount Dept Stores

Percentage of total paid by top 25 accounts - 60.99%

Percentage of total paid by top 25 accounts - 61.50%

Notes to Schedule:

Note 1: Information is for the periods April 2010 through March 2011 and April 2001 through March 2002, respectively.

Source: Hinderliter, de Llamas & Associates, California State Board of Equalization

CITY OF CATHEDRAL CITY
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 (Dollars in thousands, except per capita)

Fiscal Year	Governmental Activities (Notes 1 and 2)						Long-Term Loans/Notes Payable	Total Primary Government	% of Personal Income (Note 3)	Per Capita (Note 3)
	Lease Revenue Bonds	Tax Allocation Bonds	Revenue Bonds	Limited Obligation Bonds	Capital Leases					
2002	\$ 7,635	45,196	14,890	-	87	14,724	82,532	10.65%	1,872	
2003	7,345	101,791	13,425	-	622	9,870	133,053	16.52%	2,914	
2004	7,040	99,701	11,835	-	310	8,281	127,167	14.80%	2,658	
2005	6,720	111,901	-	15,525	3,070	8,296	145,512	15.83%	2,949	
2006	6,385	112,426	-	12,760	1,852	8,138	141,561	14.45%	2,786	
2007	6,030	225,146	-	11,220	1,500	8,456	252,352	24.29%	4,919	
2008	5,655	222,751	-	9,070	1,305	9,234	248,015	22.81%	4,765	
2009	5,255	219,061	-	6,835	1,181	9,758	242,090	22.15%	4,661	
2010	4,835	215,216	-	5,605	2,862	10,254	238,772	22.10%	4,547	
2011	4,705	210,526	-	4,610	2,559	10,185	232,585	20.41%	4,402	

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

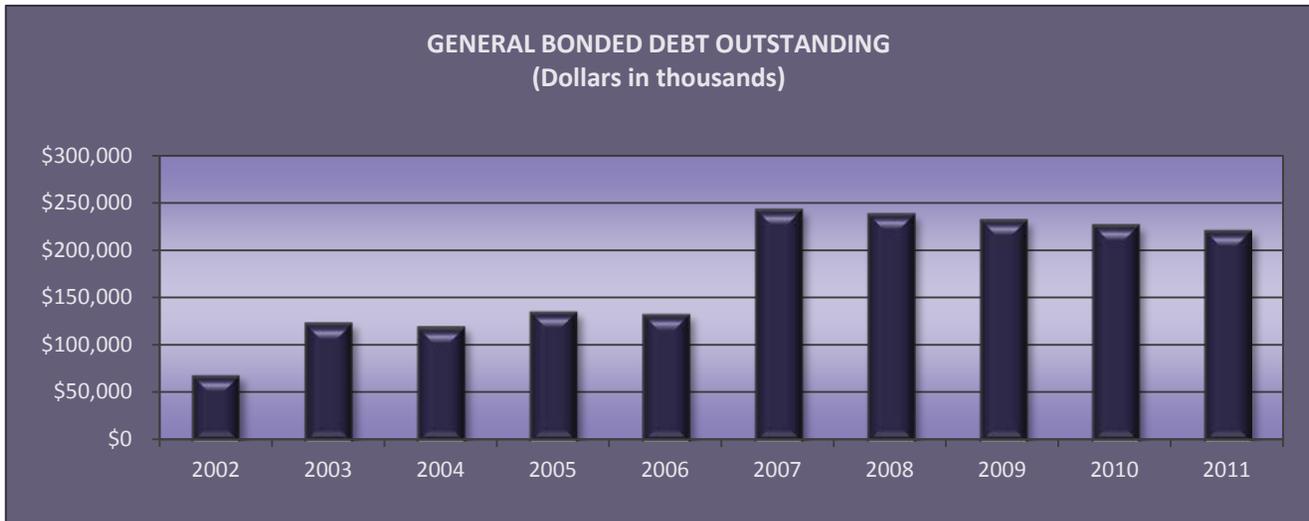
Note 2: Beginning with the fiscal year ended June 30, 2004, debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. All amounts prior to the fiscal year ended June 30, 2004, have been adjusted to eliminate all debt related to assessment districts.

Note 3: See the *Demographic and Economic Statistics* table for personal income and population data. Personal income, population and per capita personal income data were based on calendar year information. To calculate the "% of Personal Income" and "Per Capita" statistics, total primary government debt for the fiscal year and personal income/population data for the calendar were used. (For example, for fiscal year 2002 debt, calendar year 2001 personal income/population data were used.)

