

**CITY OF DESERT HOT SPRINGS**

**FINANCIAL STATEMENTS**

Year Ended June 30, 2008

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**City of Desert Hot Springs**  
**Financial Statements**  
Year Ended June 30, 2008

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Independent Auditors' Report

The Honorable City Council  
City of Desert Hot Springs, California

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Desert Hot Springs, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008 on our consideration of the City of Desert Hot Springs internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents, including combining schedules and additional budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Teaman Ramirez & Smith*

December 22, 2008



**BASIC FINANCIAL STATEMENTS**

**City of Desert Hot Springs**  
**Statement of Net Assets**  
**June 30, 2008**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 36,788,834
Receivables:	
Accounts	4,521,064
Interest	241,315
Notes	774,219
Special Assessments	10,767
Coachella Valley Housing Coalition	727,420
Deposits	218,590
Prepaid Costs	20,840
Deferred Cost of Issuance	1,021,850
Property Held for Resale	1,972,364
Cash and Investments - Restricted	34,800,609
Capital Assets, Not Being Depreciated:	
Land	1,241,278
Construction in Progress	3,192,043
Capital Assets, Net of Accumulated Depreciation:	
Property and Equipment	4,795,041
Buildings and Improvements	3,110,016
Infrastructure	<u>10,208,373</u>
 Total Assets	 <u>103,644,623</u>
 <b>LIABILITIES</b>	
Accounts Payable	1,725,462
Accrued Liabilities	1,930,992
Interest Payable	805,698
Deposits Payable	480,684
Unearned Revenue	252,314
Claims Payable	805,911
Noncurrent Liabilities:	
Due Within One Year	683,618
Due in More Than One Year	<u>57,461,784</u>
 Total Liabilities	 <u>64,146,463</u>
 <b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	22,546,751
Restricted for:	
Community Development	5,506,246
Public Works	1,219,805
Debt Service	3,924,715
Unrestricted	<u>6,300,643</u>
 Total Net Assets	 <u><u>\$ 39,498,160</u></u>

The accompanying notes are an integral part of this statement.



**City of Desert Hot Springs**  
**Statement of Activities**  
**Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
					Governmental Activities
<b>Governmental Activities:</b>					
General Government	\$ 5,275,900	\$ 317,791	\$ 184,413	\$	\$ (4,773,696)
Public Safety	7,350,037	367,814	535,107		(6,447,116)
Public Works	828,323	840,686	833,855	2,298,587	3,144,805
Economic Development	6,295,406	923,459	113,138		(5,258,809)
Culture and Leisure	345,338	6,459	5,000	90,000	(243,879)
Interest on Long-Term Debt	1,452,850				(1,452,850)
<b>Total Governmental Activities</b>	<b>\$ 21,547,854</b>	<b>\$ 2,456,209</b>	<b>\$ 1,671,513</b>	<b>\$ 2,388,587</b>	<b>(15,031,545)</b>
<b>General Revenues:</b>					
Taxes:					
					1,703,547
					10,990,502
					1,037,885
					1,029,288
					5,442,329
					104,951
					1,772,810
					1,331,551
					1,208,947
					5,446
					<b>24,627,256</b>
					9,595,711
					31,982,268
					(2,079,819)
					<b>\$ 39,498,160</b>

The accompanying notes are an integral part of this statement.

**City of Desert Hot Springs**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

		Special Revenue	
	General	Capital Improvement Deposits	Community Safety
<b>ASSETS</b>			
Cash and Investments	\$ 3,910,116	\$ 7,151,814	\$ 462,489
Restricted Cash and Investments with Fiscal Agent			
Notes Receivable			
Accounts Receivable	1,489,700		477,172
Interest Receivable	45,532	52,393	
Prepaid Items	13,232	4,288	3,320
Due From Other Funds	1,121,368		
Property Held for Resale			
Total Assets	<u>\$ 6,579,948</u>	<u>\$ 7,208,495</u>	<u>\$ 942,981</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 356,488	\$ 206,616	\$ 537,153
Accrued Liabilities	62,060		126,084
Deposits	480,684		
Due to Other Funds			
Deferred Revenue	<u>427,770</u>		<u>279,744</u>
Total Liabilities	<u>1,327,002</u>	<u>206,616</u>	<u>942,981</u>
Fund Balances:			
Reserved for:			
Prepaid Expenses	13,232		
Debt Service			
Capital Projects			
Unreserved, Reported In:			
General Fund	5,239,714		
Special Revenue Funds		7,001,879	
Debt Service Funds			
Capital Project Funds			
Total Fund Balances	<u>5,252,946</u>	<u>7,001,879</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6,579,948</u>	<u>\$ 7,208,495</u>	<u>\$ 942,981</u>

The accompanying notes are an integral part of this statement.

Special Revenue					
RDA Low Income Housing	Transporation Improvement Grant	Debt Service RDA	Capital Projects RDA	Non-Major Funds	Total Governmental Funds
\$ 3,713,397	\$	\$ 11,897,070	\$ 3,124,409	\$ 5,075,858	\$ 35,335,153
		34,489,853		310,756	34,800,609
622,488			162,498	727,420	1,512,406
85,224	1,345,776	357,060	700	765,432	4,521,064
24,135		72,909	19,198	12,499	226,666
					20,840
					1,121,368
1,272,364			700,000		1,972,364
<u>\$ 5,717,608</u>	<u>\$ 1,345,776</u>	<u>\$ 46,816,892</u>	<u>\$ 4,006,805</u>	<u>\$ 6,891,965</u>	<u>\$ 79,510,470</u>
\$ 31,333	\$ 284,240	\$ 5,150	\$ 128,472	\$ 163,669	\$ 1,713,121
		1,712,452	11,709	18,687	1,930,992
					480,684
	1,061,536			59,832	1,121,368
622,488			162,498	1,245,367	2,737,867
<u>653,821</u>	<u>1,345,776</u>	<u>1,717,602</u>	<u>302,679</u>	<u>1,487,555</u>	<u>7,984,032</u>
					13,232
		3,616,562		308,153	3,924,715
		30,873,291			30,873,291
					5,239,714
5,063,787				2,512,449	14,578,115
		10,609,437		2,531,748	13,141,185
			3,704,126	52,060	3,756,186
<u>5,063,787</u>	<u>-</u>	<u>45,099,290</u>	<u>3,704,126</u>	<u>5,404,410</u>	<u>71,526,438</u>
<u>\$ 5,717,608</u>	<u>\$ 1,345,776</u>	<u>\$ 46,816,892</u>	<u>\$ 4,006,805</u>	<u>\$ 6,891,965</u>	<u>\$ 79,510,470</u>

The accompanying notes are an integral part of this statement.

**City of Desert Hot Springs**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2008**

Fund balances of governmental funds	\$ 71,526,438
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Revenue is deferred in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the Government-wide Statements and therefore, the revenue is not deferred.	2,485,553
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Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	22,546,751
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Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(805,698)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the governmental funds.

Compensated Absences	(511,657)
California HFA Loan	(1,220,000)
Bonds and Certificates Payable	(54,980,000)
Discounts on Bonds and Certificates Payable	1,306,597
Premium on Bonds	(23,892)
Pension Related Debt	(2,716,450)

Issuance costs net of accumulated amortization were reported as expenditures in the governmental funds.	1,021,850
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Internal services funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the statement of net assets.	868,668
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Net assets of governmental activities	<u><u>\$ 39,498,160</u></u>
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**City of Desert Hot Springs**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2008**

		Special Revenue	
	General	Capital Improvement Deposits	Community Safety
<b>REVENUES</b>			
Taxes	\$ 7,388,219	\$	\$ 2,461,012
Permits and Fees	964,867	246,864	265,596
Intergovernmental	197,354	25,000	75
Licenses			10,567
Interest	251,636	295,398	135
Miscellaneous	44,667	5,000	36,933
Total Revenues	8,846,743	572,262	2,774,318
<b>EXPENDITURES</b>			
Current:			
General Government	2,642,631	278,226	
Public Safety			6,667,789
Public Works	323,846		
Economic Development	1,335,767		
Culture and Leisure	272,961		
Capital Outlay	28,290	1,382,083	26,668
Debt Service:			
Principal			
Interest			
Bond Issuance Costs			
Pass-Through Agreements			
Total Expenditures	4,603,495	1,660,309	6,694,457
Excess (Deficiency) of Revenues over Expenditures	4,243,248	(1,088,047)	(3,920,139)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Property			
Bond Issuance			
Discount on Bonds			
Transfers In	131,486		3,574,317
Transfers Out	(4,671,267)		
Total Other Financing Sources (Uses)	(4,539,781)	-	3,574,317
<b>SPECIAL ITEMS</b>			
Sale of Capital Asset	1,150,000	-	-
Net Change in Fund Balances	853,467	(1,088,047)	(345,822)
Fund Balances, Beginning of Year	4,399,479	8,089,926	(11,483)
Prior Period Adjustment			357,305
Fund Balances, End of Year	\$ 5,252,946	\$ 7,001,879	\$ -

The accompanying notes are an integral part of this statement.

Special Revenue						
RDA Low Income Housing	Transportation Improvement Grant	Debt Service RDA	Capital Projects RDA	Non-Major Funds	Total Governmental Funds	
\$ 2,198,100	\$	\$ 8,792,402	\$	\$ 1,798,739	\$ 22,638,472	
				144,888	1,622,215	
	1,840,238			2,243,498	4,306,165	
					10,567	
151,466		484,150	70,354	77,294	1,330,433	
326				22,183	109,109	
2,349,892	1,840,238	9,276,552	70,354	4,286,602	30,016,961	
				938,452	3,859,309	
				387,284	7,055,073	
				343,465	667,311	
456,297		97,882	2,345,695	269,620	4,505,261	
				26,861	299,822	
150,000	1,840,238	7,500	26,133	211,667	3,672,579	
		250,000		130,000	380,000	
		275,094		642,426	917,520	
		774,864			774,864	
		1,779,274			1,779,274	
606,297	1,840,238	3,184,614	2,371,828	2,949,775	23,911,013	
1,743,595	-	6,091,938	(2,301,474)	1,336,827	6,105,948	
105,000					105,000	
		35,835,000		259,140	36,094,140	
		(1,116,277)			(1,116,277)	
		105,019	5,043,320	254,420	9,108,562	
(105,019)		(5,043,320)		(131,486)	(9,951,092)	
(19)	-	29,780,422	5,043,320	382,074	34,240,333	
-	-	-	-	-	1,150,000	
1,743,576	-	35,872,360	2,741,846	1,718,901	41,496,281	
3,320,211		9,226,930	962,280	3,541,099	29,528,442	
				144,410	501,715	
\$ 5,063,787	\$ -	\$ 45,099,290	\$ 3,704,126	\$ 5,404,410	\$ 71,526,438	

The accompanying notes are an integral part of this statement.

**City of Desert Hot Springs**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2008**

Net change in fund balances-total governmental funds \$ 41,496,281

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in deferred revenue for the current period. (257,971)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Capital Outlay	3,915,801
Depreciation Expense	(1,167,608)

Governmental funds report only proceeds from the sale of capital assets. The statement of activities reports a gain or loss on disposal based on the net book value at the time of disposal. Disposal activity included the following:

Costs of Assets Disposed	(46,053)
Accumulated Depreciation on Disposed Assets	-

Interest expenditures are recognized when paid in the governmental funds. Interest expense is recognized when incurred in the Government-wide Statement of Activities. This amount represents the difference between interest paid and interest incurred. (502,136)

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. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt Issuance	(36,094,140)
Discount on Bonds	1,116,277
Amortization of Premium on Tax Allocation Bonds	1,814
Amortization of Discounts	(20,173)
Costs of Issuance	774,864
Amortization of Issuance Costs	(25,706)
Principal Paid on Certificate of Participation	130,000
Principal Paid on Tax Allocation Bonds	250,000
Increase in Pension-related Debt	(137,517)

Increases in compensated absences payable does not result in the use of current financial resources of governmental funds. The expense is recognized in the Government-wide financial statements. This amount represents the net decrease in compensated absences payable. 75,836

Internal Service Funds are used by management to charge the costs of insurance to individual funds. The net revenues (expenses) of the Internal Service Funds are reported with governmental activities. 86,142

Change in Net Assets of Governmental Activities	\$ 9,595,711
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The accompanying notes are an integral part of this statement.



**City of Desert Hot Springs**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2008**

	Governmental Activities - Internal Service Fund <u>Risk Management</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,453,681
Interest Receivable	14,649
Deposits	<u>218,590</u>
Total Assets	<u>1,686,920</u>
<b>LIABILITIES</b>	
Accounts Payable	12,341
Claims Payable	<u>805,911</u>
Total Liabilities	<u>818,252</u>
<b>NET ASSETS</b>	
Unrestricted	<u>868,668</u>
Total Net Assets	<u><u>\$ 868,668</u></u>

The accompanying notes are an integral part of this statement.

**City of Desert Hot Springs**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**Year Ended June 30, 2008**

	Governmental Activities - Internal Service Fund Risk Management
<b>OPERATING REVENUES</b>	
Other Income	\$ 137,246
Total Operating Revenues	137,246
<b>OPERATING EXPENSES</b>	
Insurance and Claims Expenses	932,016
Total Operating Expenses	932,016
Operating Income (Loss)	(794,770)
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
Investment Earnings	38,382
Total Non-operating revenues (expenses)	38,382
Income (Loss) before contributions and transfers	(756,388)
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In	842,530
Total Other Financing Sources (Uses)	842,530
Change in Net Assets	86,142
Total Net Assets, Beginning of Year	782,526
Total Net Assets, End of Year	\$ 868,668

The accompanying notes are an integral part of this statement.

