

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM
Participant Application

Section I: Government Information:

Participants in the Certificate of Achievement Program may submit their Comprehensive Annual Financial Report (CAFR) using one of several formats. Accordingly, please indicate the format¹ used for this submission of the CAFR:

- Website
- PDF
- CD
- Hardcopy

Regardless of the format, submissions should be sent (postmarked or e-mailed) to GFOA within six months of the government's fiscal year end (or if that date falls on a weekend or holiday the next business day). If the government is unable to complete its CAFR within this deadline, an extension request can be sent to cafrprogram@gfoa.org

If you have questions either e-mail cafrprogram@gfoa.org or call the Technical Services Center at (312) 977-9700.

1. Name of Government City of Rancho Mirage
(as it appears on the report cover and will appear on the Certificate of Achievement plaque, if awarded)
2. Fiscal year Ended (month, day, year) June 30, 2011
3. Is the government a previous participant in the Certificate of Achievement Program? Yes No
If yes, what was the most recent fiscal year? 2010
4. Official Requesting Review (receives notification of results, detailed comments and suggestions for improvement, the Award for Financial Reporting Achievement (AFRA), a press release, information regarding presentation by a GFOA State Representative and the Certificate of Achievement plaque, which should arrive approximately 6 weeks after the notification of results if the government is awarded the certificate).

Name: Mr. Ms Scott Morgan
 Title: Director of Administrative Services
 Street Address (required): 69825 HWY 111
 P.O. Box (if applicable): _____ E-mail: (required) scottm@RanchoMirageCA.gov
 City: Rancho Mirage State: CA Zip Code: 92270
 Phone: (760) 324-4511 x 228 Fax: (760) 324-8830

5. If the government is awarded a Certificate of Achievement for Excellence in Financial Reporting, the Award of Financial Reporting Achievement (AFRA) will be prepared for the individual or department noted below as being primarily responsible for the government's success in earning the certificate.

Individual's or Department's Name: Department of Administrative Services, Finance Division
 Individual's Title: _____

6. If the submission qualifies for the Certificate of Achievement for Excellence in Financial Reporting, whom (mayor, board chair, etc.) should GFOA send a formal announcement of the award and a related press release.

Name: The Honorable G. Dana Hobart
 Title: Mayor
 Street Address (required): 69825 HWY 111
 P.O. Box (if applicable): _____ E-mail: danah@RanchoMirageCA.gov
 City: Rancho Mirage State: CA Zip Code: 92270

Section II: Audit Information:

Agency or Firm Name: Vavrinek, Trine & Day
 Contact name (optional): _____
 Street Address: 8270 Aspen Street
 Phone: (909) 466-4410 E-mail: (required) ralfaro@vtdcpa.com
 City: Rancho Cucamonga State: CA Zip Code: 91730

For GFOA Office Use Only:		
Date: _____	Check #: _____	Amount: _____

¹ Please follow the submission instructions from Section III on page 2 for your chosen format.

Section III: Submission Instructions:

Website/PDF: Provide the hyperlink to the CAFR in the space below, if applicable. If the format is a PDF file, e-mail it, the completed application and responses to prior year comments (if the CAFR was submitted to the program in the immediate prior year) to cafrprogram@gfoa.org. If payment will be made by check, rather than credit card, include a hardcopy of at least the second page of the application to allow for the proper posting of the payment. Finally, if a separate report is issued to demonstrate compliance at the legal level of budgetary control, include in the e-mail either the report's hyperlink or attach the electronic file. If it is not possible to provide the separate budgetary compliance report electronically mail a hard copy to the address below with any other items that are sent by hardcopy.

http://www. _____

CD: Mail 3 CDs, each with an electronic file of the CAFR, the completed application, and the responses to prior year comments (if the CAFR was submitted to the program in the immediate prior year). Also, include payment and, if applicable, a copy of the separate report that is issued to demonstrate compliance at the legal level of budgetary control.

Hardcopy: Mail 3 copies of the CAFR, 3 copies of the application, 3 copies of responses to prior year comments (if the CAFR was submitted to the program in the immediate prior year), payment, and if applicable, a copy of the separate report that is issued to demonstrate compliance at the legal level of budgetary control.

Mailing address: Government Finance Officers Association
 Certificate of Achievement Program
 203 North LaSalle Street, Suite 2700
 Chicago, IL 60601

Section IV: Fee Calculation:

Please add the amounts from the following financial statements, if applicable:

- **Total revenues** from the governmental funds Statement of revenues, expenditures and changes in fund balances (exclude other financing sources) \$ 68,804,106
 - **Total expenses (include both operating and nonoperating expenses)** from the proprietary funds (the total for both enterprise and internal service funds) Statement of revenues, expenses and changes in net assets/fund equity \$ _____
 - **Total additions** for pension (and other employee benefit), investment, and private-purpose trust funds (do not include any amounts for agency funds) from the fiduciary funds Statement of changes in fiduciary net assets (if total additions are negative, use the total amount of contributions from all sources) \$ _____
 - **Program revenues** of only discretely presented component units from the government-wide Statement of Activities (do not include any information for the primary government) \$ _____
 - If applicable, **total revenues** reported for discretely presented component units and not-for-profit organizations reported on a separate operating statement(s) or statement(s) of activity \$ _____
- TOTAL** \$ 68,804,106

If you have not already paid for this review, please include a check payable to the GFOA with this application form or provide the following information if you wish to pay by credit card:

Credit card type: _____ Account number: _____ Expiration date (mandatory): _____

Signature (mandatory): _____

Use the following schedule to determine the appropriate fee based on the TOTAL calculated above. Member rates apply if a government joins GFOA at the time of their submission (in this case indicate below that the government is a GFOA member).

<u>TOTAL</u>	<u>GFOA Member</u>	<u>Nonmember</u>
Under \$1 million	\$290	\$580
\$1-10 million	\$370	\$740
\$10-50 million	\$435	\$870
\$50-100 million	\$505	\$1,010
\$100-250 million	\$580	\$1,160
\$250-500 million	\$725	\$1,450
\$500-750 million	\$865	\$1,730
\$750 million - \$1 billion	\$1,015	\$2,030
Over \$1 billion	\$1,095	\$2,190

GFOA Member? Yes No If yes, please provide the exact name of the government as it is used for membership purposes: City of Rancho Mirage

What is your government's GFOA membership number (please note that this is not your state GFOA membership number)? 185256001

 YEAR ENDED JUNE 30, 2011 

COMPREHENSIVE ANNUAL FINANCIAL REPORT



SUSTAINABILITY

We all have to think globally and act locally.