Source: City of Cathedral City Finance Department; *Demographic and Economic Statistics* table

CITY OF CATHEDRAL CITY

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in thousands, except per capita)



General Bonded Debt Outstanding						% of Assessed Taxable Value of Property	Per Capita
Fiscal Year	Lease Revenue Bonds	Tax Allocation Bonds	Revenue Bonds	Limited Obligation Bonds	Total		
2002	\$ 7,635	45,196	14,890	-	67,721	3.21%	1,536
2003	7,345	101,791	13,425	-	122,561	5.27%	2,684
2004	7,040	99,701	11,835	-	118,576	4.65%	2,478
2005	6,720	111,901	-	15,525	134,146	4.70%	2,719
2006	6,385	112,426	-	12,760	131,571	4.06%	2,589
2007	6,030	225,146	-	11,220	242,396	6.31%	4,725
2008	5,655	222,751	-	9,070	237,476	5.46%	4,563
2009	5,255	219,061	-	6,835	231,151	5.27%	4,450
2010	4,835	215,216	-	5,605	225,656	5.85%	4,298
2011	4,705	210,526	-	4,610	219,841	6.08%	4,160

Notes to Schedule:

Note 1: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none). Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: Beginning with the fiscal year ended June 30, 2004, debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. All amounts prior to the fiscal year ended June 30, 2004, have been adjusted to eliminate all debt related to assessment districts.

Note 3: See the *Assessed Value and Actual Value of Taxable Property* table for property value data.

Note 4: See the *Demographic and Economic Statistics* table for population data. The ratio is calculated using population data for the calendar year.

Source: City of Cathedral City Finance Department; *Assessed Value and Actual Value of Taxable Property* table; *Demographic and Economic Statistics* table

CITY OF CATHEDRAL CITY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
(Dollars in thousands)

2010-11 Assessed Valuation	\$ 3,622,144,523		
Less: Redevelopment Incremental Valuation	<u>(3,114,290,891)</u>		
Adjusted Assessed Valuation	<u>\$ 507,853,632</u>		
	<u>Total Debt</u>	<u>Percentage</u>	<u>City's Share</u>
	06/30/11	Applicable ⁽²⁾	of Debt
			06/30/11
Overlapping Tax and Assessment Debt ⁽¹⁾ :			
Desert Community College District	\$ 322,389,659	1.567%	\$ 5,051,846
Palm Springs Unified School District	338,021,439	3.809%	12,875,237
City of Cathedral City Community Facilities			
District No. 2000-01	11,785,000	100.000%	11,785,000
City of Cathedral City 1915 Act Bonds	47,760,364	100.000%	<u>47,760,364</u>
Total overlapping tax and assessment debt			<u>\$ 77,472,447</u>
Direct and Overlapping General Fund Debt:			
Riverside County General Fund Debt	696,634,853	0.347%	2,417,323
Riverside County Pension Obligations	366,945,000	0.347%	1,273,299
Riverside County Board of Education,			
Certificates of Participation	6,170,000	0.347%	21,410
City of Cathedral City General Fund Debt	4,705,000	100.000%	4,705,000
Coachella Valley County Water District, I.D. No. 71			
Certificates of Participation	2,750,000	1.508%	<u>41,470</u>
Total gross direct and overlapping general fund debt			8,458,502
Less: Riverside self-supporting obligations			<u>(47,897)</u>
Total net direct direct and overlapping general fund debt			<u>\$ 8,410,605</u>
Total direct debt			\$ 4,705,000
Total gross overlapping debt			\$ 81,225,949
Total net overlapping debt			\$ 81,178,052
Gross combined total debt			\$ 85,930,949 ⁽³⁾
Net combined total debt			\$ 85,883,052
Ratios to 2010-11 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt			2.14%
Ratios to Adjusted Assessed Valuation:			
Combined direct debt (\$4,705,000)			0.93%
Gross combined total debt			16.92%
Net combined total debt			16.91%
State School Building Aid Repayable as of 6/30/11:			\$ -

(1) Includes all bonded debt which requires a tax levy or assessment charge: e.g., general obligation bonds, Mello-Roos Act and 1915 Act Bonds, benefit assessments, lease tax obligations and parcel tax obligations.