**City of Desert Hot Springs  
Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2008**

	Governmental Activities - Internal Service Fund Risk Management
<b>Cash Flows from Operating Activities</b>	
Payments to Suppliers for Services	\$ (758,761)
Other Income	137,246
	<u>(621,515)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Transfers from other funds	842,530
	<u>842,530</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received	42,268
	<u>42,268</u>
Net Cash Provided (Used) by Investing Activities	42,268
Net Increase in Cash and Investments	263,283
Cash and Investments, Beginning of Year	1,190,398
Cash and Investments, End of Year	<u><u>\$ 1,453,681</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
<b>Cash Flows from Operating Activities</b>	
Operating income (loss)	\$ (794,770)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Deposits	287,397
Increase (Decrease) in Accounts Payable	12,341
Increase (Decrease) in Claims Payable	(126,483)
<b>Net Cash Provided By Operating Activities</b>	<u><u>\$ (621,515)</u></u>

**City of Desert Hot Springs**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund**  
**June 30, 2008**

**ASSETS**

Cash and Investments	\$ 440,272
Cash with Fiscal Agent	117,326
Accounts Receivable	59,388
Loan Receivable	<u>223,136</u>

Total Assets	<u><u>\$ 840,122</u></u>
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**LIABILITIES**

Accounts Payable	\$ 5,539
Accrued Liabilities	4,404
Deposits Payable	104,969
Due to Bondholders	<u>725,210</u>

Total Liabilities	<u><u>\$ 840,122</u></u>
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The accompanying notes are an integral part of this statement.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

<b><u>NOTE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
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**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Desert Hot Springs (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

**A) Reporting Entity**

The City was incorporated as a Charter City on September 24, 1963 in the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety; cultural and recreational; public improvements; planning, zoning, and, building and safety; street maintenance; and general government/administrative services.

Accounting principles generally accepted in the United States of America require that these financial statements represent the City of Desert Hot Springs and its component units. A component unit is included in the primary government's financial statements if the governing body is substantively the same as that of the City or if the component unit provides services or other benefits almost entirely to the primary government. The component units discussed below are included in the City's reporting entity because of their operational significance or financial relationships with the City. These component units are controlled by common governing boards, which are substantively the same as the City's and are presented as blended component units for financial reporting purposes. The component units have the same fiscal year end as the City. For those that publish separate financial statements, those statements can be obtained from the City's Finance Department.

The Redevelopment Agency of the City of Desert Hot Springs (the Agency) has established two redevelopment project areas. Project Area No. 1 was adopted on July 6, 1982. Its objective is to strengthen land use pattern and utilization through the redevelopment of under utilized land in order to enhance the viability of Commercial, Residential, and Industrial core areas of the City. Project Area No. 2 was adopted on November 20, 1984. Its objectives are to eliminate conditions of blight by providing needed public improvements, by encouraging rehabilitation and repair of deteriorating structures, by facilitating land assembly and by development which will result in employment opportunities and an expanded tax base. On December 16, 1997, the Redevelopment Agency unanimously approved the proposal to merge Redevelopment Project Areas #1 and #2.

City of Desert Hot Springs Financing Corporation (DHSFC) nonprofit public benefit corporation was formed for the purpose of providing public facility financing to the City. The Corporation's Board of Directors is composed of the five elected City Council members. The Corporation may acquire, construct, rehabilitate, remodel, improve, install and finance or lease various facilities, land and equipment for the benefit of the City. DHSFC holds title to various parcels of land as security for the Certificates of Participation issued in its name. The City makes lease payments to DHSFC in an amount equal to the periodic principal and interest payments due on the Certificates.

**B) Description of Funds**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following are types of funds used:

**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B) Description of Funds - Continued**

Governmental Fund Types

*General Fund* - Accounts for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - Accounts for the proceeds of specific revenue sources that are restricted by law or administrative action for a specified purpose.

*Capital Project Funds* - Accounts for financial resources used for the construction of specific capital projects.

*Debt Service Funds* - Accounts for property tax increment revenue and related interest income. Disbursements from this fund consist mainly of principal and interest on RDA indebtedness and pass through payments.

**C) Basis of Accounting/Measurement Focus**

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities (including changes in net assets). These statements present summaries of governmental activities for the City.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and infrastructure as well as long-term debt, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenditures are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating contributions and grants, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the government-wide financial statements have been eliminated.

**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Basis of Accounting/Measurement Focus - Continued**

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met qualifications of GASB Statement No. 34.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 90 days after year-end, taxpayer assessed taxes such as sales taxes, and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as deferred revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due. The City uses a 90 day period for revenue recognition to accurately report revenue in the period earned.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Capital Improvement Deposits Special Revenue Fund* accounts for accumulated resources to be used to purchase the protection equipment and facilities, traffic signals, and parks. Financing is provided through a development fee on all new commercial and residential construction.

The *Community Safety Special Revenue Fund* accounts for community safety expenditures funded by a special tax.

The *RDA Low Income Housing Fund* accounts for redevelopment funds set aside for development and improvements of low and moderate income housing. Twenty percent of the property tax increment from the redevelopment area is set aside for these funds. Such funds can be utilized within and without the Redevelopment project area.

The *State Transportation Improvement Grant Fund* provides grant funding to be used for surveying, engineering, right of way acquisition and relocation assistance, and capital improvements of streets and highways. Funding was approved in the amount of \$1,925,000.

The *RDA Debt Service Fund* accounts for the accumulation of resources for the payment of principal and interest of long-term debt of the Redevelopment Agency.

The *RDA Capital Projects Fund* accounts for community improvements financed from bond proceeds. Liabilities will be paid from tax increment revenues.



**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Basis of Accounting/Measurement Focus - Continued**

Proprietary Fund Financial Statements

Proprietary fund types are accounted for using the "economic resources" measurement focus and accrual basis of accounting. This means that all assets and liabilities (whether current or non-current) associated with the activity are included on the balance sheet. Their reported fund equity presents total net assets. The operating statement of the proprietary funds presents increases (revenues) and decreases (expenses) in total net assets. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

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

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, public works, etc.).

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Assets. The fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. Since these assets are being held for the benefit of a third party, these funds are not incorporated into the government-wide statements.

The City's only fiduciary funds are agency funds, which use the accrual basis of accounting to account for amounts held on behalf of other parties. The Agency funds are custodial in nature (assets equal liabilities) and therefore do not involve measurement of results of operations.

**D) Budgetary Data**

The City adopts an annual budget prepared on the modified accrual basis for all of its governmental funds except for the City's Debt Service Fund. Under Section 31.22 of the Desert Hot Springs Municipal Code, the City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after adoption. The City Manager is authorized to transfer budgeted amounts between the accounts of any department; however, any revisions that alter the total appropriations of any department must be approved by the City Council. For each fund, total expenditures may not legally exceed total appropriations.

**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Investments**

The City considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**F) 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.

**G) Capital Assets and Depreciation**

Capital assets, which include land, machinery and equipment (vehicles, computers, etc), buildings and improvements, and infrastructure assets (street systems, storm drains, sewer systems, etc.), are reported in the governmental activities column of the Government-wide Financial Statements. Capital assets are defined by the City as all land; buildings and improvements with an initial individual cost of more than \$10,000; vehicles, computers and equipment with an initial individual cost of more than \$5,000; and improvement and infrastructure assets with costs of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

Building and Improvements	30 years
Vehicles, Computers, and Equipment	3 to 10 years
Infrastructure Assets	20 years

**H) Employee Leave Benefits**

Permanent City employees earn from 12 to 21 days per year of annual leave depending upon their length of employment. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused annual leave. To encourage attendance at work, the City allows employees to carry forward up to 750 hours of annual leave and twice per year the City pays out all hours above 550 hours of annual leave. The City's accrued balance of annual leave at June 30, 2008, is recorded as "Compensated Absences" and is included in the Long-term Liability sections of the City's Statement of Net Assets.

**I) Long-Term Obligations**

In the government-wide financial statements, long-term debt and other obligations are reported as liabilities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**I) Long-Term Obligations - Continued**

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J) Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. Restricted resources are defined as resources received from outside agencies dedicated for specific projects or purposes (grants for example).

**K) 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 effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant of these estimates include the estimate of historical cost of the City's capital assets.

**2) CASH AND INVESTMENTS**

Cash and investments are classified in the accompany financial statements as follows:

Governmental Funds:	
Cash and Investments	\$ 35,335,153
Restricted Cash and Investments	34,800,609
Internal Service Funds:	
Cash and Investments	<u>1,453,681</u>
Total Cash and Investments	<u>\$ 71,589,443</u>

Cash and Investments consist of the following:

Cash Deposits with Financial Institutions	\$ 3,148,115
Petty Cash	4,575
Investments - Held by Bond Trustee	34,800,609
Pooled Investments - LAIF	<u>33,636,144</u>
Total Cash and Investments	<u>\$ 71,589,443</u>

**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**2) CASH AND INVESTMENTS - Continued**

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provision of the California Government Code or the City's investment policy. Authorized investments held by bond trustee are the same as those authorized by the City's investment policy identified above.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. The City had the following investments:

<u>Investment Type</u>		<u>Maturity Date</u>
Pooled Investments:		
State Investment Pool (LAIF)	<u>\$ 33,636,144</u>	N/A
Total Pooled Investments	<u>33,636,144</u>	
Held by Bond Trustee:		
Money Market Mutual Funds:	3,960,609	N/A
LAIF	<u>30,840,000</u>	
Total Held by Bond Trustee	<u>34,800,609</u>	
Total Investments	<u>\$ 68,436,753</u>	

**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**2) CASH AND INVESTMENTS - Continued**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. All of the investments noted above are unrated.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investment in any one issuer that represent five percent or more of total investments other than LAIF, Mutual Funds and U.S. Treasury Securities which are exempted.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits, 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 percent of the total amount deposited by the public agencies. California law also allows financial institution to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

At June 30, 2008, the balances held per bank were \$4,167,111 of which \$4,067,111 was in excess of federal depository insurance limits and held in accounts collateralized by pledging financial institution, but not in the City's name, as discussed above.

The custodial credit risk for investments is the risk that, in the event of the failure of counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

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

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**2) CASH AND INVESTMENTS - Continued**

Investment in State Investment Pool - Continued

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

**3) SPECIAL ASSESSMENT AND NOTES RECEIVABLE**

Special Assessment Receivable

During fiscal year ended June 30, 1987, the Capital Projects Fund of the Redevelopment Agency of the City of Desert Hot Springs financed construction of certain public improvements pursuant to the Municipal Act of 1913 and provisions of the Streets and Highway Code of the State of California. At June 30, 2008, the Agency had a receivable for unpaid assessments from the property owners benefited in the amount of \$10,767. The receivables bear interest at a rate not exceeding 12 percent and will be recognized as income when collected. No amounts were repaid during fiscal year ending June 30, 2008.

Notes Receivable

The Redevelopment Agency of the City of Desert Hot Springs operates a housing rehabilitation loan program, which provides loans to borrowers who meet certain qualifications for the purpose of rehabilitating their homes. The loans are secured by a deed of trust and are normally repaid when the home changes ownership. Since the loans are not currently available resources they are offset with deferred revenue in the fund financial statements. The balance of the loans receivable outstanding at June 30, 2008, was \$774,219.

Coachella Valley Housing Coalition

The Redevelopment Agency of the City of Desert Hot Springs has contracted with the Coachella Valley Housing Coalition (CVHC) to use funds from the loan agreement with California Housing Finance Authority to purchase property that will be used to develop low income housing. To date, the Agency has disbursed \$727,420 (less repayments of \$0) to the CVHC. The Agency is the lead agency for these agreements and has fiduciary/reporting responsibilities. The receivable balance owed to the Agency is \$727,420 as of June 30, 2008.

**4) INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2008, are as follows:

<u>Due To</u>	<u>Due From Non-Major Funds</u>
General Fund	\$ <u>1,121,368</u>

**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**4) INTERFUND TRANSACTIONS - Continued**

These balances resulted from one fund advancing money to another fund to cover operating costs. These balances are expected to be repaid during the 2008-09 fiscal year.

With Council approval, resources may be transferred from one City fund to another. Transfers are used to move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Interfund transfers for the year ended June 30, 2008, consisted of the following:

		General Fund	RDA Low Income Housing Fund	RDA Debt Service Fund	Non-Major Funds	Total
TRANSFERS TO	General Fund	\$	\$	\$	\$131,486	\$ 131,486
	Community Safety					
	Special Revenue Fund	3,574,317				3,574,317
	RDA Debt Service Fund		105,019			105,019
	RDA Capital Project Fund			5,043,320		5,043,320
	Non-major Funds	254,420				254,420
	Proprietary Fund	842,530				842,530
Total		<u>\$4,671,267</u>	<u>\$ 105,019</u>	<u>\$ 5,043,320</u>	<u>\$131,486</u>	<u>\$ 9,951,092</u>

Transfers from the General Fund to the Community Safety Special Revenue Fund and to the Proprietary Fund were for the purposes of public safety expenditures and insurance expenditures, respectively. Transfers made from the Low Income Housing Fund to the Debt Service Fund were for the Low Income Housing Fund's portion of debt payments. Transfers made from the Debt Service Fund to the Capital Project Fund were for the Redevelopment Agency's share of salaries, benefits, non departmental general fund costs, workers compensation and general liability costs, auditing costs, leasing of street lighting, and various approved capital projects. A transfer from the Non-Major Funds to the General Fund was for an excess of cash in the Cabot's Museum fund returned to the General Fund. Transfers from the General Fund to the Non-Major Funds were for operation costs for the fiscal year and were approved as a part of the budget process and there were certain matching requirements for grant funds.

**5) CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets (except the retroactive reporting of infrastructure as discussed in Note 1). The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded.