CITY OF RANCHO MIRAGE
CALIFORNIA

CITY OF RANCHO MIRAGE, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

prepared by:

**THE DEPARTMENT OF
ADMINISTRATIVE SERVICES
FINANCE DIVISION**

Scott Morgan, Director of Administrative Services

Virginia Ortega, Interim Accounting Manager



YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



INTRODUCTORY SECTION

*Table of Contents, Letter of Transmittal, Organization Chart, Directory of
Officials, Certificates of Awards and Achievements*



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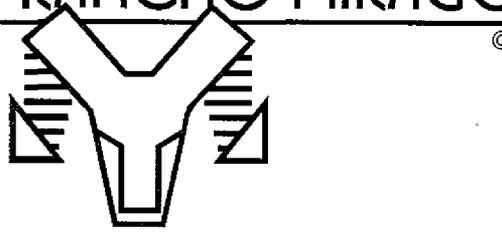
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CITY OF RANCHO MIRAGE



February 29, 2012

Citizens of the City of Rancho Mirage,
Honorable Mayor and Members of the City Council

It is with great pleasure that I present to you the Comprehensive Annual Financial Report (CAFR) of the City of Rancho Mirage for the fiscal year ended June 30, 2011. This document provides an overview of the City's financial activities during the past fiscal year. It has been prepared by the Finance Division of the Department of Administrative Services for the benefit of City Council members, citizens, investors, grantors, employees and others who may have an interest in the financial well-being of the City.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Rancho Mirage. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various Funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Vavrinek, Trine, Day & Co., Certified Public Accountants, has issued an unqualified ("clean") opinion on the City of Rancho Mirage's financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY

The City of Rancho Mirage, located in eastern Riverside County in Southern California, was incorporated on August 3, 1973 and became a Charter City on December 25, 1997 as a result of a citywide election. According to official State estimates, the City has a permanent population of 17,008 within a boundary of approximately 25 square miles. The City sits at the base of the beautiful Santa Rosa Mountains and is an integral part of the larger, world-renowned resort and retirement area known as the Palm Springs Valley.

The City operates under the Council-Manager form of government. The five City Council members are elected to four-year terms in alternate slates every two years. Specifically, an election for three City Council members was held in April 2010 and the next election was scheduled to occur in April 2012. However, only the three incumbents filed the necessary paperwork to run for election; thus, eliminating the need for an election. The Mayor is appointed by the City Council for a one-year period on a rotating basis. Pursuant to the Municipal Code, the City Council member with the longest continuous service on the City Council without having served as Mayor shall be appointed Mayor. The Mayor presides over City Council meetings and represents the City at many public functions. The City Council also serves as the

ADMINISTRATION
Tel. 1.760.324.4511
Fax. 1.760.324.8830

COMMUNITY DEVELOPMENT
Tel. 1.760.328.2266
Fax. 1.760.324.9851

FINANCE
Tel. 1.760.770.3207
Fax. 1.760.324.0528

HOUSING AUTHORITY
Tel. 1.760.770.3210
Fax. 1.760.341.6793

PUBLIC LIBRARY
Tel. 1.760.341.7323
Fax. 1.760.341.5213

PUBLIC WORKS
Tel. 1.760.770.3224
Fax. 1.760.770.3261

69-825 HIGHWAY 111 / RANCHO MIRAGE, CA 92270

www.RanchoMirageCA.gov

www.RelaxRanchoMirage.com



Board of Directors of the Redevelopment Agency, Housing Authority, Community Services District and the Joint Powers Financing Authority component units as well as the Library. The City Council appoints the City Manager who heads the executive branch of the government, implements policies as directed and established by the City Council and manages the administrative and operational functions through the department directors. The City Manager appoints the department directors with the exception of the City Clerk and the City Attorney who are both appointed by the City Council. The City Manager also serves as the City Treasurer and the Executive Director of the Redevelopment Agency and Housing Authority.

The City of Rancho Mirage provides a full range of services, including police and fire protection, affordable housing programs, a highly-regarded public library, the construction and maintenance of streets and other infrastructure as well as recreational and cultural activities.

The City's annual operating and capital improvements budgets are adopted by resolutions for the fiscal year that begin July 1st. Separate resolutions are adopted by the City Council and the Boards of Directors of the Library, Redevelopment Agency, Community Services District, Joint Powers Financing Authority and the Housing Authority for the specific Funds under their supervision.

The budget document is categorized according to the City of Rancho Mirage's major entities - the City, the Redevelopment Agency and the Housing Authority. They are further subdivided into organizational units referred to as departments/divisions, programs or funds. Expenditures for General Fund Divisions cannot exceed amounts budgeted within the objects of salaries and benefits, operations and maintenance and capital such as furniture and equipment. For other Funds, expenditures cannot exceed the total amount budgeted by each Fund. The City Manager is authorized to transfer appropriations within an object of a General Fund Division and within total fund appropriations for other Funds. The City Council/Boards of Directors approve all other changes.

ECONOMIC CONDITIONS AND OUTLOOK

Rancho Mirage, like every other municipality in the State and in the nation, has been adversely affected by the weak national economy. While there is no doubt that the uncertain economy has and will continue to affect Rancho Mirage, we are weathering the situation better than most due to our historic commitment to fiscal responsibility and the City Council's vision to attract new revenue generating businesses while maintaining the City's well known reputation for high quality residential neighborhoods. Rancho Mirage has and will continue to have an international reputation as a destination resort and medical and research center and will continue to be recognized for its ambience and the unique lifestyle it provides and where its residents enjoy a variety of cultural and recreational opportunities.

Any discussion of Rancho Mirage finances must include an acknowledgment that Rancho Mirage is considered to be a "no-property-tax" City. The City did not have a separate property tax rate prior to the voter enactment of Proposition 13 in 1978 and is, therefore, prohibited from imposing one without a vote of the citizens. Thus, additional property tax revenue generated by development projects within the City, but not within the boundaries of the Rancho Mirage Redevelopment Agency, is not remitted to the City's General Fund. Instead, it is remitted to other taxing agencies such as Riverside County, school districts and other special districts. The only exception to this relates to land annexed to the City after June 30, 1980. In this instance, the City's General Fund receives 25% of the County's 30% share or 7.5% of the property taxes paid by those specific property owners. As a result, the City's General Fund only received approximately \$1.5 million or 7.1% of its operating revenue from property tax.