(2) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CITY OF CATHEDRAL CITY

Legal Debt Margin Information

Last Ten Fiscal Years

(Dollars in thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2002	\$ 316,586	-	316,586	0.00%
2003	348,704	-	348,704	0.00%
2004	382,186	-	382,186	0.00%
2005	428,491	-	428,491	0.00%
2006	485,627	-	485,627	0.00%
2007	576,011	-	576,011	0.00%
2008	652,240	-	652,240	0.00%
2009	658,106	-	658,106	0.00%
2010	578,491	-	578,491	0.00%
2011	542,164	-	542,164	0.00%

Legal Debt Margin Calculation for Fiscal Year 2011:

Assessed value	\$ 3,614,427
Debt limit (15% of total assessed value)	\$ 542,164
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 542,164

Notes to Schedule:

Note 1: The California Government Code, Section 43605, limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

Source: City of Cathedral City Finance Department; HdL Coren & Cone (Riverside County Assessor 2010/11 Combined Tax Rolls)

CITY OF CATHEDRAL CITY
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in thousands)

Fiscal Year	Tax Allocation Bonds (Non-Housing)			
	Tax Increment Revenues	Debt Service		Coverage
		Principal	Interest	
2002	\$ 13,686	1,010	2,393	4.02
2003	15,643	1,055	2,219	4.78
2004	12,232	1,710	3,226	2.48
2005	14,069	1,565	2,607	3.37
2006	18,330	1,430	3,202	3.96
2007	20,970	1,635	3,548	4.05
2008	23,095	1,725	8,192	2.33
2009	21,986	3,005	8,989	1.83
2010	19,232	3,135	8,855	1.60
2011	17,441	3,945	8,697	1.38

Fiscal Year	Tax Allocation Bonds (Housing)			
	Tax Increment Revenues	Debt Service		Coverage
		Principal	Interest	
2002	\$ 3,426	-	-	-
2003	3,870	-	-	-
2004	3,058	380	2,116	1.23
2005	3,517	610	1,848	1.43
2006	4,583	630	1,831	1.86
2007	5,242	645	1,811	2.13
2008	5,774	670	1,790	2.35
2009	5,496	685	1,767	2.24
2010	4,808	710	1,740	1.96
2011	4,360	745	1,711	1.78

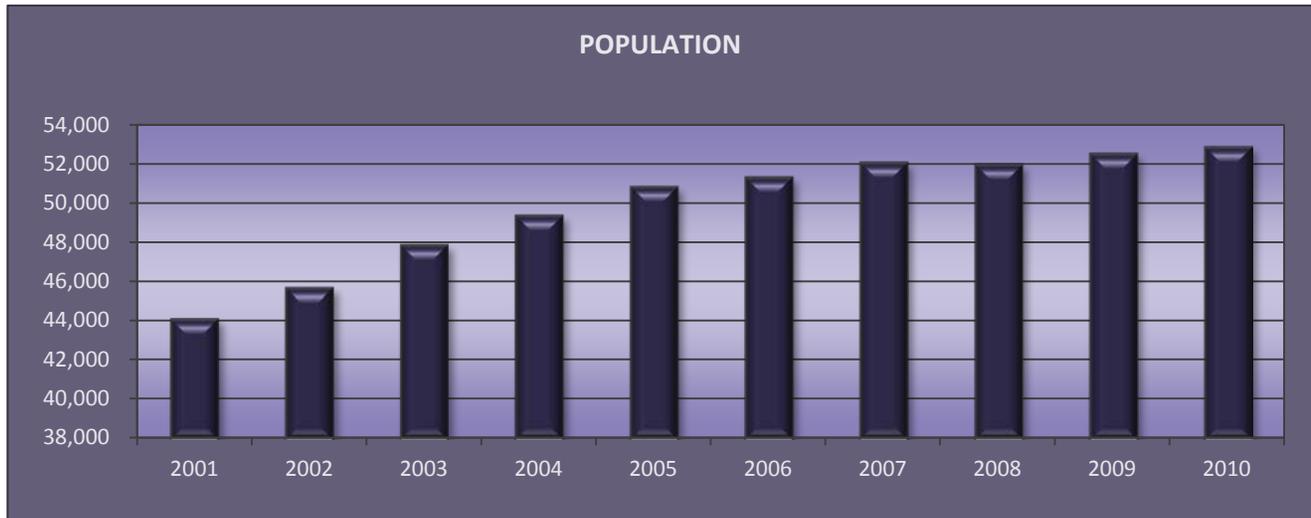
Fiscal Year	Lease Revenue Bonds			
	Lease Revenues	Debt Service		Coverage
		Principal	Interest	
2002	\$ 876	275	540	1.07
2003	753	290	526	0.92
2004	758	305	510	0.93
2005	747	320	494	0.92
2006	753	335	476	0.93
2007	744	355	458	0.92
2008	736	375	477	0.86
2009	728	400	415	0.89
2010	424	420	391	0.52
2011	402	130	374	0.80