**City of Desert Hot Springs**  
**Notes to Financial Statements**  
**Year Ended June 30, 2008**

**5) CAPITAL ASSETS - Continued**

The following table presents the capital assets and depreciation activity for the year ended June 30, 2008:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Depreciated:				
Land	\$ 1,287,331	\$	\$ (46,053)	\$ 1,241,278
Construction in Progress	<u>3,815,842</u>	<u>2,215,795</u>	<u>(2,839,594)</u>	<u>3,192,043</u>
Total Capital Assets Not Depreciated	<u>5,103,173</u>	<u>2,215,795</u>	<u>(2,885,647)</u>	<u>4,433,321</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	5,440,383	53,271		5,493,654
Machinery and Equipment	1,344,796	3,966,762		5,311,558
Vehicles	1,487,948	13,157		1,501,105
Infrastructure	<u>10,755,793</u>	<u>506,410</u>		<u>11,262,203</u>
Total Capital Assets Being Depreciated	<u>19,028,920</u>	<u>4,539,600</u>	<u>-</u>	<u>23,568,520</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,210,274)	(173,364)		(2,383,638)
Machinery and Equipment	(818,775)	(175,106)		(993,881)
Vehicles	(831,180)	(192,561)		(1,023,741)
Infrastructure	<u>(427,253)</u>	<u>(626,577)</u>		<u>(1,053,830)</u>
Total Accumulated Depreciation	<u>(4,287,482)</u>	<u>(1,167,608)</u>	<u>-</u>	<u>(5,455,090)</u>
Total Capital Assets Being Depreciated, Net	<u>14,741,438</u>	<u>3,371,992</u>	<u>-</u>	<u>18,113,430</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,844,611</u>	<u>\$ 5,587,787</u>	<u>\$ (2,885,647)</u>	<u>\$ 22,546,751</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	\$ 803,635
Public Safety	157,445
Public Works	161,012
Economic Development	<u>45,516</u>
Total Depreciation Expense	<u>\$ 1,167,608</u>



**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**6) LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Long-term Bonds and Leases:					
<u>City of Desert Hot Springs</u>					
Certificate of Participation	\$ 2,775,000	\$	\$ (130,000)	\$ 2,645,000	\$ 135,000
Deferred Issuance Discount	(36,774)		4,770	(32,004)	
Judgment Obligation Bonds	9,725,000			9,725,000	
Deferred Issuance Discount	(173,719)		6,101	(167,618)	
<u>Desert Hot Springs Redevelopment Agency</u>					
2006 Tax Allocation Refunding Bonds	7,025,000		(250,000)	6,775,000	395,000
Premium on Bonds	25,706		(1,814)	23,892	
2008 Tax Allocation Bonds A-1		19,965,000		19,965,000	
Deferred Issuance Discount		(903,616)	7,530	(896,086)	
2008 Tax Allocation Bonds A-2		15,870,000		15,870,000	
Deferred Issuance Discount		(212,661)	1,772	(210,889)	
California HFA Loan	960,860	259,140		1,220,000	
Total Long-term Bonds and Leases	20,301,073	34,977,863	(361,641)	54,917,295	530,000
<b>Other Long-term Liabilities:</b>					
<u>City of Desert Hot Springs</u>					
Compensated Absences	587,493	45,672	(121,508)	511,657	135,655
Pension-Related Debt	-	2,716,450*	-	2,716,450	17,963
Total Long-term Liabilities	\$ 20,888,566	\$ 37,739,985	\$ (483,149)	\$ 58,145,402	\$ 683,618

\*Included in this amount is a \$2,578,931 prior period adjustment to record the June 30, 2007 balance of the pension-related debt.

**A) Certificates of Participation**

On October 14, 2004, the City issued \$3,060,000 of Certificates of Participation to provide additional proceeds for the payment of claims to be satisfied under the Plan as defined above. Total claims to be satisfied under the City's Plan in the Chapter 9 Case are approximately \$11.5 million. The Certificates mature through March 1, 2023 and bear interest, payable semi-annually, at rates ranging from 3.00 percent to 5.75 percent. The Certificates are subject to prepayment at any time prior to maturity. The Certificates are payable from lease payments made by the City to the City of Desert Hot Springs Financing Corporation whereby the City pays lease payments equal to the amount of principal and interest due for the repayment of the Certificates.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**6) LONG-TERM LIABILITIES**

**A) Certificates of Participation - Continued**

The debt service maturity schedule for the Certificates of Participation is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 135,000	\$ 132,150	\$ 267,150
2010	140,000	126,075	266,075
2011	145,000	120,300	265,300
2012	150,000	114,138	264,138
2013	160,000	107,387	267,387
2014-2018	910,000	413,837	1,323,837
2019-2023	<u>1,005,000</u>	<u>152,925</u>	<u>1,157,925</u>
Total	<u>\$ 2,645,000</u>	<u>\$ 1,166,812</u>	<u>\$ 3,811,812</u>

**B) Judgment Obligation Bonds**

On October 14, 2004, the City issued \$9,725,000 of Judgment Obligation Bonds to provide payment for the City's obligation to the Judgment Obligees evidenced by the Silver Sage Judgment and the Settlement Agreement as approved in the Confirmation Order. Because the City could not previously satisfy its obligation to the Judgment Obligees and certain order creditors, in December 2001, the City initiated a case under Chapter 9 of the United States Bankruptcy Code (the Chapter 9 Case) by filing a voluntary petition with the United States Bankruptcy Court of the Central District of California, Riverside Division. These Bonds were issued in connection with and in satisfaction of the City's Third Amended Plan for the Adjustment of Debt (the Plan), dated and filed in the Chapter 9 Case on April 28, 2004. In accordance with the plan, the city is required to consummate a bond or private financing transaction that will produce a minimum of \$8.5 million in unrestricted net proceeds available to the city for use in the payment of claims through the Plan and in satisfaction of ongoing obligations (the Exit Financing). The Bonds, and additional financing described below, and certain payments by the City to creditors in the Chapter 9 Case will constitute the City's Exit Financing and the finalization of the pending Chapter 9 Case.

The bonds mature through May 1, 2044 and bear interest, payable semi-annually, at rates ranging from 4.75 percent to 5.08 percent. The bonds maturing on or before March 1, 2014 are not subject to redemption prior to their stated maturity date. The bonds maturing on and after March 1, 2015 shall be subject to optional redemption, in whole or in part, on any Interest Payment Date on or after March 1, 2014, from any source of available funds, at the principal amount thereof, plus accrued interest thereon to the date of redemptions, without premium. The outstanding balance as of June 30, 2008, was \$9,725,000.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**6) LONG-TERM LIABILITIES - Continued**

**B) Judgment Obligation Bonds - Continued**

The debt service maturity schedule for the Judgment Obligation Bonds is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 476,250	\$ 476,250
2010	-	476,250	476,250
2011	-	476,250	476,250
2012	-	476,250	476,250
2013	-	476,250	476,250
2014-2018	-	2,381,250	2,381,250
2019-2023	165,000	2,381,250	2,546,250
2024-2028	1,505,000	2,205,738	3,710,738
2029-2033	1,895,000	1,812,912	3,707,912
2034-2038	2,395,000	1,310,663	3,705,663
2039-2043	3,060,000	650,250	3,710,250
2044	<u>705,000</u>	<u>35,250</u>	<u>740,250</u>
Total	<u>\$ 9,725,000</u>	<u>\$ 13,158,563</u>	<u>\$ 22,883,563</u>

**C) 2006 Tax Allocation Refunding Bonds**

In August of 2006, the Redevelopment Agency of the City of Desert Hot Springs issued \$7,025,000 in Merged Redevelopment Project Tax Allocation Refunding Bonds, with interest payments of 3.50% to 4.25% payable semi-annually on September 1 and March 1 of each year to refund \$7,085,000 of outstanding Redevelopment Project No. 1, 1993 Tax Allocation Parity Bonds, Series A and B, and \$1,050,000 Redevelopment Project No. 2, 1993 Tax Allocation Bonds, Series A with interest rates ranging from 3.75% to 6.60%. As a result, the 1993 Series bonds are considered to be defeased and the liability for those bonds has been removed from the City's books.

At June 30, 2008, the amount in the Bond Reserve Fund was sufficient to cover the minimum bond reserve requirement. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 395,000	\$ 262,818	\$ 657,818
2010	490,000	245,119	735,119
2011	500,000	225,319	725,319
2012	520,000	204,920	724,920
2013	535,000	184,487	719,487
2014-2018	2,935,000	585,981	3,520,981
2019-2022	<u>1,400,000</u>	<u>64,034</u>	<u>1,464,034</u>
Total	<u>\$ 6,775,000</u>	<u>\$ 1,772,678</u>	<u>\$ 8,547,678</u>

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**6) LONG-TERM LIABILITIES - Continued**

**D) 2008 Tax Allocation Bonds**

In April of 2008, the Redevelopment Agency of the City of Desert Hot Springs issued \$19,965,000 in Merged Redevelopment Project Tax Allocation Series A-1 (Taxable) and \$15,870,000 in Merged Redevelopment Project Tax Allocation Series A-2 (Non-Taxable) Bonds. The Series A-1 Bonds pay 7.00% to 7.50% interest semi-annually on September 1 and March 1 to maturity in 2024. The Series A-2 Bonds pay 5.00% to 5.75% interest semi-annually on September 1 and March 1 to maturity in 2039. The Bonds were issued to finance activities within the project area.

The debt service maturity schedule for the 2008 A-1 Tax Allocation Bonds is as follows:

Fiscal Year Ending June 30.	Principal	Interest	Total
2009	\$ -	\$ 1,168,507	\$ 1,168,507
2010	795,000	1,369,725	2,164,725
2011	850,000	1,312,150	2,162,150
2012	910,000	1,250,550	2,160,550
2013	975,000	1,184,575	2,159,575
2014	1,040,000	1,114,050	2,154,050
2015	1,115,000	1,038,625	2,153,625
2016	1,190,000	957,950	2,147,950
2017	1,275,000	871,675	2,146,675
2018	1,365,000	779,275	2,144,275
2019	1,460,000	680,400	2,140,400
2020	1,565,000	574,525	2,139,525
2021	1,670,000	461,300	2,131,300
2022	1,790,000	340,200	2,130,200
2023	1,915,000	210,525	2,125,525
2024	<u>2,050,000</u>	<u>71,750</u>	<u>2,121,750</u>
Total	<u>\$ 19,965,000</u>	<u>\$ 13,385,782</u>	<u>\$ 33,350,782</u>

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**6) LONG-TERM LIABILITIES - Continued**

**D) 2008 Tax Allocation Bonds - Continued**

The debt service maturity schedule for the 2008 A-2 Tax Allocation Bonds is as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 723,882	\$ 723,882
2010	-	865,772	865,772
2011	-	865,773	865,773
2012	-	865,772	865,772
2013	-	865,773	865,773
2014	-	865,772	865,772
2015	-	865,773	865,773
2016	-	865,772	865,772
2017	-	865,773	865,773
2018	-	865,772	865,772
2019	-	865,773	865,773
2020	-	865,772	865,772
2021	545,000	852,148	1,397,148
2022	650,000	822,272	1,472,272
2023	690,000	788,773	1,478,773
2024	725,000	753,397	1,478,397
2025	760,000	715,322	1,475,322
2026	800,000	674,373	1,474,373
2027	845,000	631,191	1,476,191
2028	885,000	585,779	1,470,779
2029	935,000	538,004	1,473,004
2030	985,000	485,479	1,470,479
2031	1,040,000	427,950	1,467,950
2032	1,100,000	367,153	1,467,153
2033	1,160,000	302,946	1,462,946
2034	795,000	247,400	1,042,400
2035	840,000	200,938	1,040,938
2036	715,000	156,745	871,745
2037	755,000	114,966	869,966
2038	800,000	70,770	870,770
2039	845,000	24,016	869,016
<b>Total</b>	<b>\$ 15,870,000</b>	<b>\$ 19,007,001</b>	<b>\$ 34,877,001</b>

**E) California HFA Loan**

The Redevelopment Agency of the City of Desert Hot Springs participates in a revolving loan program with the California Housing Finance Agency (HFA). The loan program allows for the Agency to borrow up to \$1,220,000. These funds are to be used to purchase property that will be used to develop low income housing. As of June 30, 2008, the Agency has drawn \$1,220,000.

**F) Compensated Absences**

The City had accrued compensated absences of \$511,657 as of June 30, 2008. The General Fund is expected to incur the majority of expenditures required to liquidate this balance.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**6) LONG-TERM LIABILITIES – Continued**

**G) Pension-Related Debt**

As of June 30, 2003, CalPERS implemented risk pooling for the City's multiple-employer public employee defined benefit pension plan. At that point, in accordance with generally accepted accounting principles, the City's Miscellaneous and Safety Plans converted from an "agent" multiple-employer plant to a "cost-sharing" multiple-employer plan. Although a portion of the City's annual required contributions are actuarially determined and shared by all employers of the risk pool, the City is also required to make annual payments on a "Side Fund" which was created when the City entered the risk pool. The responsibility for funding the Side Fund is specific to the City and is not shared by all employers in the plan. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The annual payments on the Side Fund represent principal and interest payments on the pension-related debt. Principal and interest are included in the retirement expenditures in the various functions.

The future debt service requirements for the Safety Plan Side Fund are as follows:

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,807	\$ 149,308	\$ 151,115
2010	7,045	148,981	156,026
2011	12,855	148,242	161,097
2012	19,286	147,047	166,333
2013	26,392	145,346	171,738
2014	34,231	143,089	177,320
2015	42,866	140,217	183,083
2016	52,365	136,668	189,033
2017	62,801	132,376	195,177
2018	74,252	127,268	201,520
2019	86,805	121,265	208,070
2020	100,552	114,280	214,832
2021	115,592	106,222	221,814
2022	132,034	96,989	229,023
2023	149,993	86,474	236,467
2024	169,594	74,557	244,151
2025	190,975	61,112	252,087
2026	214,279	46,000	260,279
2027	239,667	29,071	268,738
2028	<u>267,309</u>	<u>10,164</u>	<u>277,473</u>
Total	<u>\$ 2,000,700</u>	<u>\$ 2,164,676</u>	<u>\$ 4,165,376</u>

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**6) LONG-TERM LIABILITIES – Continued**

**G) Pension-Related Debt - Continued**

The future debt service requirements for the Miscellaneous Plan Side Fund are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 16,156	\$ 52,847	\$ 69,003
2010	19,736	51,509	71,245
2011	23,669	49,892	73,561
2012	27,985	47,966	75,951
2013	32,716	45,704	78,420
2014	37,897	43,071	80,968
2015	43,566	40,034	83,600
2016	49,763	36,555	86,318
2017	56,531	32,591	89,122
2018	63,919	28,100	92,019
2019	71,977	23,033	95,010
2020	80,760	17,337	98,097
2021	90,329	10,957	101,286
2022	<u>100,746</u>	<u>3,831</u>	<u>104,577</u>
Total	\$ <u>715,750</u>	\$ <u>483,427</u>	\$ <u>1,199,177</u>

**7) PROPERTY TAXES/SPECIAL PARCEL TAXES**

Riverside County assesses, bills, collects, and distributes property taxes/special parcel tax and any related interest and penalties to the City. Under California law, property taxes are assessed and collected by the counties to one percent of assessed value, plus other increases approved by the voters. Accordingly, the City of Desert Hot Springs accrues only those taxes, which are received from the County within sixty days after the year-end in the governmental funds statements.