The Rancho Mirage Redevelopment Agency encompasses close to 62% of the total acreage of the City. Additional property tax revenue resulting from increased assessed valuation within the boundaries of the Redevelopment Agency is remitted to the Redevelopment Agency and is known as tax increment revenue. After meeting requirements for pass-through payments to other taxing agencies, the 20% set-aside for low and moderate income housing, debt service payments and administrative fees, the balance of tax increment revenue is transferred to the Whitewater and Northside Capital Project Funds for both capital and operating purposes.

While the residential base is the single greatest asset of the community, the prestigious image of Rancho Mirage has also been enhanced by major nonresidential uses including three resort hotels - Rancho Las Palmas Resort and Spa, the Westin Mission Hills and Agua Caliente Casino•Resort•Spa - Eisenhower Medical Center, the Betty Ford Center and *The River at Rancho Mirage* entertainment and retail center. These facilities are considered to be of the highest quality level with some receiving both national as well as international recognition. These uses, in conjunction with the strong residential base, have allowed Rancho Mirage to become a prominent community within the Palm Springs Valley.

Rancho Mirage was one of the first communities in the Palm Springs Valley to capitalize on the demand for high quality residential/resort housing units in the Valley. As such, the City has traditionally had the unique advantage of widespread name recognition as one of the most affluent residential communities in the Valley. Within the context of continued growth within the Coachella Valley, the vast amount of vacant available land creates competition throughout the Valley for desirable new development types. Like the rest of the nation, Rancho Mirage has been affected by the weak economy. In spite of this unprecedented downturn, building permits issued in Rancho Mirage in calendar year 2010 amounted to approximately \$34.1 million in permit valuations. This is a significant decline from approximately \$54.6 million in calendar year 2009 that is the direct result of the national economy.

Hotels, Sales Tax, Investments – The Big Three

Together, the transient occupancy tax, sales tax and interest revenue (approximately \$9.9 million) made up approximately 45% of the General Fund operating revenue in FY 2010-11 compared to 44% (approximately \$9.7 million) in FY 2009-10. Economic conditions that affect these City revenues are those factors that influence tourism, residential growth, consumer spending and investment returns. As previously noted, the current nationwide economic slump has had a negative impact on these three major revenue sources during the last three fiscal years.

Regarding transient occupancy tax, the three hotels in the City of Rancho Mirage noted above are considered to be first-class, destination resorts. Rancho Mirage has firmly established itself in a competitive position within the Palm Springs Valley with enhanced recognition by leisure and group resort travelers throughout the world. This position will be further strengthened once the renovation of the Ritz-Carlton Hotel is completed. It is anticipated that the Hotel will reopen in FY 2012-13. The project includes a complete renovation of the existing 244-room resort and construction of 18 spa suites plus future construction of 54 T-wing units, 57 hotel villas, and 25 tennis villas once the housing market recovers. This newly renovated resort along with the Rancho Las Palmas Resort and Spa, the Westin Mission Hills Resort and Spa and the new (April 2008) Agua Caliente Casino•Resort•Spa will keep Rancho Mirage firmly established in a competitive position within the Palm Springs Valley for recognition by leisure and group resort travelers throughout the world.

Transient occupancy receipts during FY 2010-11 were approximately \$4.3 million – 19.7% of General Fund operating revenue (approximately \$21.8 million), an increase of approximately \$410,000 compared to FY 2009-10's total of approximately \$3.9 million despite the weak economy. We believe this increase is the result of the City's coordinated tourism and marketing program developed after extensive consultation with appropriate stakeholders including hotel, business, community, and City Council representatives together with the City's membership in the Palm Springs Desert Resort Communities Convention and Visitors Authority.

General Fund sales tax revenue totaled approximately \$4.1 million during FY 2010-11 – 18.7% of General Fund operating revenue. This is an increase of approximately \$300,000 compared to FY 2009-10. As with transient occupancy tax, Rancho Mirage is also in a better situation than other cities in the Palm Springs Valley due to our varied retail businesses and our location in the Valley.

The Highway 111 corridor through Rancho Mirage is a 4½-mile-long major thoroughfare, with daily traffic exceeding 65,000 vehicles. It is recognized as the circulation and commercial axis of the Palm Springs Valley. The focus of the eastern-most portion of Highway 111 within Rancho Mirage is largely retail, restaurants and professional offices. In this area is *The River at Rancho Mirage*, the cornerstone of the City's revitalization of Highway 111. The 30-acre waterfront development offers an upscale shopping and entertainment experience in an environment that features a river, fountains and waterfalls. People from all corners of the Palm Springs Valley, Southern California and beyond enjoy the many amenities offered at *The River*. The resulting ripple effect along Highway 111 has transformed this area into a unique and vibrant commercial "downtown" for the community

Despite the current state of the economy, a limited number of new retail projects are in the development and/or planning stage. The Preliminary Development Plan has been approved for *Five Peaks*, a proposed 232,882 S.F. commercial development on approximately 18 acres located at the southwest corner of Highway 111 and Mirage Road. The developer is also pursuing a potential hotel use or second anchor retail tenant on the eastern most portion of the property. The first phase of a three-building office/medical complex was completed during FY 2010-11 at the corner of Sahara and Mirage Roads and Eisenhower Medical Center continued its aggressive program of capital improvements to its medical campus on Bob Hope Drive.

Regarding interest revenue, the City historically has enjoyed a substantial return on investments. Interest revenue earned by the City's General Fund, excluding interest earned on license tax revenue, totaled approximately \$1.5 million during FY 2010-11 - 6.8% of General Fund operating revenue. Interest revenue has declined substantially in recent years due to reduced yields on Treasury and other U.S. government securities that the City invests in. We anticipate yields will continue to decline as existing investments mature or are called prior to maturity and the proceeds reinvested.