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CATHEDRAL CITY

Demographic and Economic Statistics
Last Ten Years



Calendar Year	Population ¹	Personal Income (in thousands) ²	Per Capita Personal Income ²	Unemployment Rate ³
2001	44,086	775,211	17,584	5.40%
2002	45,664	805,172	17,633	6.30%
2003	47,847	859,171	17,957	6.40%
2004	49,342	919,327	18,632	5.90%
2005	50,821	979,970	19,283	5.30%
2006	51,306	1,038,953	20,250	4.90%
2007	52,046	1,087,398	20,893	5.90%
2008	51,945	1,093,008	21,042	8.30%
2009	52,508	1,080,383	20,576	13.30%
2010	52,841	1,139,728	21,569	14.40%

Source: ¹ HdL Coren & Cone (State of California, Department of Finance); ² HdL Coren & Cone (ESRI - demographics are based on the last available Census); ³ HdL Coren & Cone (California Employment Development Department)

CITY OF CATHEDRAL CITY
Principal Employers
Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Addus Healthcare	250 - 499	1T	1.1% - 2.2%	NA	NA	NA
Doral Desert Princess Resort	250 - 499	1T	1.1% - 2.2%	NA	NA	NA
Target	250 - 499	1T	1.1% - 2.2%	NA	NA	NA
Acura of the Desert	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Applebee's Neighborhood Grill	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Cathedral City High School	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
City of Cathedral City	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Honda of the Desert	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Jessup Auto Plaza	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Nellie N. Coffman Middle School	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Palm Springs Lincoln Mercury	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Stater Bros. Markets (Ramon)	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Stater Bros. Markets (Vista Chino)	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Toyota of the Desert	100 - 249	4T	0.4% - 1.1%	NA	NA	NA
Totals	1,850 - 4,236		8.2% - 18.9%	-		0.00%
Total employees	22,163			20,205		

Notes to Schedule:

Note 1: Total employees by employer are presented as a range as specific employer totals are not available. In addition, the percentage of total city employment is also presented as a range.

Note 2: Principal employer data from nine years ago is not available (NA).

Note 3: Total employees for June 2011 is preliminary data.

Source: U.S. Department of Labor, Bureau of Labor Statistics; State of California, Employment Development Department, *Labor Market Info* (information provided by InfoUSA)

CITY OF CATHEDRAL CITYFull-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2002	2003	2004	2005	2006
General Government:					
City Council	5.00	5.00	5.00	5.00	5.00
City Manager	3.50	3.50	4.50	4.50	6.00
City Clerk	2.00	2.00	2.00	2.00	2.00
Economic Development	2.00	2.00	2.00	2.00	1.00
Finance	8.00	5.00	8.00	9.50	9.00
Housing	6.50	5.50	5.00	6.00	5.00
Human Resources	2.00	2.00	2.00	2.50	3.50
Redevelopment	6.00	4.00	4.00	5.00	5.00
Management Information Systems	2.00	3.00	3.00	1.00	3.00
Public Works:					
Public Works	12.00	14.00	15.00	14.00	13.00
Public Maintenance	10.00	8.00	8.00	10.00	12.00
Public Safety:					
Police:					
Officers	45.00	46.00	45.00	47.00	50.00
Civilians	32.00	26.50	26.50	25.00	31.50
Fire:					
Firefighters and paramedics	36.00	33.00	36.00	37.00	34.00
Civilians	9.00	9.00	9.00	9.00	9.00
Community Development:					
Planning	6.00	5.00	4.00	5.00	5.00
Building	7.00	8.00	5.00	6.00	7.00
Engineering	6.00	7.00	7.00	7.00	7.00
Recreation	6.00	6.00	-	-	-
Total	206.00	194.50	191.00	197.50	208.00

Source: City of Cathedral City (Human Resources Department)