Lien Date	January 1 <sup>st</sup>
Levy Date	July 1 <sup>st</sup>
Due Date	November 1 <sup>st</sup>
	February 1 <sup>st</sup>
Delinquent Date	December 10 <sup>th</sup>
	April 10 <sup>th</sup>

**8) RISK MANAGEMENT**

The City of Desert Hot Springs manages its risk using several different types of insurance for liability, workers' compensation, property, and earthquake coverage. Each type of insurance is described below, summarizing the coverage maintained by the City of Desert Hot Springs.

**A) Workers' Compensation Coverage**

The City of Desert Hot Springs is self-insured for the first \$250,000 of each accident. For coverage above \$250,000, the

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**8) RISK MANAGEMENT - Continued**

**A) Workers' Compensation Coverage - Continued**

City participates in the Public Entity Risk Management Authority (PERMA). PERMA provides coverage for costs incurred above \$250,000 up to \$500,000 through a risk sharing pool, and costs are shared between seventeen participating members within this pool based upon deposit premium contributions. For costs above \$500,000, PERMA participates in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for excess coverage up to the coverage limits of \$200 million per accident for workers' compensation and \$5 million each accident for employers' liability. The City uses a third party claims administrator to process all claims.

**B) General Liability**

The City of Desert Hot Springs is self-insured for the first \$10,000 of each occurrence. For coverage above \$10,000, the City Participates in PERMA. PERMA provides coverage for costs incurred above \$10,000 up to \$1 million through risk sharing pools. Costs are shared between participating members within each pool based upon premium contributions. For costs exceeding \$1 million, PERMA participated in the California Joint Powers Risk Management Authority (CJPRMA) for excess coverage up to the coverage limit of \$40 million. The City uses PERMA to process all claims.

**C) Employment Practices Liability Coverage**

The City of Desert Hot Springs is self-insured for the first \$25,000 of each occurrence. As a member of PERMA, the City participated in the Employment Risk Management Authority (ERMA) for EPL coverage. ERMA's limit of coverage is \$1 million; however as PERMA is a member of CJPRMA, the City can layer the EPL coverage provided by the CJPRMA pool of \$5 million with ERMA, to bring the total in limits for EPL coverage to \$6 million through a combination of risk sharing pools and reinsurance.

**D) Property Insurance**

The City of Desert Hot Springs is self insured for the first \$5,000 per occurrence except as follows: \$25,000 for flood, \$25,000 for earthquake sprinkler leakage; \$2,500 electronic data processing; 24 hour service interruption. As a member of PERMA the City's coverage is provided at replacement cost with a limit of \$10 million per occurrence (\$2.5 million for flood).

**E) Adequacy of Protection**

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

Complete financial statements may be obtained from the Public Entity Risk Management Authority at 77-670 Springfield Lane, Suite 1A, Palm Desert, CA 92211.



**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**9) PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

Plan Description

The City of Desert Hot Springs' defined pension plans, the Miscellaneous Plan and the Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan and the Safety Plan are a 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 employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City of Desert Hot Springs selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance or resolution. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS's annual financial report may be obtained from the CalPERS executive Office-400 P Street-Sacramento, California, 95814.

Funding Policy

Active plan members in the Miscellaneous Plan and the Safety Plan are required to contribute between 7 percent and 9 percent of their annual covered salary; however, the City pays both the employee's and employer's share for both plans. The City of Desert Hot Springs' labor contracts requires the City to pay all Miscellaneous Employee Plan PERS contributions and Safety Plan contributions that are required for the actuarially determined amount 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 2007-2008 was 14.850 percent for Miscellaneous employees and 23.361 percent for Safety 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.

The following represents the required contributions for the past three fiscal years:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percent Contributed</u>
6/30/06	\$ 1,190,114	100%
6/30/07	\$ 1,142,042	100%
6/30/08	\$ 1,067,207	100%

**10) DEFINED CONTRIBUTION PLAN**

The City has a money purchase defined contribution plan for all eligible employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. ICMA Retirement Corporation serves as the plan administrator and plan amendments must be authorized by the City Council. Eligibility begins for full-time employees with 6 months or more service. Employees earn a vesting in the benefits at a rate of 10 percent to 20 percent per year with 100 percent vesting after 7 years service. The City contributed 12 percent of annual wages for all covered employees for the year ended June 30, 2008. For the 2007-2008 fiscal year actual contributions were \$5,599 and the plan net assets available were \$469,566, all of which was vested.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**11) NON-OBLIGATION DEBT**

The Desert Hot Springs Public Financing Authority issued the "Health Care Refund and Improvement Certificates of Participation" (the Certificates) for the Heritage Hospital Project on August 15, 1998. The Certificates were issued in two series: Series A was issued for \$13,900,000 and were tax exempt and Series B was issued for \$8,430,000 and were taxable. The Certificates do not constitute a debt or liability of the State of California, the City, or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation. As of June 30, 2008, the Certificates were in default and have been transferred to the Bank of New York as the successor indenture trustee. The outstanding balance of the Certificates at June 30, 2008, was \$6,032,769.

**12) ASSESSMENT DISTRICTS**

In November 1992, the City issued \$975,062 of municipal limited improvement bonds (Assessment District 92-1) to provide financing for the acquisition of street, sewer, and water drainage utilities for the proposed residential subdivision known as Arroyo Vista. The bonds are subject to optional redemption prior to maturity at par plus accrued interest and a premium of 3 percent. The outstanding balance at June 30, 2008, is \$430,000. The 92-1 Assessment District was in default as of June 30, 2008, (see Note #13).

In October 1993, the City issued \$765,320 of municipal limited improvement bonds (Assessment District 93-2) for the acquisition of street, sewer, water, drainage and utilities within, or adjacent to, the proposed Arroyo Vista development. The bonds are subject to optional redemption prior to maturity at par plus accrued interest and a premium of 3 percent. The outstanding balance at June 30, 2008, is \$335,000.

In May 1994, the City issued \$441,044 of municipal limited improvement bonds (Assessment District 91-1) for the acquisition and construction of certain street improvements for Two Bunch Palms Trail. The bonds are subject to optional redemption prior to maturity at par plus accrued interest and a premium of 3 percent. The outstanding balance at June 30, 2008, is \$185,000.

The City is acting only in an agent capacity for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. The City has no obligation or duty to pay any delinquency from any available funds of the City. For the above noted Assessment Districts, neither the full faith and credit nor the taxing power of the City, the County, the State of California or any political subdivision is pledged to the payment of the aforementioned bonds.

**13) ASSESSMENT DISTRICT DEFAULT**

On September 1, 2002 and September 1, 2003, Assessment District No. 92 -1 defaulted on the reserve fund requirement on the bonds due to a shortage of funds. The Assessment District has not generated sufficient cash flow to meet the reserve fund requirement per the bond indenture. The bonds have remained in default.

**14) COMMITMENTS AND CONTINGENCIES**

The City is involved in various litigations which, in the opinion of management and legal counsel, the disposition of such will not have a material effect on the City's financial statements.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**14) COMMITMENTS AND CONTINGENCIES - Continued**

The City participates in several federal and state programs. These programs are subject to examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial. The City is not aware, nor has it been contacted, by granting agencies of any such audit.

The City entered into an employment contract which included provisions relating to the determination of compensation, benefits, and other provisions which was subsequently nullified by formal City Council action. If nullification were challenged the financial impact to the City, if any, is not estimable but may be material to the financial statements.

In the years 2005 and 2006, the City did not meet the 50 percent diversion rate of all trash and refuse coming from the City as required by the California Integrated Waste Management Board. Time extensions were applied for and granted for these time periods, the last extension expired December 2006. The City has not received the diversion rate reports for the 2007 time period. If the 50 percent diversion rate was not achieved and if the Board decides to assess the maximum penalty of \$10,000/day, this could have a material impact on the City's financial statements.

The Utility User Tax and the Public Safety Tax will sunset in 2010. The Utility User Tax has a caveat that states that the tax is split 50/50 to pay off bankruptcy debt and to support the Community Safety Fund. The Public Safety tax also directly supports the Community Safety Tax. If these two tax measures are not voter approved again with significant increases, or other replacement revenue approved and implemented, it will have a deficit impact to the General Fund in fiscal year 2009-2010 and subsequent fiscal years, which could create a "going concern" with regards to the City's ability to exist financially.

**15) OTHER FUND DISCLOSURES**

The following funds ended the 2007-2008 fiscal year with deficit fund balances in the following amounts:

Non-Major Governmental Funds		
Special Revenue Funds:		
Housing and Community Development	\$	86,385

These deficit balances are expected to be reimbursed to the City by grantors by future revenues from claims that were still pending after the time period under the modified accrual basis of accounting.

**16) SUBSEQUENT EVENTS**

Subsequent to June 30, 2008, the City purchased five parcels of land to be used for various redevelopment activities.

**City of Desert Hot Springs  
Notes to Financial Statements  
Year Ended June 30, 2008**

**17) PRIOR PERIOD ADJUSTMENTS**

The prior period adjustment in the Statement of Activities of \$2,079,819 includes the \$357,305 and \$144,410 prior period adjustments increasing Fund Balances in the Governmental Funds financial statements. In the Community Safety Fund, the City estimated and recorded a liability of \$357,305 in the prior year. The expenditure never took place; therefore, fund balance is increased in the current year. Also in the prior year the City recorded an expenditure in the non-major fund, Cabot's Museum, of \$144,410. However, the transaction was voided and no expenditure took place. Therefore fund balance is increased in the current year. In the prior years the T.U.M.F. Fund was reported as a Special Revenue Fund. This year it was more appropriately classified as an Agency Fund. Because of this reclassification, the prior year fund balance of \$2,603 was an adjustment to beginning Net Assets in the Statement of Activities. The prior period adjustment also includes a decrease to beginning Net Assets for \$2,578,931 in pension-related debt, which was previously unrecorded..



**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 6,501,750	\$ 7,264,431	\$ 7,388,219	\$ 123,788
Permits and Fees	1,816,790	1,243,427	964,867	(278,560)
Intergovernmental	122,850	370,300	197,354	(172,946)
Interest	315,000	325,095	251,636	(73,459)
Miscellaneous	18,520	215,391	44,667	(170,724)
Total Revenues	8,774,910	9,418,644	8,846,743	(571,901)
<b>EXPENDITURES</b>				
Current:				
General Government	3,060,690	3,323,001	2,642,631	680,370
Public Works	316,640	354,813	323,846	30,967
Economic Development	1,734,180	1,848,589	1,335,767	512,822
Culture and Leisure	497,760	367,142	272,961	94,181
Capital Outlay		148,290	28,290	120,000
Total Expenditures	5,609,270	6,041,835	4,603,495	1,438,340
Excess (Deficiency) of Revenues over Expenditures	3,165,640	3,376,809	4,243,248	866,439
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	296,180	296,180	131,486	(164,694)
Transfers Out	(5,192,950)	(5,294,680)	(4,671,267)	623,413
Total Other Financing Sources (Uses)	(4,896,770)	(4,998,500)	(4,539,781)	458,719
<b>SPECIAL ITEMS</b>				
Sale of Capital Assets		1,150,000	1,150,000	-
Net Change in Fund Balances	(1,731,130)	(1,621,691)	853,467	2,475,158
Fund Balances, Beginning of Year	4,399,479	4,399,479	4,399,479	
Fund Balances, End of Year	\$ 2,668,349	\$ 3,927,788	\$ 5,252,946	\$ 2,475,158

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Capital Improvement Deposits Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Permits and Fees	\$ 1,201,500	\$ 317,500	\$ 246,864	\$ (70,636)
Intergovernmental		25,000	25,000	-
Interest	359,780	156,700	295,398	138,698
Miscellaneous			5,000	5,000
Total Revenues	<u>1,561,280</u>	<u>499,200</u>	<u>572,262</u>	<u>73,062</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,137,610	1,256,316	278,226	978,090
Capital Outlay	<u>1,943,770</u>	<u>3,256,647</u>	<u>1,382,083</u>	<u>1,874,564</u>
Total Expenditures	<u>3,081,380</u>	<u>4,512,963</u>	<u>1,660,309</u>	<u>2,852,654</u>
Excess (Deficiency) of Revenues over Expenditures	(1,520,100)	(4,013,763)	(1,088,047)	2,925,716
Fund Balances, Beginning of Year	<u>8,089,926</u>	<u>8,089,926</u>	<u>8,089,926</u>	
Fund Balances, End of Year	<u>\$ 6,569,826</u>	<u>\$ 4,076,163</u>	<u>\$ 7,001,879</u>	<u>\$ 2,925,716</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Community Safety Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 2,471,000	\$ 2,471,000	\$ 2,461,012	\$ (9,988)
Permits and Fees	214,060	214,418	265,596	51,178
Intergovernmental	3,000	3,000	75	(2,925)
Licenses	8,800	10,560	10,567	7
Investment Earnings		135	135	-
Miscellaneous	36,400	173,362	36,933	(136,429)
Total Revenues	2,733,260	2,872,475	2,774,318	(98,157)
<b>EXPENDITURES</b>				
Current:				
Public Safety	6,771,760	6,868,984	6,667,789	201,195
Capital Outlay	75,000	28,169	26,668	1,501
Total Expenditures	6,846,760	6,897,153	6,694,457	202,696
Excess (Deficiency) of Revenues over Expenditures	(4,113,500)	(4,024,678)	(3,920,139)	104,539
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,113,500	4,113,500	3,574,317	(539,183)
Total Other Financing Sources (Uses)	4,113,500	4,113,500	3,574,317	(539,183)
Net Change in Fund Balances	-	88,822	(345,822)	(434,644)
Fund Balance, Beginning of Year	(11,483)	(11,483)	(11,483)	
Prior Period Adjustment			357,305	357,305
Fund Balance, End of Year	\$ (11,483)	\$ 77,339	\$ -	\$ (77,339)