Tourism

Historically, with over 3.5 million people visiting the Desert annually, tourism helps drive the hotel and lodging industry in the Palm Springs Valley. With two world-class, award winning destination resort hotels, the newly opened Agua Caliente Casino•Resort•Spa and two mid-priced, limited-service suite hotels, Rancho Mirage has been a major contributor to the growth of the hotel and lodging business in the Palm Springs Valley. The completion of the Ritz Carlton's construction and renovation project is expected to have a tremendous positive impact on hotel room sales for Rancho Mirage.

Rancho Mirage offers superb golf courses, ample recreation amenities, top-notch convention facilities and a diverse make-up of shopping and restaurants that attract tourists. With a combination of world-class resorts and quality hotels and the addition of the Agua Caliente Casino•Resort•Spa, Rancho Mirage is uniquely positioned in the tourism industry in the Coachella Valley and California. To enhance our position, the Tourism and Marketing Division of the General Fund was created in Fiscal Year 2007-08 and in September 2007 the Marketing Manager was hired to formulate and implement a tourism marketing program. In early 2008, the Tourism Advisory Committee was established and is comprised of two City Council members and Rancho Mirage hospitality leaders to provide the City with expert advice and a collaborative partnership for all Rancho Mirage marketing endeavors. The Marketing Manager works closely with the Committee to further expand tourism opportunities in Rancho Mirage. Even in the current economic situation, Rancho Mirage plans to continue its aggressive tourism marketing program in FY 2011-12.

Long-Term Financial Planning

In January 2012, a Ten Year Financial Projection for the General Fund was presented for review to the City Council’s Audit/Budget Subcommittee consisting of two City Council members. This document incorporates General Fund revenue and operating expenditure assumptions with capital spending goals and projects future fund balance. This Projection provides a long-term view of the General Fund’s financial condition as a tool for City Council policy setting. The result is improved management efficiency and enhanced financial stability. In addition, the City Council/Boards of Directors act quickly when events, whether local, state or nationwide, occur that change or may change the City’s economic stability. As an example, during the FY 2011-12 budget development process, the City Council met with staff in three study sessions to develop a balanced budget adopted on June 16, 2011 reflecting a General Fund surplus of approximately \$373,000 despite the impact of a weak economy. The discussions concentrated on existing programs and services and which could be modified or eliminated based on the community’s needs, the City’s priorities and specific revenue streams.

Perhaps the best indication of the financial stability of the City is the amount of fund balance. Listed below, from left to right, are the General Fund’s total ending fund balance over the last eleven fiscal years and undesignated fund balance plus designations for prudent reserve, disaster recovery and public facilities. As is evident, the General Fund’s financial condition continues to improve despite the weak economy.

<u>Year Ended June 30</u>	<u>Total Fund Balance</u>	<u>Undesignated Fund Balance + Designations for Prudent Reserve, Disaster Recovery & Public Facilities</u>
2001	50,947,626	28,073,720
2002	57,809,871	34,148,823
2003	64,953,095	37,905,182
2004	68,926,752	41,052,083
2005	71,091,623	43,694,795
2006	69,950,725	56,121,413
2007	73,868,852	65,012,840
2008	74,602,827	64,447,442
2009	75,490,961	66,077,681
2010	75,414,239	66,475,779
2011	80,359,279	69,571,676

In regards to the three above designations, they were formally established for the General Fund by the City Council in October 2008.

- Prudent Reserve Designation – The policy adopted in 2008 provided that the Designation would be equal to the current General Fund operating budget rounded to the nearest million dollars. In November 2011, the City Council increased the Designation to \$34 million.
- Disaster Recovery Designation – This \$25 million Designation is intended for emergency operations after a disaster such as a major earthquake.
- Public Facilities Designation – This \$10 million Designation is intended for equipment replacement, facility renovation and upgrade, and facility acquisitions.

It is important to note that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54 effective July 1, 2010. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following fund balance classifications are now incorporated into the financial statements: nonspendable, restricted, committed, assigned and unassigned.

Total fund balance as of June 30, 2011 as noted above was \$80,359,279. However, the General Fund's balance sheet no longer reflects undesignated fund balance and the three designations noted above. In order to provide useful trend information to the users of this document, the General Fund's fund balance at June 30, 2011 has been further broken down to \$69,571,676 to reflect the total amount previously shown as the sum of undesignated fund balance and the three designations.

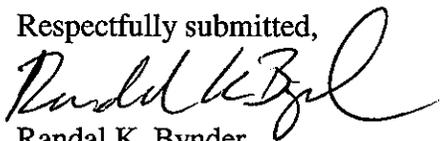
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rancho Mirage for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This is the twentieth consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to express my appreciation to the City Council for their ongoing oversight of the financial affairs of the City and their prudent fiscal policy and direction. I also thank City staff members with special thanks to the Finance Division of the Department of Administrative Services for their continued effort to provide timely and accurate financial data to City management and to Vavrinek, Trine, Day & Co., the City's independent auditors, who assisted and contributed to the preparation of this report.