Fiscal Year					Function
2007	2008	2009	2010	2011	
5.00	5.00	5.00	5.00	5.00	General Government:
6.00	6.00	4.00	4.50	5.50	City Council
1.00	2.00	2.00	1.00	1.50	City Manager
1.00	1.00	1.00	1.00	1.00	City Clerk
8.50	9.50	9.00	8.50	7.50	Economic Development
5.00	3.00	2.00	2.00	1.00	Finance
3.50	3.50	3.00	3.50	3.50	Housing
4.00	5.00	6.00	5.50	4.50	Human Resources
3.00	3.00	3.00	3.00	3.00	Redevelopment
					Management Information Systems
15.00	17.00	17.00	15.00	14.00	Public Works:
11.50	14.50	14.00	14.00	13.00	Public Works
					Public Maintenance
53.00	55.00	55.00	55.00	56.00	Public Safety:
33.50	43.00	35.00	42.00	42.00	Police:
					Officers
					Civilians
42.00	40.00	43.00	43.00	43.00	Fire:
9.00	10.00	10.00	9.00	9.00	Firefighters and paramedics
					Civilians
5.00	5.00	5.00	4.00	4.00	Community Development:
8.00	9.00	9.00	6.00	6.00	Planning
7.00	7.00	6.00	4.50	4.50	Building
-	-	-	-	-	Engineering
-	-	-	-	-	Recreation
221.00	238.50	229.00	226.50	224.00	Total

CITY OF CATHEDRAL CITYOperating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Public Works:					
Streets maintained (miles)	NA	NA	NA	NA	NA
Public Safety:					
Police:					
Physical arrests	2,193	2,017	1,800	1,727	1,729
Parking violations	NA	NA	865	848	1,039
Traffic violations	7,498	8,731	7,320	10,500	8,868
Fire (note 2):					
Number of 9-1-1 calls answered	4,209	4,405	4,370	4,927	4,546
Inspections	9,391	9,023	3,896	3,587	193
Code complaints	1,467	2,762	2,318	6,824	5,483
Property/vehicle abatements	256	268	207	370	180
Notices/citations issued	1,496	2,066	1,221	2,284	1,536
Code enforcement					
Community Development:					
Building permits issued	2,030	2,287	2,065	2,204	2,241

Notes to Schedule:

Note 1: Information for the year is not available (NA).

Note 2: Fire statistics are for the calendar year end, not fiscal year end.

Note 3: Fire inspections were not tracked. A new program is planned to be implemented in January 2012.

Source: City of Cathedral City (various departments)



Fiscal Year					Function
2007	2008	2009	2010	2011	
122	154	154	154	154	Public Works: Streets maintained (miles)
1,867	1,863	1,429	1,447	1,263	Public Safety: Police:
1,060	2,492	1,761	929	943	Physical arrests
5,838	4,400	4,916	3,225	2,354	Parking violations
4,620	4,728	4,144	4,140	Note 2	Traffic violations
137	3,137	Note 3	Note 3	Note 3	Fire (notes 1 and 2):
3,997	2,470	2,269	1,693	Note 2	Number of 9-1-1 calls answered
175	113	308	175	Note 2	Inspections
1,354	2,075	3,168	1,204	Note 2	Code complaints
					Property/vehicle abatements
					Notices/citations issued
					Code enforcement:
1,466	1,679	1,082	1,414	1,283	Community Development: Building permits issued