**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - RDA Low Income Housing Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 1,469,530	\$ 2,114,530	\$ 2,198,100	\$ 83,570
Interest	300,000	300,000	151,466	(148,534)
Miscellaneous		350	326	(24)
Total Revenues	1,769,530	2,414,880	2,349,892	(64,988)
<b>EXPENDITURES</b>				
Current:				
Economic Development	702,200	726,125	456,297	269,828
Capital Outlay	1,300,000	1,817,575	150,000	1,667,575
Total Expenditures	2,002,200	2,543,700	606,297	1,937,403
Excess (Deficiency) of Revenues over Expenditures	(232,670)	(128,820)	1,743,595	1,872,415
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Property		500,000	105,000	(395,000)
Transfers Out	(155,700)	(155,700)	(105,019)	50,681
Total Other Financing Sources (Uses)	(155,700)	344,300	(19)	(344,319)
Net Change in Fund Balance	(388,370)	215,480	1,743,576	1,528,096
Fund Balance, Beginning of Year	3,320,211	3,320,211	3,320,211	
Fund Balance, End of Year	\$ 2,931,841	\$ 3,535,691	\$ 5,063,787	\$ 1,528,096

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Transportation Improvement Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,925,000	\$ 1,925,000	\$ 1,840,238	\$ (84,762)
Total Revenues	1,925,000	1,925,000	1,840,238	(84,762)
<b>EXPENDITURES</b>				
Capital Outlay	1,925,000	1,952,000	1,840,238	111,762
Total Expenditures	1,925,000	1,952,000	1,840,238	111,762
Excess (Deficiency) of Revenues over Expenditures	-	(27,000)	-	27,000
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ (27,000)	\$ -	\$ 27,000

## SUPPLEMENTARY INFORMATION



**City of Desert Hot Springs**  
**Major Fund Budgetary Comparison Schedules**  
**June 30, 2008**

Budgetary comparison schedules are presented as required supplementary information for the General Fund and all Major Special Revenue Funds as requested by GASB Statement No. 34. The budgetary comparison schedules for the RDA Debt Service Fund and RDA Capital Projects Fund are presented as additional analysis, and are not a required part of the basic financial statements.

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - RDA Debt Service Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 6,590,080	\$ 8,452,420	\$ 8,792,402	\$ 339,982
Interest	400,000	444,975	484,150	39,175
Total Revenues	6,990,080	8,897,395	9,276,552	379,157
<b>EXPENDITURES</b>				
Current:				
Economic Development	1,353,700	1,403,700	97,882	1,305,818
Capital Outlay			7,500	(7,500)
Debt Service:				
Principal	341,090	591,090	250,000	341,090
Interest	300,010	300,010	275,094	24,916
Bond Issuance Costs		279,000	774,864	(495,864)
Pass-Through Agreements	960,610	1,585,311	1,779,274	(193,963)
Total Expenditures	2,955,410	4,159,111	3,184,614	974,497
Excess (Deficiency) of Revenues over Expenditures	4,034,670	4,738,284	6,091,938	1,353,654
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance		34,221,000	35,835,000	1,614,000
Discount on Bonds			(1,116,277)	(1,116,277)
Transfers In	155,700	155,700	105,019	(50,681)
Transfers Out	(5,043,320)	(5,043,320)	(5,043,320)	-
Total Other Financing Sources (Uses)	(4,887,620)	29,333,380	29,780,422	447,042
Net Change in Fund Balance	(852,950)	34,071,664	35,872,360	1,800,696
Fund Balance, Beginning of Year	9,226,930	9,226,930	9,226,930	
Fund Balance, End of Year	<u>\$ 8,373,980</u>	<u>\$ 43,298,594</u>	<u>\$ 45,099,290</u>	<u>\$ 1,800,696</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - RDA Capital Projects Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest	\$ 200,000	\$ 200,000	\$ 70,354	\$ (129,646)
Total Revenues	200,000	200,000	70,354	(129,646)
<b>EXPENDITURES</b>				
Current:				
Economic Development	3,325,800	3,697,159	2,345,695	1,351,464
Capital Outlay	1,897,500	1,561,650	26,133	1,535,517
Total Expenditures	5,223,300	5,258,809	2,371,828	2,886,981
Excess (Deficiency) of Revenues over Expenditures	(5,023,300)	(5,058,809)	(2,301,474)	2,757,335
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,043,320	5,043,320	5,043,320	-
Transfers Out	(40,020)	(40,020)		40,020
Total Other Financing Sources (Uses)	5,003,300	5,003,300	5,043,320	40,020
Net Change in Fund Balance	(20,000)	(55,509)	2,741,846	2,797,355
Fund Balance, Beginning of Year	962,280	962,280	962,280	
Fund Balance, End of Year	\$ 942,280	\$ 906,771	\$ 3,704,126	\$ 2,797,355

## **City of Desert Hot Springs Non-Major Governmental Funds**

### **SPECIAL REVENUE FUNDS**

**State Homeland Security Grant Fund** - The State Homeland Security Grant Fund accounts for Federal grant funds for public safety expenditures, such as communication equipment, technology software, vehicle response equipment and other related public safety equipment.

**Housing and Community Development Fund** - The Housing and Community Development Fund accounts for Federal grants under the Emergency Jobs Act and Federal Community Development Entitlements.

**Traffic Safety Fund** - The Traffic Safety Fund accounts for resources specifically designated for traffic safety. Financing is provided by vehicle code fines. Expenditures are utilized for traffic safety purposes.

**Source Reduction Recycling Fund** - The Source Reduction Recycling Fund accounts for disposal fees collected and used for programs related to recycling program requirements by AB 939.

**Special Gas Tax Fund** - The Special Gas Tax Fund accounts for street maintenance activity. The source of funds is the State gasoline tax and related sales tax. Expenditures are restricted to construction, improvement and maintenance of public streets.

**Municipal Lighting/Landscaping Assessment District Fund** - The Municipal Lighting/Landscaping Assessment District Fund accounts for street lighting activity and landscaping maintenance. Financing is provided by assessments against all parcels of real property within the City and landscape assessment district. Expenditures provide for street and palm tree lights citywide, maintenance of park buildings and equipment, and maintenance of all city parkland as designated.

**Measure A Fund** - The Measure A Fund accounts for one-half cent sales tax collected in Riverside County and distributed to local agencies. Funds are restricted and can only be used for street maintenance and the construction of new streets.

**Air Quality Control Fund** - The Air Quality Control Fund accounts for resources designated by South Coast Air Quality Management District through the collection of motor vehicle registration fees. These funds can be used for equipment, street sweeping and purchase of vehicles as related to the reduction of air pollution.

**State Transportation Improvement Grant Fund** - The State Transportation Improvement Grant Fund accounts for grants received from the California Transportation Commission. The funds were applied through the Coachella Valley Association of Governments (CVAG) and approved by the Riverside County Transportation Commission (RCTC). The funds are to be used for street improvements, unpaved and shoulder improvements.

**Law Enforcement Service Fund** - The Supplemental Law Enforcement Service Fund accounts for funds received in connection with the Citizens Option for Public Safety Program (COPS), which supplements expenditures for "front line municipal police services".

**Abandoned Vehicle Replacement Fund** - The City receives a portion of DMV registration fees from the Riverside County Abandoned Vehicle Abatement Service Authority as reimbursement to the City for costs incurred for the administration, removal, and abatement of nuisance vehicles within city limits.

**Drainage Assessment District Fund** - The Drainage Assessment District Fund accounts for taxes assessed on property owners within the drainage assessment districts for the maintenance of drainage systems.

**Department of Park and Recreation Grant Fund** - Park and Recreation Grant Fund accounts for transactions related to parks and recreation expenditures including equipment, construction of new parks and parkland enhancements.



**City of Desert Hot Springs**  
**Non-Major Governmental Funds - Continued**

**SPECIAL REVENUE FUNDS - Continued**

**Agua Caliente Donations Fund** - The Agua Caliente Donations Fund accounts for donations received to aid public safety and senior center operations. Funding was received to assist the City with the purchase of a new roof at the Senior Center and to support K-9 activities in the Police Department.

**County Service Area 152 (CSA-152)** - The County Service Area, also known as the County Assessment District Number (152); receives funding through the collection of property tax collected on parcels within the assessment district. Expenditures relate to the EPA requirements for storm water monitoring and the protection of the underground water for all cities in the County of Riverside.

**Cabot's Museum Fund** - The Cabot's Museum Fund accounts for various fees and operational costs associated with a museum that was gifted to the City.

**Redevelopment Agency Help Program Fund** - The Redevelopment Agency Help Program Fund accounts for the Coachella Valley Housing Coalition Self Help Housing Grants. The City provides grant funds to assist families to complete the financing of single family "self help" homes, should unforeseen costs be discovered.

**JAG Cadet Program Fund** - The JAG Cadet Program Fund accounts for grant funds received from the Office of Justice for the formation and training of Police Cadets.

**CMAQ ISTEA Fund** - Funding is allotted to each city from the Coachella Valley Association of Governments CMAQ TEA 21 Fund, Phase #4. Grant funding is expended for clean up and paving of streets, wind breaks, wind fences and for chemical stabilization. This funding requires an 11.47% match from the City on all projects.

**EDA Grant Fund** - The EDA Grant Fund accounts for funds received from the United States Department of Commerce to assist in developing an initial design plan in conjunction with the City's Planning Center.

**Air Quality Grant Fund** - The Riverside County Air Quality Grant Fund accounts for grant funds for air quality improvement and air quality enhancement. The City requested this funding to offset costs of its CNG vehicles and fueling station at the City corporation year.

**OTS Sobriety Grant** - The Office of Traffic and Safety Sobriety Grant Fund accounts for grant funding by the National Highway Traffic Safety Administration to reimburse the City of Desert Hot Springs for sobriety checkpoint costs.

**Civic and Community Center Grant** - The Civic and Community Center Grant Fund accounts for grant funding provided by the Department of Housing and Urban Development Economic under the Development Initiative (EDI) for certain eligible projects. The project specific for the City of Desert Hot Springs was the design, engineering and construction of a civic center complex.

**CA Office of Traffic Safety Grant** - The Traffic Enforcement Safety grant funding is provided to local agencies to assist with public safety expenditures. This grant provides for specific traffic safety overtime, equipment, direct costs, education, travel and additional software programs for a two year term between September 30, 2005 and September 30, 2007.

**Bicycle/Pedestrian Grant** - The Bicycle Grant Fund accounts for a grant funded by the Riverside County Transportation Commission to offset costs for various infrastructure projects in the vicinity of the schools located in the City of Desert Hot Springs.

**Indian Gaming Special District Grant** - The Indian Gaming Grant Fund accounts for grant funds disbursed by the State Controller's Office. Funds are to be used for a new police vehicle and K-9 vehicle conversion kit.

**City of Desert Hot Springs  
Non-Major Governmental Funds - Continued**

**SPECIAL REVENUE FUNDS - Continued**

**Alcoholic Beverage Control Fund** - The Alcoholic Beverage Control Fund accounts for funds provided by the Department of Alcoholic Beverage Control to pay for overtime associated with sworn personnel working in various areas to reduce alcoholic related crimes and minimize the sale of alcoholic beverages to minors and intoxicated persons.

**Regional Access Project (RAP)** - Funding was awarded and designated to supplement the Hammes Company contract (Phase II) to provide a comprehensive business plan for a primary and urgent care facility within the city limits.

**Desert Healthcare District Grant** - Grant funding was approved by the Desert Healthcare District to provide for expenditures in conjunction with the hiring of a project coordination/researcher for the Desert Hot Springs community health plan during initial phase. A city funded match of \$25,000 and a County of Riverside match of \$25,000 is also required.

**Proposition 1B** – Proposition 1B funds were awarded by the State to the City to fund the maintenance and improvements of local transportation facilities.

**Essential Transportation** – Grants in this fund are received from the State Transportation Improvement Grant and are used to fund Phase I of the Essential Transportation Project. These monies are to be used for surveying, engineering, right of way acquisition and relocation assistance, and capital improvements of streets and highways.

**JAG CSI Grant** – The JAG CSI Grant Fund accounts for funds provided to the City to be used to purchase crime scene and filed evidence investigation equipment and supplies. A City funded match of \$7,500 is required.

**OTS Avoid the 30 Grant** – Grant funding was awarded to the Riverside Police Department from the California Office of Traffic Safety to conduct a Regional Driving under the Influence enforcement effort. The City of Desert Hot Springs has executed a Memorandum of Understanding with the Riverside Police Department to assist in the DUI checkpoint operations as a participating agency. The City will be reimbursed for actual staff overtime hours worked for each checkpoint.

**Bulletproof Vest Partnership** – The Bulletproof Vest Partnership Grant provides funds for up to 50% of the costs of each bulletproof vest purchased or replaced by law enforcement applicants.

**DEBT SERVICE FUNDS**

**City Debt Service** - The City established a restricted fund to account for debt service payments on the City's Judgment Bonds and Certificate of Deposit twice annually.

**CAPITAL PROJECTS FUNDS**

**Developer Infrastructure Streets Fund** - The Developer Infrastructure Streets Fund accounts for the activities and construction of certain infrastructure agreed upon between the City and a developer.