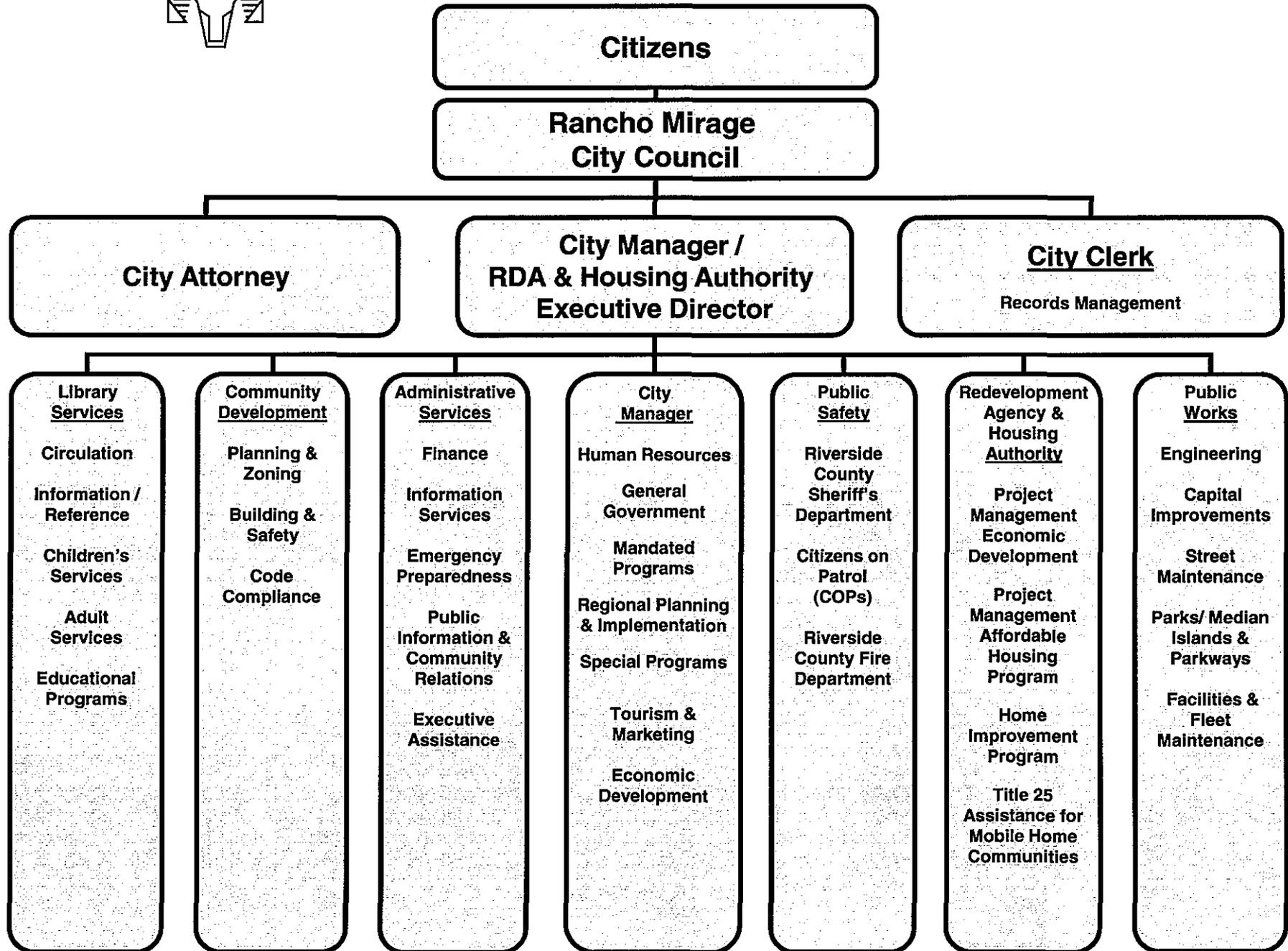
Respectfully submitted,



Randal K. Bynder
City Manager



ORGANIZATION CHART



CITY OF RANCHO MIRAGE

Directory of Officials

June 30, 2011

CITY COUNCIL

G. Dana Hobart	Mayor
Scott Hines	Councilmember
Richard Kite	Councilmember
Gordon Moller	Councilmember
Vacant	Councilmember

ADMINISTRATION

Patrick M. Pratt	City Manager/Executive Director of the Redevelopment Agency
Steven B. Quintanilla	City Attorney
Cindy Scott	City Clerk
Scott Morgan	Director of Administrative Services
Randal K. Bynder	Director of Community Development
Bruce B. Harry, Jr.	Director of Public Works
Curt Watts	Economic Development Director
David Bryant	Library Director
Virginia Ortega	Interim Accounting Manager

Achievement for Excellence in Financial Reporting

Presented to

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California

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

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Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA





INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of City Council
The City of Rancho Mirage, 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 Rancho Mirage, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of July 1, 2010.

As described in Notes 17 and 18 to the financial statements, the California State Legislature enacted two different Assembly Bills (AB), the first AB X1 26, provided for the dissolution of redevelopment agencies, and the second AB X1 27, provided a mechanism for the continuance of redevelopment agencies. On December 29, 2011, the California Supreme Court upheld AB X1 26, which dissolves redevelopment agencies, as constitutional and determined that AB X1 27 was unconstitutional. The California Supreme Court identified the date of dissolution for redevelopment agencies as February 1, 2012. Accordingly, as of February 1, 2012, the Rancho Mirage Redevelopment Agency is dissolved; the financial statements do not include any adjustments that might result from any uncertainties or the dissolution of the Agency.

As described in Note 19 to the financial statements, the City sold property to the Redevelopment Agency at historical cost.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management discussion and analysis on pages 3 through 11, and the budgetary comparison schedules on pages 106 through 113, as listed in the table of contents are not a required part of the basic financial statements but are 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 introductory section, combining and individual nonmajor fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Riverside, California
February 27, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Rancho Mirage's financial performance provides an overview of the City's financial activities for the fiscal year (FY) ended June 30, 2011. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net assets from governmental activities increased from \$192.05 million (as restated) to \$192.24 million as a result of this year's operating and capital activities. All of the City's financial activities are considered governmental activities.
- During the year, the City's revenues (\$51.1 million) exceeded expenses (\$50.9 million) by approximately \$188,000. The term *City* includes the General Fund, Redevelopment Agency, Housing Authority, Library and all other Funds identified in this report.
- In the City's General Fund, expenditures (\$22.8 million) exceeded revenues (\$21.1 million) by approximately \$1.6 million before transfers to and from other Funds. After considering transfers to and from other Funds and proceeds from the sale of land (\$2.75 million), revenues and transfers out exceeded expenditures and transfers out by approximately 4.6 million. It is important to note that the General Fund's financial statements include the financial activities of the License Tax Fund, the two COPS (Citizens Option for Public Safety) Funds, the Agua Caliente Band of Cahuilla Indians (ACBCI) Fee Fund, the Community Facilities District Fund, and the Traffic Safety Fund.
- The City's net capital assets increased to \$176.5 million from \$170.3 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, which identifies the City's assets, liabilities and net assets, and the Statement of Activities, which identifies revenues and expenses, provide summary information about the activities of the City as a whole and allow a longer-term view of the City's finances. Fund Financial Statements of the City's major and non-major governmental funds tell how City services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant Funds.

Reporting the City as a Whole: The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. On the other hand the Fund Financial Statements are reported on the *modified accrual basis of accounting* as discussed on the next page.