CITY OF CATHEDRAL CITYCapital Asset Statistics by Function
Last Ten Fiscal Years

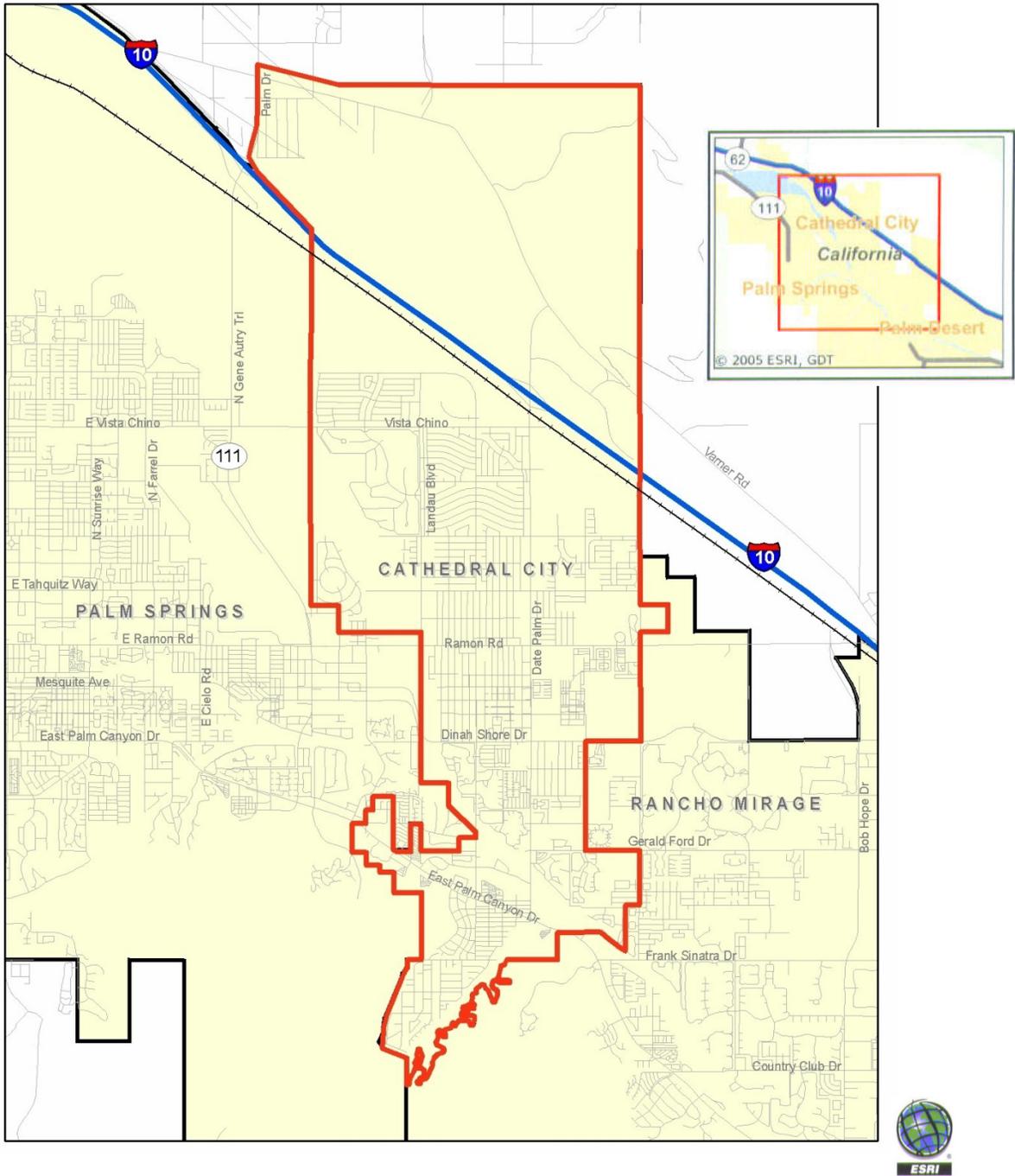
Function	Fiscal Year				
	2002	2003	2004	2005	2006
Public Works:					
Streets (center lane miles)	NA	NA	NA	NA	NA
Streetlights	1,072	1,107	1,119	1,136	1,144
Traffic signs	4,283	4,283	4,283	4,283	4,283
Traffic signals	43	43	43	46	46
Public Safety:					
Police:					
Stations	1	1	1	1	1
Patrol units	52	58	61	65	78
Fire stations	3	3	3	3	3
Community Development:					
Parks	7	7	7	7	7
Parks acreage	24	24	24	24	24
Community centers	1	1	1	1	1
Libraries	1	1	1	1	1

Notes to Schedule:**Note 1:** No capital asset indicators are available for the general government function.**Note 2:** Information for the year is not available (NA).**Source:** City of Cathedral City (various departments)



Fiscal Year					Function
2007	2008	2009	2010	2011	
122	154	154	154	154	Public Works:
1,161	1,161	1,161	1,181	1,184	Streets (center lane miles)
4,283	4,283	4,283	4,283	4,283	Streetlights
46	46	46	48	49	Traffic signs
					Traffic signals
					Public Safety:
					Police:
1	1	1	1	1	Stations
83	82	83	80	76	Patrol units
3	3	3	3	3	Fire stations
					Community Development:
7	9	9	9	9	Parks
24	42	42	42	42	Parks acreage
1	1	1	1	1	Community centers
1	1	1	1	1	Libraries

CITY OF CATHEDRAL CITY MAP



CITY OF CATHEDRAL CITY, CALIFORNIA



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