**Assessment District 91-1 Fund** - The Assessment District 91-1 Capital Project Fund accounts for improvements to Assessment District 91-1 and is financed from bond proceeds. Liabilities are paid from tax revenues.

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**City of Desert Hot Springs  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2008**

	Special Revenue			
	State Homeland Security Grant	Housing and Community Development	Traffic Safety	Source Reduction Recycling
<b>ASSETS</b>				
Cash and Investments	\$	\$ 24,868	\$	\$ 10,837
Restricted Cash and Investments				
Fiscal Agent				
Notes Receivable				
Accounts Receivable			5,019	
Interest Receivable				
Total Assets	<u>\$ -</u>	<u>\$ 24,868</u>	<u>\$ 5,019</u>	<u>\$ 10,837</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Accrued Liabilities			421	
Due to Other Funds			6,113	
Deferred Revenue		111,253		10,837
Total Liabilities	<u>-</u>	<u>111,253</u>	<u>6,534</u>	<u>10,837</u>
Fund Balances:				
Reserved for:				
Debt Service				
Unreserved and Reported In:				
Special Revenue Funds		(86,385)	(1,515)	
Debt Service Fund				
Capital Project Funds				
Total Fund Balances	<u>-</u>	<u>(86,385)</u>	<u>(1,515)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 24,868</u>	<u>\$ 5,019</u>	<u>\$ 10,837</u>

Special Revenue				
Special Gas Tax	Municipal Lighting/Landscaping Assessment District	Measure A	Air Quality Control	State Transportation Improvement Grant
\$ 135,133	\$ 443,530	\$ 514,869	\$ 40,931	\$
146,970	247,262	98,320	7,348	
1,202	2,210	3,055	311	
<u>\$ 283,305</u>	<u>\$ 693,002</u>	<u>\$ 616,244</u>	<u>\$ 48,590</u>	<u>\$ -</u>

\$ 28,857	\$ 53,842	\$ 46,395	\$ 6,504	\$
4,492	9,376			
	150,663			
<u>33,349</u>	<u>213,881</u>	<u>46,395</u>	<u>6,504</u>	<u>-</u>

249,956	479,121	569,849	42,086	
<u>249,956</u>	<u>479,121</u>	<u>569,849</u>	<u>42,086</u>	<u>-</u>
<u>\$ 283,305</u>	<u>\$ 693,002</u>	<u>\$ 616,244</u>	<u>\$ 48,590</u>	<u>\$ -</u>

Continued

**City of Desert Hot Springs  
Combining Balance Sheet  
Non-Major Governmental Funds (Continued)  
June 30, 2008**

	Special Revenue			
	Law Enforcement Service	Abandoned Vehicle Replacement	Drainage Assessment District	Dept. of Parks and Recreation Grant
<b>ASSETS</b>				
Cash and Investments	\$ 6,386	\$ 20	\$ 271,735	\$
Restricted Cash and Investments				
Fiscal Agent				
Notes Receivable				
Accounts Receivable	3,253	15,814	80,254	
Interest Receivable	142	23	1,923	
Total Assets	<u>\$ 9,781</u>	<u>\$ 15,857</u>	<u>\$ 353,912</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 5,236	\$	\$ 3,786	\$
Accrued Liabilities	4,398			
Due to Other Funds				
Deferred Revenue				
Total Liabilities	<u>9,634</u>	<u>-</u>	<u>3,786</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Debt Service				
Unreserved and Reported In:				
Special Revenue Funds	147	15,857	350,126	
Debt Service Fund				
Capital Project Funds				
Total Fund Balances	<u>147</u>	<u>15,857</u>	<u>350,126</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 9,781</u>	<u>\$ 15,857</u>	<u>\$ 353,912</u>	<u>\$ -</u>

Special Revenue					
Agua Caliente Donations	County Service Area	Cabot's Museum	RDA Help Program	JAG Cadet Program Grant	CMAQ ISTEA
\$	\$	\$ 944	\$ 493,461	\$	\$
			727,420		
	16,651		3,278		
<u>\$ -</u>	<u>\$ 16,651</u>	<u>\$ 944</u>	<u>\$ 1,224,159</u>	<u>\$ -</u>	<u>\$ -</u>
\$	\$	\$ 944	\$	\$	\$
	16,466		727,420		
<u>-</u>	<u>16,466</u>	<u>944</u>	<u>727,420</u>	<u>-</u>	<u>-</u>
	185		496,739		
<u>-</u>	<u>185</u>	<u>-</u>	<u>496,739</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 16,651</u>	<u>\$ 944</u>	<u>\$ 1,224,159</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**City of Desert Hot Springs**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds (Continued)**  
**June 30, 2008**

	Special Revenue			
	EDA Grant	Air Quality Grant	OTS Sobriety Grant	Civic and Community Center Grant
<b>ASSETS</b>				
Cash and Investments	\$	\$	\$	\$
Restricted Cash and Investments:				
Fiscal Agent				
Notes Receivable				
Accounts Receivable			1,776	33,991
Interest Receivable				
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,776</u>	<u>\$ 33,991</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$ 13,986
Accrued Liabilities				
Due to Other Funds			1,776	20,005
Deferred Revenue				
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,776</u>	<u>33,991</u>
Fund Balances:				
Reserved for:				
Debt Service				
Unreserved and Reported In:				
Special Revenue Funds				
Debt Service Fund				
Capital Project Funds				
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,776</u>	<u>\$ 33,991</u>



Special Revenue					
CA Office of Traffic Safety Grant	Bicycle/ Pedestrian Grant	Indian Gaming Special District Grant	Alcoholic Beverage Control	Regional Access Project	Desert Healthcare District Grant
\$	\$	\$	\$	\$	\$ 41,477
2,536					
<u>\$ 2,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,477</u>
\$	\$	\$	\$	\$	\$
2,536					
<u>2,536</u>					<u>41,477</u>
<u>5,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,477</u>

(2,536)					
<u>(2,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,477</u>

Continued

**City of Desert Hot Springs  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2008**

	Special Revenue			
	Proposition 1B	Essential Transportation	JAG CSI Grant	OTS Avoid the 30 Grant
<b>ASSETS</b>				
Cash and Investments	\$ 400,000	\$ 64	\$	\$
Restricted Cash and Investments:				
Fiscal Agent				
Notes Receivable				
Accounts Receivable			16,181	810
Interest Receivable				
Total Assets	<u>\$ 400,000</u>	<u>\$ 64</u>	<u>\$ 16,181</u>	<u>\$ 810</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$	\$ 64	\$ 4,055	\$
Accrued Liabilities				
Due to Other Funds			12,126	810
Deferred Revenue			1,181	
Total Liabilities	<u>-</u>	<u>64</u>	<u>17,362</u>	<u>810</u>
Fund Balances:				
Reserved for:				
Debt Service				
Unreserved and Reported In:				
Special Revenue Funds	400,000		(1,181)	
Debt Service Fund				
Capital Project Funds				
Total Fund Balances	<u>400,000</u>	<u>-</u>	<u>(1,181)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 400,000</u>	<u>\$ 64</u>	<u>\$ 16,181</u>	<u>\$ 810</u>

Special Revenue	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
Bulletproof Vest Partnership	City Debt Service	Developer Infrastructure Streets	Assessment District 91-1	
\$	\$ 2,442,501	\$ 200,000	\$ 49,102	\$ 5,075,858
	308,153		2,603	310,756
	89,247			727,420
			355	765,432
				12,499
<u>\$ -</u>	<u>\$ 2,839,901</u>	<u>\$ 200,000</u>	<u>\$ 52,060</u>	<u>\$ 6,891,965</u>
\$	\$	\$	\$	\$ 163,669
				18,687
				59,832
		200,000		1,245,367
<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>1,487,555</u>
	308,153			308,153
				2,512,449
	2,531,748			2,531,748
			52,060	52,060
<u>-</u>	<u>2,839,901</u>	<u>-</u>	<u>52,060</u>	<u>5,404,410</u>
<u>\$ -</u>	<u>\$ 2,839,901</u>	<u>\$ 200,000</u>	<u>\$ 52,060</u>	<u>\$ 6,891,965</u>

**City of Desert Hot Springs**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**June 30, 2008**

	Special Revenue			
	State Homeland Security Grant	Housing and Community Development	Traffic Safety	Source Reduction Recycling
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$
Permits and Fees			24,220	
Intergovernmental	317,892	32,866		
Interest			105	
Miscellaneous				
Total Revenues	317,892	32,866	24,325	-
<b>EXPENDITURES</b>				
Current:				
General Government		8,635	32,515	
Public Safety	230,055			
Public Works				
Economic Development				
Culture and Leisure				
Capital Outlay	87,837	24,232		
Debt Service:				
Principal				
Interest				
Total Expenditures	317,892	32,867	32,515	-
Excess (Deficiency) of Revenues over Expenditures	-	(1)	(8,190)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Issuance				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(1)	(8,190)	-
Fund Balances (Deficit), Beginning of Year		(86,384)	6,675	
Prior Period Adjustment				
Fund Balances (Deficit), End of Year	\$ -	\$ (86,385)	\$ (1,515)	\$ -

Special Revenue				
Special Gas Tax	Municipal Lighting/Landscaping Assessment District	Measure A	Air Quality Control	State Transportation Improvement Grant
\$	\$	\$	\$	\$
	689,114		28,120	
	56,918			
458,473	29,175	386,177		39,909
4,983	9,924	13,395	1,369	
	140			
463,456	785,271	399,572	29,489	39,909
	696,388	61,860	20,327	
343,465				
2,413		29,999		
345,878	696,388	91,859	20,327	-
117,578	88,883	307,713	9,162	39,909
44,260	192,830			
44,260	192,830	-	-	-
161,838	281,713	307,713	9,162	39,909
88,118	197,408	262,136	32,924	(39,909)
\$ 249,956	\$ 479,121	\$ 569,849	\$ 42,086	\$ -

Continued

**City of Desert Hot Springs**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**June 30, 2008**

	Special Revenue			
	Law Enforcement Service	Abandoned Vehicle Replacement	Drainage Assessment District	Dept. of Parks and Recreation Grant
<b>REVENUES</b>				
Taxes	\$	\$	\$ 195,187	\$
Permits and Fees			63,750	
Intergovernmental	100,000	17,309		44,000
Interest	3,990	192	8,777	
Miscellaneous				
Total Revenues	103,990	17,501	267,714	44,000
<b>EXPENDITURES</b>				
Current:				
General Government			89,546	
Public Safety	103,843	10,627		
Public Works				
Economic Development				
Culture and Leisure				
Capital Outlay				
Debt Service:				
Principal				
Interest				
Total Expenditures	103,843	10,627	89,546	-
Excess (Deficiency) of Revenues over Expenditures	147	6,874	178,168	44,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Issuance				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	147	6,874	178,168	44,000
Fund Balances (Deficit), Beginning of Year		8,983	171,958	(44,000)
Prior Period Adjustment				
Fund Balances (Deficit), End of Year	\$ 147	\$ 15,857	\$ 350,126	\$ -

Special Revenue					
Agua Caliente Donations	County Service Area	Cabot's Museum	RDA Help Program	JAG Cadet Program Grant	CMAQ ISTEA
\$	\$	\$	\$	\$	\$
	21,095			13,232	21,920
	185		19,574		
15,000		5,000			2,043
15,000	21,280	5,000	19,574	13,232	23,963
	21,095			13,232	
			56,629		
15,000		26,861			
			28,826		
15,000	21,095	26,861	85,455	13,232	-
-	185	(21,861)	(65,881)	-	23,963
			259,140		
		9,830			
		(131,486)			
-	-	(121,656)	259,140	-	-
-	185	(143,517)	193,259	-	23,963
		(893)	303,480		(23,963)
		144,410			
\$ -	\$ 185	\$ -	\$ 496,739	\$ -	\$ -

Continued

**City of Desert Hot Springs**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**June 30, 2008**

	Special Revenue			
	EDA Grant	Air Quality Grant	OTS Sobriety Grant	Civic and Community Center Grant
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$
Permits and Fees				
Intergovernmental	25,000	19,957	1,776	33,991
Interest				
Miscellaneous				
Total Revenues	25,000	19,957	1,776	33,991
<b>EXPENDITURES</b>				
Current:				
General Government				
Public Safety			1,776	
Public Works				
Economic Development				33,991
Culture and Leisure				
Capital Outlay				
Debt Service:				
Principal				
Interest				
Total Expenditures	-	-	1,776	33,991
Excess (Deficiency) of Revenues over Expenditures	25,000	19,957	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Issuance				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	25,000	19,957	-	-
Fund Balances (Deficit), Beginning of Year	(25,000)	(19,957)		
Prior Period Adjustment				
Fund Balances (Deficit), End of Year	\$ -	\$ -	\$ -	\$ -



Special Revenue					
CA Office of Traffic Safety Grant	Bicycle/ Pedestrian Grant	Indian Gaming Special District Grant	Alcoholic Beverage Control	Regional Access Project	Desert Healthcare District Grant
\$	\$	\$	\$	\$	\$
57,237		2,805	15,138	6,305	1,781
57,237	-	2,805	15,138	6,305	1,781
12,128		2,805		6,305	1,781
35,233					
47,361	-	2,805	-	6,305	1,781
9,876	-	-	15,138	-	-
-	-	-	-	-	-
9,876	-	-	15,138	-	-
(12,412)			(15,138)		
\$ (2,536)	\$ -	\$ -	\$ -	\$ -	\$ -

Continued

**City of Desert Hot Springs**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**June 30, 2008**

	Special Revenue			
	Proposition 1B	Essential Transportation	JAG CSI Grant	OTS Avoid the 30 Grant
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$
Permits and Fees				
Intergovernmental	400,000		15,000	810
Interest				
Miscellaneous				
<b>Total Revenues</b>	<u>400,000</u>	<u>-</u>	<u>15,000</u>	<u>810</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Public Safety			6,728	810
Public Works				
Economic Development				
Culture and Leisure				
Capital Outlay			16,953	
Debt Service:				
Principal				
Interest				
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>23,681</u>	<u>810</u>
Excess (Deficiency) of Revenues over Expenditures	<u>400,000</u>	<u>-</u>	<u>(8,681)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Issuance				
Transfers In			7,500	
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>-</u>
Net Change in Fund Balances	400,000	-	(1,181)	-
Fund Balances (Deficit), Beginning of Year				
Prior Period Adjustment				
Fund Balances (Deficit), End of Year	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ (1,181)</u>	<u>\$ -</u>