These two statements report the City's *net assets* and changes in them. The City's net assets, the difference between assets and liabilities, are one way to measure the City's financial health or *financial position*. Over time, *increases or decreases* in the City's net assets indicate whether its *financial health* is improving or deteriorating. However, consideration should also be given to other non-financial factors, such as changes in the economy that may cause a decrease in consumer spending. The City's

net assets increased this year by approximately \$188,000 from June 30, 2010 to June 30, 2011, due to the following: First, the state required a payment from the Redevelopment Agency tax revenues for the Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of \$2,590,741 that is not required to be paid back by the State. Second, there was a net increase in capital assets in the amount of approximately \$6.1 million primarily due to the completion of the Housing Authority's San Jacinto age-restricted project. Third, accumulated depreciation increased by approximately \$4.4 million.

All of the City's services are considered to be governmental activities. The Statement of Net Assets and the Statement of Activities present information about these governmental activities, including general government, community development, public safety and public works. Transient occupancy tax, sales tax, interest income, construction permits, franchise fees, property tax and other revenues finance these activities.

Reporting the City's Most Significant Funds: Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant Funds and not the City as a whole. Included are the General, Library, Fire Tax, Housing Authority, Low Cost Housing, Whitewater Debt Service, Northside Debt Service, Whitewater Capital Projects and Northside Capital Projects Funds as well as lesser Funds reported collectively as Non-major Governmental Funds. Some Funds are required to be established by State law. However, management establishes many other Funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City currently has just one type of fund—*governmental*—which uses the following accounting approach.

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. All of the City's services are reported in governmental funds. These funds are reported using an accounting method called the *modified accrual* accounting. Under this method of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current fiscal period while expenditures are generally recognized in the accounting period in which the liability is incurred with certain exceptions. For example, the issuance of long-term debt does not result in the recording of an expenditure in governmental funds. However, as principal and interest payments are made, the expenditure is recorded.

The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation following the balance sheet of the governmental funds.

The City as Trustee: Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain amounts held on behalf of developers, property owners, and others. The City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

The City's net assets for the fiscal year ended June 30, 2011 were approximately \$192.24 million as shown in Table 1. Table 2 shows changes in net assets of approximately 188,034 due to the reasons previously listed.

Table 1
Net Assets
As of June 30, 2011 and 2010

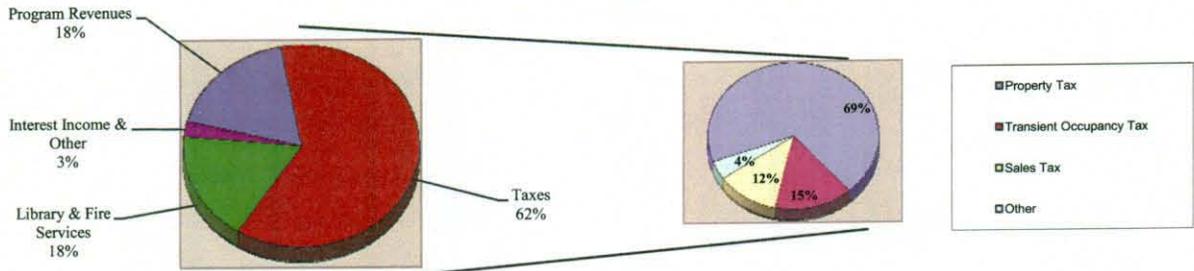
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 195,878,457	\$ 203,788,073
Capital assets	176,466,907	170,316,812
Total Assets	<u>372,345,364</u>	<u>374,104,885</u>
Long-term debt outstanding	166,949,367	171,793,479
Other liabilities	13,152,967	13,770,500
Total Liabilities	<u>180,102,334</u>	<u>185,563,979</u>
Net assets:		
Invested in capital assets, net of debt	65,953,653	68,626,495
Restricted	52,081,909	36,025,301
Unrestricted	74,207,468	83,889,110
Total Net Assets	<u><u>\$ 192,243,030</u></u>	<u><u>\$ 188,540,906</u></u>

The City's Net Assets are made up of three components: Investment in Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, account for approximately 38.6% of the total net assets.

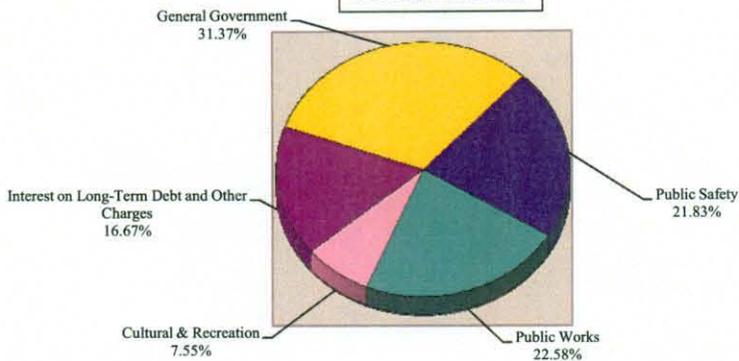
Table 2
Changes in Net Assets
For the Year Ended June 30, 2011 and 2010

	Governmental Activities	
	2011	2010
Revenues		
Program Revenues		
Charges for services	\$ 3,452,005	\$ 4,104,796
Operating grants and contributions	2,439,821	3,701,209
Capital and grants contributions	3,366,193	1,045,253
Taxes		
Property Taxes Net of Pass-Through		
Payments and SERAF	21,837,720	11,340,522
Transient occupancy taxes	4,689,994	3,892,316
Sales tax	3,790,245	3,772,259
Franchise taxes	1,223,839	1,190,558
Motor Vehicle In-Lieu tax	78,511	50,389
Library and fire services tax	8,963,397	8,955,768
Interest income, net of change in fair value	1,036,128	4,649,457
Other	264,583	418,157
Total Revenues	\$ 51,142,436	\$ 43,120,684
	2011	2010
Expenses		
General government	16,130,779	14,475,806
Public safety	11,099,224	11,129,693
Public works	11,513,164	12,066,325
Cultural and recreation	3,862,141	4,324,325
Interest on long-term debt and other charges	8,349,094	9,067,233
Total Expenses	50,954,402	51,063,382
Increase (decrease) in net assets	\$ 188,034	\$ (7,942,698)

SOURCES OF REVENUE



FUNCTIONAL EXPENSES



The City's total governmental activities revenues increased from \$43,120,684 to \$51,142,436. Property taxes, which include Redevelopment Agency tax increment net of pass through payments, accounts for approximately 42.6% of the total revenues for the current year. Other major revenue sources include library and fire services tax at 7.8%, interest income net of change in fair value at 2.03%, sales tax at 7.4% and transient occupancy tax at 9.2%.

The overall net increase of approximately \$8 million is due to a reduced payment of Redevelopment Agency tax increment for the Supplemental Educational Revenue Augmentation Fund (from \$12.6 million to approximately \$2.5 million) and significantly decreased interest revenue net of change in fair value (\$3.6 million) due primarily to the decrease in investment yields available for eligible investments in the City's portfolio. These increases were accompanied by an increase of program revenues (\$406,761).

Total cost of all governmental activities was \$50,954,402 compared to \$51,063,382 for last year.

Government Activities

Table 3 presents the cost of each of the City's activities—general government, public safety, and public works—as well as each program's net cost (total cost less revenues generated by the activities). The net costs show the extent to which the City's general revenues support each of the City's programs.

Table 3
Net Cost of Governmental Activities
As of June 30, 2011 and 2010

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	\$ 16,130,779	\$ 10,767,400	\$ 14,475,806	\$ 11,764,685
Public Safety	11,099,224	9,309,239	11,129,693	10,403,018
Public Works	11,513,164	10,558,311	12,066,325	7,619,038
Cultural and Recreation	3,862,141	2,712,339	4,324,325	3,358,150
Interest on long-term debt & other charges	8,349,094	8,349,094	9,067,233	9,067,233
Totals	<u>\$ 50,954,402</u>	<u>\$ 41,696,383</u>	<u>\$ 51,063,382</u>	<u>\$ 42,212,124</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end the City's Governmental Funds reported a combined fund balance of \$181,371,201. This includes the General Fund's total fund balance of \$80,359,279 of which \$63,036,531 is unassigned, \$17,292,076 is assigned and \$30,672 is in non-spendable form. The General Fund's fund balance increased by \$4,621,540 due primarily to the following:

- Revenues and transfers in exceeded expenditures and transfers out by approximately \$1,871,540.
- The sale of a parcel of land to the Redevelopment Agency for \$2,750,000

As noted on page 3, the General Fund's financial statements include the financial activities of the License Tax Fund, the two COPS (Citizens Option for Public Safety) Funds, the Agua Caliente Band of Cahuilla Indians (ACBCI) Fee Fund, the Community Facilities District and the Traffic Safety Fund.

Other major funds:

- The Library Fund's fund balance increased this year from \$2,430,438 to \$2,784,236 due to revenues and transfers in exceeding expenditures and transfers out. The change of approximately \$354,000 is primary as a result of a structured settlement with the now dissolved Friends of the Rancho Mirage Public Library.
- The Fire Tax Fund's total fund balance decreased from \$588,820 to \$172,211 due to expenditures exceeding revenues and transfers in by approximately \$416,600. Since FY 2002-03 the General Fund has provided an operating subsidy to the Fire Fund in order for it to maintain a \$0 undesignated fund balance. The operating subsidy for this Fiscal Year was \$0.
- The Housing Authority's total fund balance decreased from \$23,742,830 to \$22,296,632 primarily due to operating and capital expenditures exceeding revenues by approximately \$1,446,200. The transfers in component is primarily the result of bond proceeds held by the Redevelopment Agency's Low Cost Housing Fund reimbursing the Housing Authority for capital projects such as the San Jacinto Villas Housing Project.

- The Redevelopment Agency's Low Cost Housing Fund's fund balance decreased from \$18,719,353 to \$10,189,485 due to increased transfers out to the Housing Authority Fund to reimburse it for capital expenditures, as noted above. The Low Cost Housing Fund's fund balance is available to reimburse the Housing Authority, from bond proceeds, for the development of additional affordable housing. Prior to fiscal year ended June 30, 2004, this Fund was only used to account for the 20% of annual tax increment revenue that is required to be used for low-and moderate-income housing projects pursuant to State redevelopment law. After accounting for debt service on outstanding bonds and some minor operating costs, the annual balance of tax increment revenue is transferred to the Housing Authority, a separate legal entity, where it is used for the retention, development and other costs and expenditures related to the provision of affordable housing. In December 2003, the Redevelopment Agency issued \$67,760,405 in bonds. Of this amount, \$34,565,000 was tax allocation housing bonds which are accounted for in this Fund.
- The Whitewater Project Area Debt Service Fund's fund balance decreased from \$3,894,853 to \$3,845,501 due to expenditures and transfers out exceeding revenues primarily due to reimbursements to the Whitewater Project Area Capital Fund for capital projects from bond proceeds.
- The Northside Project Area Debt Service Fund's fund balance also decreased from \$9,172,883 to \$9,059,598. This \$113,285 decrease is due to expenditures and transfers out exceeding revenues primarily due to a decrease in market value of investments held by the fiscal agent.
- The Whitewater Project Area Capital Projects Fund's fund balance decreased from \$4,756,439 to \$3,696,496. The decrease of \$1,059,943 is due to expenditures and transfers out exceeding revenues and transfers in primarily due to the need to subsidize the Northside Capital Projects Fund.
- The Northside Project Area Capital Projects Fund's fund balance decreased from \$36,272,618 to \$30,655,761. The \$5,616,857 decrease is primarily due to expenditures and transfers out exceeding revenues. The increase in expenditures is a result of a push to complete several capital improvement projects and a mandatory payment to the State's Supplemental Educational Revenue Augmentation Fund (SERAF) of approximately \$2.6 million.

General Fund Budgetary Highlights

Revenues: Due to the continuing weak economy, various budget adjustments were approved by Council at mid-year. See the Budgetary Comparison Schedule for details. Final year-end revenues and transfers in exceeded budgeted amounts by approximately \$3.7 million or 16.4% of budgeted revenues. This is due to the sale of a parcel of land to the Redevelopment Agency (\$2.75 million) and reimbursements for certain capital improvement projects from other agencies pursuant to an agreement.

Expenditures: Various expenditure budget adjustments were approved by Council at mid-year and year-end. See the Budgetary Comparison Schedule. Actual expenditures of \$22,740,568 were \$4,231,298 less than the final budget primarily due to budgeted capital improvement projects not being completed by the end of the fiscal year (approximately \$1.1 million) and reduced expenditures in all General Fund divisions.