Special Revenue	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
Bulletproof Vest Partnership	City Debt Service	Developer Infrastructure Streets	Assessment District 91-1	
\$	\$ 886,318	\$	\$	\$ 1,798,739
				144,888
5,280	175,000		1,370	2,243,498
	12,865		1,935	77,294
				22,183
5,280	1,074,183	-	3,305	4,286,602
				\$ 938,452
5,280				387,284
	179,000			343,465
				269,620
				26,861
				211,667
	130,000			130,000
	613,600			642,426
5,280	922,600	-	-	2,949,775
-	151,583	-	3,305	1,336,827
				259,140
				254,420
				(131,486)
-	-	-	-	382,074
-	151,583	-	3,305	1,718,901
	2,688,318		48,755	3,541,099
				144,410
\$ -	\$ 2,839,901	\$ -	\$ 52,060	\$ 5,404,410

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - State Homeland Security Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 300,000	\$ 317,892	\$ 317,892	\$ -
Total Revenues	300,000	317,892	317,892	-
<b>EXPENDITURES</b>				
Current:				
Public Safety	200,000	230,055	230,055	-
Capital Outlay	100,000	87,837	87,837	-
Total Expenditures	300,000	317,892	317,892	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance (Deficit), Beginning of Year	-	-	-	-
Fund Balance (Deficit), End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Housing and Community Development Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 181,740	\$ 440,844	\$ 32,866	\$ (407,978)
Total Revenues	181,740	440,844	32,866	(407,978)
<b>EXPENDITURES</b>				
Current:				
General Government	14,000	14,000	8,635	5,365
Capital Outlay	167,740	443,345	24,232	419,113
Total Expenditures	181,740	457,345	32,867	424,478
Excess (Deficiency) of Revenues over Expenditures	-	(16,501)	(1)	16,500
Fund Balance (Deficit), Beginning of Year	(86,384)	(86,384)	(86,384)	
Fund Balance (Deficit), End of Year	\$ (86,384)	\$ (102,885)	\$ (86,385)	\$ 16,500

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Traffic Safety Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Permits and Fees	\$ 30,000	\$ 30,000	\$ 24,220	\$ (5,780)
Interest	300	300	105	(195)
Total Revenues	30,300	30,300	24,325	(5,975)
<b>EXPENDITURES</b>				
Current:				
General Government	42,200	42,202	32,515	9,687
Total Expenditures	42,200	42,202	32,515	9,687
Excess (Deficiency) of Revenues over Expenditures	(11,900)	(11,902)	(8,190)	3,712
Fund Balance, Beginning of Year	6,675	6,675	6,675	
Fund Balance, End of Year	<u>\$ (5,225)</u>	<u>\$ (5,227)</u>	<u>\$ (1,515)</u>	<u>\$ 3,712</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Source Reduction Recycling Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 5,850	\$ 10,837	\$	\$ (10,837)
Total Revenues	5,850	10,837	-	(10,837)
<b>EXPENDITURES</b>				
Current:				
General Government	10,830	10,837		10,837
Total Expenditures	10,830	10,837	-	10,837
Excess (Deficiency) of Revenues over Expenditures	(4,980)	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ (4,980)	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Special Gas Tax Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 419,670	\$ 448,845	\$ 458,473	\$ 9,628
Interest	4,400	4,400	4,983	583
Total Revenues	424,070	453,245	463,456	10,211
<b>EXPENDITURES</b>				
Current:				
Public Works	518,806	523,578	343,465	180,113
Capital Outlay		2,420	2,413	7
Total Expenditures	518,806	525,998	345,878	180,120
Excess (Deficiency) of Revenues over Expenditures	(94,736)	(72,753)	117,578	190,331
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	44,260	44,260	44,260	-
Total Other Financing Sources (Uses)	44,260	44,260	44,260	-
Net Change in Fund Balance	(50,476)	(28,493)	161,838	190,331
Fund Balance (Deficit), Beginning of Year	88,118	88,118	88,118	
Fund Balance (Deficit), End of Year	\$ 37,642	\$ 59,625	\$ 249,956	\$ 190,331



**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Municipal Lighting/Landscaping Assessment District**  
**Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 802,560	\$ 805,875	\$ 689,114	\$ (116,761)
Permits and Fees		56,918	56,918	-
Intergovernmental	16,600	45,775	29,175	(16,600)
Interest	17,630	18,040	9,924	(8,116)
Miscellaneous	1,000	1,090	140	(950)
Total Revenues	837,790	927,698	785,271	(142,427)
<b>EXPENDITURES</b>				
Current:				
General Government	967,580	1,031,618	696,388	335,230
Total Expenditures	967,580	1,031,618	696,388	335,230
Excess (Deficiency) of Revenues over Expenditures	(129,790)	(103,920)	88,883	192,803
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	192,830	192,830	192,830	-
Transfers Out	(45,970)	(45,970)		45,970
Total Other Financing Sources (Uses)	146,860	146,860	192,830	45,970
Net Change in Fund Balance	17,070	42,940	281,713	238,773
Fund Balance, Beginning of Year	197,408	197,408	197,408	
Fund Balance (Deficit), End of Year	\$ 214,478	\$ 240,348	\$ 479,121	\$ 238,773

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Measure A Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernment	\$ 447,000	\$ 447,000	\$ 386,177	\$ (60,823)
Interest	7,000	10,225	13,395	3,170
Total Revenues	454,000	457,225	399,572	(57,653)
<b>EXPENDITURES</b>				
Current:				
General Government	265,000	265,000	61,860	203,140
Capital Outlay	354,650	354,650	29,999	324,651
Total Expenditures	619,650	619,650	91,859	527,791
Excess (Deficiency) of Revenues over Expenditures	(165,650)	(162,425)	307,713	470,138
Fund Balance, Beginning of Year	262,136	262,136	262,136	
Fund Balance, End of Year	<u>\$ 96,486</u>	<u>\$ 99,711</u>	<u>\$ 569,849</u>	<u>\$ 470,138</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Air Quality Control Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 22,840	\$ 22,840	\$ 28,120	\$ 5,280
Interest	1,000	1,050	1,369	319
Total Revenues	23,840	23,890	29,489	5,599
<b>EXPENDITURES</b>				
Current:				
General Government	58,250	58,250	20,327	37,923
Total Expenditures	58,250	58,250	20,327	37,923
Excess (Deficiency) of Revenues over Expenditures	(34,410)	(34,360)	9,162	43,522
Fund Balance, Beginning of Year	32,924	32,924	32,924	
Fund Balance, End of Year	\$ (1,486)	\$ (1,436)	\$ 42,086	\$ 43,522

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - State Transportation Improvement Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 194,540	\$ 194,540	\$ 39,909	\$ (154,631)
Total Revenues	194,540	194,540	39,909	(154,631)
<b>EXPENDITURES</b>				
Capital Outlay	194,540	194,540		194,540
Total Expenditures	194,540	194,540	-	194,540
Excess (Deficiency) of Revenues over Expenditures	-	-	39,909	39,909
Fund Balance (Deficit), Beginning of Year	(39,909)	(39,909)	(39,909)	
Fund Balance (Deficit), End of Year	\$ (39,909)	\$ (39,909)	\$ -	\$ 39,909

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Law Enforcement Service Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Interest	2,000	3,843	3,990	147
Total Revenues	102,000	103,843	103,990	147
<b>EXPENDITURES</b>				
Current:				
Public Safety	102,000	103,843	103,843	-
Total Expenditures	102,000	103,843	103,843	-
Excess (Deficiency) of Revenues over Expenditures	-	-	147	147
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 147	\$ 147

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Abandoned Vehicle Replacement Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 13,520	\$ 13,520	\$ 17,309	\$ 3,789
Investment Earnings		170	192	22
Total Revenues	13,520	13,690	17,501	3,811
<b>EXPENDITURES</b>				
Current:				
Public Safety	13,520	13,520	10,627	2,893
Total Expenditures	13,520	13,520	10,627	2,893
Excess (Deficiency) of Revenues over Expenditures	-	170	6,874	6,704
Fund Balance, Beginning of Year	8,983	8,983	8,983	
Fund Balance, End of Year	<u>\$ 8,983</u>	<u>\$ 9,153</u>	<u>\$ 15,857</u>	<u>\$ 6,704</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Drainage Assessment District Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 363,170	\$ 363,170	\$ 195,187	\$ (167,983)
Permits and Fees		63,750	63,750	-
Interest	13,560	14,520	8,777	(5,743)
Total Revenues	376,730	441,440	267,714	(173,726)
<b>EXPENDITURES</b>				
Current:				
General Government	363,170	385,670	89,546	296,124
Total Expenditures	363,170	385,670	89,546	296,124
Excess (Deficiency) of Revenues over Expenditures	13,560	55,770	178,168	122,398
Fund Balances, Beginning of Year	171,958	171,958	171,958	-
Fund Balances, End of Year	<u>\$ 185,518</u>	<u>\$ 227,728</u>	<u>\$ 350,126</u>	<u>\$ 122,398</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Department of Parks and Recreation Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 44,000	\$ 44,000	\$ -
Total Revenues	-	44,000	44,000	-
<b>EXPENDITURES</b>				
Capital Outlay				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	44,000	44,000	-
Fund Balance (Deficit), Beginning of Year	(44,000)	(44,000)	(44,000)	
Fund Balance (Deficit), End of Year	\$ (44,000)	\$ -	\$ -	\$ -



**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Agua Caliente Donations Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total Revenues	15,000	15,000	15,000	-
<b>EXPENDITURES</b>				
Capital Outlay	15,000	15,000	15,000	-
Total Expenditures	15,000	15,000	15,000	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - County Service Area Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 22,620	\$ 22,620	\$ 21,095	\$ (1,525)
Interest		186	185	(1)
Total Revenues	<u>22,620</u>	<u>22,806</u>	<u>21,280</u>	<u>(1,526)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	<u>22,620</u>	<u>22,620</u>	<u>21,095</u>	<u>1,525</u>
Total Expenditures	<u>22,620</u>	<u>22,620</u>	<u>21,095</u>	<u>1,525</u>
Excess (Deficiency) of Revenues over Expenditures	-	186	185	(1)
Fund Balance (Deficit), Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balance (Deficit), End of Year	<u>\$ -</u>	<u>\$ 186</u>	<u>\$ 185</u>	<u>\$ (1)</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Cabot's Museum Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Miscellaneous	\$	\$ 5,000	\$ 5,000	\$ -
Total Revenues	-	5,000	5,000	-
<b>EXPENDITURES</b>				
Current:				
Culture and Leisure	9,830	33,480	26,861	6,619
Total Expenditures	9,830	33,480	26,861	6,619
Excess (Deficiency) of Revenues over Expenditures	(9,830)	(28,480)	(21,861)	6,619
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	9,830	9,830	9,830	-
Transfers Out		(125,000)	(131,486)	(6,486)
Total Other Financing Sources (Uses)	9,830	(115,170)	(121,656)	(6,486)
Net Change in Fund Balances	-	(143,650)	(143,517)	133
Fund Balance (Deficit), Beginning of Year	(893)	(893)	(893)	
Prior Period Adjustment			144,410	144,410
Fund Balance (Deficit), End of Year	\$ (893)	\$ (144,543)	\$ -	\$ 144,543

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - RDA Help Program Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Interest	\$	\$ 16,160	\$ 19,574	\$ 3,414
Miscellaneous				-
Total Revenues	-	16,160	19,574	3,414
<b>EXPENDITURES</b>				
Current:				
Economic Development		410	56,629	(56,219)
Debt Service:				
Interest & Fiscal Charges		28,830	28,826	4
Total Expenditures	-	29,240	85,455	(56,215)
Excess (Deficiency) of Revenues over Expenditures	-	(13,080)	(65,881)	(52,801)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Issuance	259,140	259,140	259,140	-
Total Other Financing Sources (Uses)	259,140	259,140	259,140	-
Net Change in Fund Balances	259,140	246,060	193,259	(52,801)
Fund Balance, Beginning of Year	303,480	303,480	303,480	
Fund Balance, End of Year	<u>\$ 562,620</u>	<u>\$ 549,540</u>	<u>\$ 496,739</u>	<u>\$ (105,602)</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - JAG Cadet Program Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 17,560	\$ 17,560	\$ 13,232	\$ (4,328)
Total Revenues	17,560	17,560	13,232	(4,328)
<b>EXPENDITURES</b>				
Current:				
Public Safety	17,560	17,557	13,232	4,325
Total Expenditures	17,560	17,557	13,232	4,325
Excess (Deficiency) of Revenues over Expenditures	-	3	-	(3)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ 3	\$ -	\$ (3)

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - CMAQ ISTE A Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 22,000	\$ 21,920	\$ (80)
Miscellaneous			2,043	2,043
Total Revenues	-	22,000	23,963	1,963
<b>EXPENDITURES</b>				
Current:				
Public Works				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	22,000	23,963	1,963
Fund Balance (Deficit), Beginning of Year	(23,963)	(23,963)	(23,963)	
Fund Balance (Deficit), End of Year	\$ (23,963)	\$ (1,963)	\$ -	\$ 1,963

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - EDA Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 25,000	\$ 25,000	\$ -
Total Revenues	-	25,000	25,000	-
<b>EXPENDITURES</b>				
Current:				
Economic Development				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	25,000	25,000	-
Fund Balance (Deficit), Beginning of Year	(25,000)	(25,000)	(25,000)	
Fund Balance (Deficit), End of Year	\$ (25,000)	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Air Quality Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$	\$ 20,000	\$ 19,957	\$ (43)
Total Revenues	-	20,000	19,957	(43)
<b>EXPENDITURES</b>				
Current:				
Public Works				-
Capital Outlay				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	20,000	19,957	(43)
Fund Balance (Deficit), Beginning of Year	(19,957)	(19,957)	(19,957)	
Fund Balance (Deficit), End of Year	\$ (19,957)	\$ 43	\$ -	\$ (43)



**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - OTS Sobriety Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$	\$ 12,648	\$ 1,776	\$ (10,872)
Total Revenues	-	12,648	1,776	(10,872)
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	12,648	1,776	10,872
Total Expenditures	-	12,648	1,776	10,872
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Civic and Community Center Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 92,710	\$ 340,710	\$ 33,991	\$ (306,719)
Total Revenues	92,710	340,710	33,991	(306,719)
<b>EXPENDITURES</b>				
Current:				
Economic Development	92,710	142,310	33,991	108,319
Capital Outlay		198,400		198,400
Total Expenditures	92,710	340,710	33,991	306,719
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - California Office of Traffic Safety Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 50,730	\$ 47,365	\$ 57,237	\$ 9,872
Total Revenues	50,730	47,365	57,237	9,872
<b>EXPENDITURES</b>				
Current:				
Public Safety	18,230	14,730	12,128	2,602
Capital Outlay	32,500	40,000	35,233	4,767
Total Expenditures	50,730	54,730	47,361	7,369
Excess (Deficiency) of Revenues over Expenditures	-	(7,365)	9,876	17,241
Fund Balance (Deficit), Beginning of Year	(12,412)	(12,412)	(12,412)	
Fund Balance (Deficit), End of Year	\$ (12,412)	\$ (19,777)	\$ (2,536)	\$ 17,241

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Bicycle/Pedestrian Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 57,420	\$ 57,420	\$	\$ (57,420)
Total Revenues	57,420	57,420	-	(57,420)
<b>EXPENDITURES</b>				
Capital Outlay	57,420	57,420		57,420
Total Expenditures	57,420	57,420	-	57,420
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Indian Gaming Special District Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 2,805	\$ 2,805	\$ -
Total Revenues	-	2,805	2,805	-
<b>EXPENDITURES</b>				
Current:				
Public Safety		2,805	2,805	-
Total Expenditures	-	2,805	2,805	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Alcoholic Beverage Control Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 15,200	\$ 15,138	\$ (62)
Total Revenues	-	15,200	15,138	(62)
<b>EXPENDITURES</b>				
Current:				
Public Safety				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	15,200	15,138	(62)
Fund Balance (Deficit), Beginning of Year	(15,138)	(15,138)	(15,138)	
Fund Balance (Deficit), End of Year	\$ (15,138)	\$ 62	\$ -	\$ (62)

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Regional Access Project Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 12,193	\$ 6,305	\$ (5,888)
Total Revenues	-	12,193	6,305	(5,888)
<b>EXPENDITURES</b>				
Current:				
General Government		12,193	6,305	5,888
Total Expenditures	-	12,193	6,305	5,888
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Desert Healthcare District Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$	\$ 43,258	\$ 1,781	\$ (41,477)
Total Revenues	-	43,258	1,781	(41,477)
<b>EXPENDITURES</b>				
Current:				
General Government		43,258	1,781	41,477
Total Expenditures	-	43,258	1,781	41,477
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -



**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Proposition 1B Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 400,000	\$ 400,000	\$ -
Total Revenues	-	400,000	400,000	-
<b>EXPENDITURES</b>				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	400,000	400,000	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ 400,000	\$ 400,000	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Essential Transportation Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 1,360,000	\$ 1,360,000	\$	\$(1,360,000)
Total Revenues	1,360,000	1,360,000	-	(1,360,000)
<b>EXPENDITURES</b>				
Capital Outlay	1,360,000	1,360,000		1,360,000
Total Expenditures	1,360,000	1,360,000	-	1,360,000
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - JAG CSI Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 17,174	\$ 15,000	\$ (2,174)
Total Revenues	-	17,174	15,000	(2,174)
<b>EXPENDITURES</b>				
Current:				
Public Safety		7,000	6,728	272
Capital Outlay		17,674	16,953	721
Total Expenditures	-	24,674	23,681	993
Excess (Deficiency) of Revenues over Expenditures	-	(7,500)	(8,681)	(1,181)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	7,500	7,500	-
Total Other Financing Sources (Uses)	-	7,500	7,500	-
Net Change in Fund Balances	-	-	(1,181)	(1,181)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ (1,181)	\$ (1,181)

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - OTS Avoid the 30 Grant Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$	\$ 5,000	\$ 810	\$ (4,190)
Total Revenues	-	5,000	810	(4,190)
<b>EXPENDITURES</b>				
Current:				
Public Safety		5,000	810	4,190
Total Expenditures	-	5,000	810	4,190
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Bulletproof Vest Partnership Special Revenue Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 15,221	\$ 15,221	\$ 5,280	\$ (9,941)
Total Revenues	15,221	15,221	5,280	(9,941)
<b>EXPENDITURES</b>				
Current:				
Public Safety	15,221	15,221	5,280	9,941
Total Expenditures	15,221	15,221	5,280	9,941
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - City Debt Service Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 911,000	\$ 911,000	\$ 886,318	\$ (24,682)
Intergovernmental		175,000	175,000	-
Investment Earnings		12,000	12,865	865
Total Revenues	911,000	1,098,000	1,074,183	(23,817)
<b>EXPENDITURES</b>				
Current:				
Economic Development	4,910	179,910	179,000	910
Debt Service:				
Principal	130,000	130,000	130,000	-
Interest and Fiscal Charges	613,600	613,600	613,600	-
Total Expenditures	748,510	923,510	922,600	910
Excess (Deficiency) of Revenues over Expenditures	162,490	174,490	151,583	(22,907)
Fund Balance, Beginning of Year	2,688,318	2,688,318	2,688,318	
Fund Balance, End of Year	\$ 2,850,808	\$ 2,862,808	\$ 2,839,901	\$ (22,907)

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Developer Infrastructure Street Capital Projects Fund**  
**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Developer Contributions	\$ 205,000	\$ 205,000	\$	\$ (205,000)
Total Revenues	205,000	205,000	-	(205,000)
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	205,000	205,000		205,000
Total Expenditures	205,000	205,000	-	205,000
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

**City of Desert Hot Springs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Assessment District 91-1 Capital Project Fund**  
**Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$	\$ 1,260	\$ 1,370	\$ 110
Interest		1,560	1,935	375
Total Revenues	-	2,820	3,305	485
<b>EXPENDITURES</b>				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	2,820	3,305	485
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	2,820	3,305	485
Fund Balance, Beginning of Year	48,755	48,755	48,755	
Fund Balance, End of Year	\$ 48,755	\$ 51,575	\$ 52,060	\$ 485



## **City of Desert Hot Springs Agency Funds**

**Community Services** - The Community Services Fund accounts for donations received for various community programs. The monies are held in a bank account until used for the designated purpose.

**Assessment District 91-1 - Two Bunch Palms Trail** - The Assessment District 91-1 Debt Service Fund accounts for payments of principal and interest for Assessment District 91-1 municipal bonds.

**Assessment District 92-1** - The Assessment District 92-1 Debt Service Fund accounts for payments of principal and interest for Assessment District municipal bonds.

**Assessment District 93-2** - The Assessment District 93-2 Debt Service Fund accounts for payments of principal and interest for Assessment District municipal bonds.

**Community Facilities District 2006-1** - The Community Facilities District 2006-1 Debt Service Fund accounts for payments of principal and interest for Community Facilities District municipal bonds.

**T.U.M.F. Fund** - The T.U.M.F. (Transportation Uniform Mitigation Fees) Fund accounts for street improvements funded through development impact fees. Funding is received based upon the City's need for street improvements. Expenditures are restricted to those cities in the Coachella Valley with arterial streets.

**City of Desert Hot Springs**  
**Combining Statement of Net Assets**  
**Agency Funds**  
**June 30, 2008**

	Community Services	Assessment District 91-1	Assessment District 92-1	Assessment District 93-2	Community Facilities District 2006-1
<b>ASSETS</b>					
Cash and Investments	\$ 66,224	\$ 65,787	\$ 31,770	\$ 61,812	\$ 211,140
Cash with Fiscal Agent		30,873	9,505	76,948	
Accounts Receivable	316	4,200	34,085	18,408	2,379
Loan Receivable			177,965	45,171	
Total Assets	<u>\$ 66,540</u>	<u>\$ 100,860</u>	<u>\$ 253,325</u>	<u>\$ 202,339</u>	<u>\$ 213,519</u>
<b>LIABILITIES</b>					
Accounts Payable	\$	\$	\$	\$	\$ 2,000
Accrued Liabilities	4,404				
Deposits Payable	62,136				42,833
Due to Bondholders		100,860	253,325	202,339	168,686
Total Liabilities	<u>\$ 66,540</u>	<u>\$ 100,860</u>	<u>\$ 253,325</u>	<u>\$ 202,339</u>	<u>\$ 213,519</u>

<u>T.U.M.F.</u>	<u>Total Agency Funds</u>
\$ 3,539	\$ 440,272
	117,326
	59,388
	<u>223,136</u>
<u>\$ 3,539</u>	<u>\$ 840,122</u>
\$ 3,539	\$ 5,539
	4,404
	104,969
	<u>725,210</u>
<u>\$ 3,539</u>	<u>\$ 840,122</u>

**City of Desert Hot Springs**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2008**

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b><u>COMMUNITY SERVICES</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 67,557	\$	\$ 1,333	\$ 66,224
Accounts Receivable	207	316	207	316
Total Assets	<u>\$ 67,764</u>	<u>\$ 316</u>	<u>\$ 1,540</u>	<u>\$ 66,540</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 137	\$	\$ 137	\$ -
Accrued Liabilities	4,404			4,404
Deposits Payable	63,223		1,087	62,136
Total Liabilities	<u>\$ 67,764</u>	<u>\$ -</u>	<u>\$ 1,224</u>	<u>\$ 66,540</u>
<b><u>ASSESSMENT DISTRICT 91-1</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 52,338	\$ 13,449	\$	\$ 65,787
Cash with Fiscal Agent	31,237		364	30,873
Accounts Receivables	8,741		4,541	4,200
Total Assets	<u>\$ 92,316</u>	<u>\$ 13,449</u>	<u>\$ 4,905</u>	<u>\$ 100,860</u>
<b>LIABILITIES</b>				
Due to Bondholders	\$ 92,316	\$ 8,544		\$ 100,860
Total Liabilities	<u>\$ 92,316</u>	<u>\$ 8,544</u>	<u>\$ -</u>	<u>\$ 100,860</u>
<b><u>ASSESSMENT DISTRICT 92-1</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 58,898	\$	\$ 27,128	\$ 31,770
Cash with Fiscal Agent	9,105	400		9,505
Accounts Receivables	33,283	34,085	33,283	34,085
Loans Receivable	177,965			177,965
Total Assets	<u>\$ 279,251</u>	<u>\$ 34,485</u>	<u>\$ 60,411</u>	<u>\$ 253,325</u>
<b>LIABILITIES</b>				
Due to Bondholders	\$ 279,251	\$	\$ 25,926	\$ 253,325
Total Liabilities	<u>\$ 279,251</u>	<u>\$ -</u>	<u>\$ 25,926</u>	<u>\$ 253,325</u>

**City of Desert Hot Springs**  
**Combining Statement of Changes in Assets and Liabilities - Continued**  
**Agency Funds**  
**Year Ended June 30, 2008**

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b><u>ASSESSMENT DISTRICT 93-2</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 62,704	\$	\$ 892	\$ 61,812
Cash with Fiscal Agent	78,050		1,102	76,948
Accounts Receivables	15,828	2,580		18,408
Loans Receivable	45,171			45,171
Total Assets	<u>\$ 201,753</u>	<u>\$ 2,580</u>	<u>\$ 1,994</u>	<u>\$ 202,339</u>
<b>LIABILITIES</b>				
Due to Bondholders	\$ 201,753	\$ 586		\$ 202,339
Total Liabilities	<u>\$ 201,753</u>	<u>\$ 586</u>	<u>\$ -</u>	<u>\$ 202,339</u>
<b><u>COMMUNITY FACILITIES DISTRICT 2006-1</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$	\$ 211,140	\$	\$ 211,140
Accounts Receivables		2,379		2,379
Total Assets	<u>\$ -</u>	<u>\$ 213,519</u>	<u>\$ -</u>	<u>\$ 213,519</u>
<b>LIABILITIES</b>				
Accounts Payable	\$	\$ 2,000	\$	\$ 2,000
Deposits Payable		42,833		42,833
Due to Bondholders		168,686		168,686
Total Liabilities	<u>\$ -</u>	<u>\$ 213,519</u>	<u>\$ -</u>	<u>\$ 213,519</u>

**City of Desert Hot Springs**  
**Combining Statement of Changes in Assets and Liabilities - Continued**  
**Agency Funds**  
**Year Ended June 30, 2008**

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
<b><u>T.U.M.F.</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$	3,539	\$	\$ 3,539
Total Assets	\$ -	\$ 3,539	\$ -	\$ 3,539
<b>LIABILITIES</b>				
Accounts Payable	\$	3,539	\$	\$ 3,539
Total Liabilities	\$ -	\$ 3,539	\$ -	\$ 3,539
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Investments	\$ 241,497	\$ 228,128	\$ 29,353	\$ 440,272
Cash with Fiscal Agent	118,392	400	1,466	117,326
Accounts Receivables	58,059	39,360	38,031	59,388
Loans Receivable	223,136			223,136
Total Assets	\$ 641,084	\$ 267,888	\$ 68,850	\$ 840,122
<b>LIABILITIES</b>				
Accounts Payable	\$ 137	\$ 5,539	\$ 137	\$ 5,539
Accrued Liabilities	4,404			4,404
Deposits Payable	63,223	42,833	1,087	104,969
Due to Bondholders	573,320	177,816	25,926	725,210
Total Liabilities	\$ 641,084	\$ 226,188	\$ 27,150	\$ 840,122