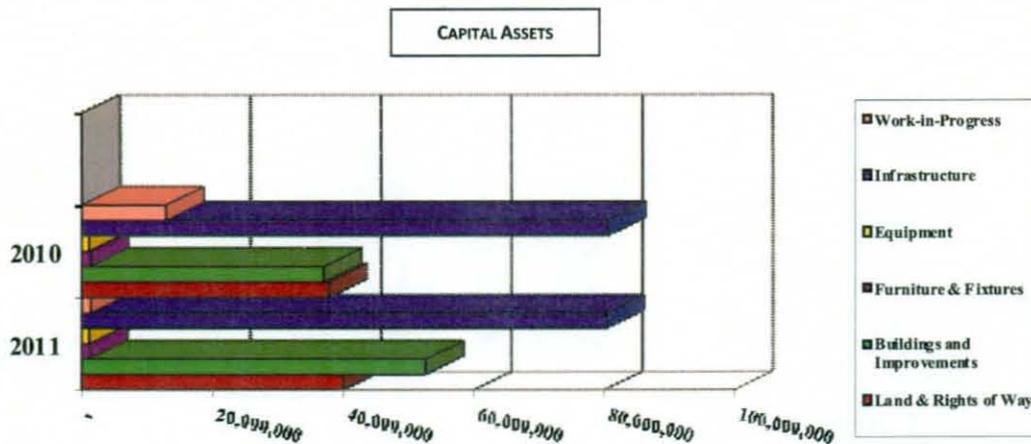
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2011, the City had \$176.4 million invested in a broad range of capital assets, including land, buildings, park facilities, streets, traffic signals, vehicles and equipment. This amount represents a net increase (including additions and deletions) of approximately \$6.2 million over last year and includes the completion of construction of San Jacinto Villas - the Housing Authority's new age-restricted housing project. More detailed information regarding the activity for the year ended June 30, 2011 can be found in the notes to the financial statements section (note 6).

Table 4
Capital Assets at Year-End
(Net of Depreciation)
As of June 30, 2011 and 2010

	Governmental Activities	
	2011	2010
Land & Right of way	\$ 39,942,508	\$ 37,735,667
Buildings and improvements	52,601,707	36,920,529
Furniture & Fixtures	1,163,147	1,305,969
Equipment	1,093,628	1,060,891
Infrastructure	80,331,646	80,519,319
Work-in-Progress	1,334,271	12,774,437
Totals	\$ 176,466,907	\$ 170,316,812



Debt

At year-end the City's governmental activities had \$166,949,367 in bonds, claims payable, ACBCI Pay Back Deficit and compensated absences compared to \$171,498,331 at the prior year-end. The decrease of approximately \$4.5 million is primarily due to debt service principal payments. Regarding the ACBCI (Agua Caliente Band of Cahuilla Indians or Tribe) Pay Back Deficit, in 2001 the City entered into an agreement to reimburse the Tribe for Bob Hope Drive/Dinah Shore Drive street improvements. The agreement calls for reimbursement in 10 installments in the annual amount of \$220,000 from Development Impact Fees collected in the Street & Interchange component in a calendar year. If the

collections are less than \$220,000 in a calendar year, the payment will be equal to the amount collected with the unpaid balance recorded as a “Pay Back Deficit” to be paid when collections exceed \$220,000 in a calendar year. More detailed information can be found in the notes to the financial statements (note 10).

Table 5
Outstanding Debt at Year-End
As of June 30, 2011 and 2010

	Governmental Activities	
	2011	2010
Revenue Bonds	\$ 4,970,000	\$ 5,145,000
Tax Allocation Bonds	159,481,276	164,673,158
ARRA Loan	317,055	-
Claims Payable	627,424	180,955
ACBCI Pay Back Deficit	436,816	228,063
Compensated Absences	1,380,678	1,566,303
Deferrals on refunding	(263,882)	(295,148)
Totals	<u>\$ 166,949,367</u>	<u>\$ 171,498,331</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The General Fund’s FY 2010-11 actual operating revenues totaled approximately \$21.2 million. FY 2010-11 operating revenues are budgeted at approximately \$22.2 million – a net increase of approximately \$1 million. The net increase is due to an increase in Community Facilities District taxes (approximately 403,000), an increase in interest revenue (approximately \$275,000), and increases in transient occupancy tax and franchise tax (approximately \$232,000).

The City’s General Fund has budgeted operating expenditures in the amount of \$21.7 million for FY 2011-12. This is an increase of approximately \$100,000 compared to the FY 2010-11 actual and is the result of a combination of budget reductions and salary increases. The status of revenues and expenditures will also be reviewed during the mid-year budget review in February 2012.

As more fully described in Note 17, new legislation was passed by the State of California, and affirmed by the California Supreme Court, that eliminated redevelopment agencies.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City’s Finance Department at the City of Rancho Mirage, 69-825 Highway 111, Rancho Mirage, California 92270, (760) 770-3207.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



**CITY OF RANCHO MIRAGE
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities
Assets:	
Cash and investments (note 2)	\$ 126,531,581
Cash and investments with fiscal agent (note 2)	59,551,271
Receivables:	
Interest	21,148
Accounts	1,109,595
Loans	1,892,118
Due from other governments	1,949,094
Prepaid items	30,672
Land held for resale	1,735,000
Deferred cost of issuance	3,057,978
Capital assets (note 6):	
Non-depreciable capital assets	41,276,779
Depreciable capital assets	198,124,646
Accumulated depreciation	<u>(62,934,518)</u>
Total assets	<u>372,345,364</u>
Liabilities:	
Accounts payable	1,982,937
Accrued salaries and benefits	233,757
Accrued interest payable	1,941,653
Due to other governments	8,406,403
Deposits payable	296,827
Deferred revenue	291,390
Long-term liabilities (note 7)	
Due within one year	6,684,660
Due in more than one year	<u>160,264,707</u>
Total liabilities	<u>180,102,334</u>
Net assets:	
Investment in capital assets, net of related debt	65,953,653
Restricted for:	
Community development	44,541,742
Public safety	328,543
Public works	4,427,388
Cultural and recreation	2,784,236
Unrestricted	<u>74,207,468</u>
Total net assets	<u><u>\$ 192,243,030</u></u>

See accompanying notes to basic financial statements.

**CITY OF RANCHO MIRAGE
STATEMENT OF ACTIVITIES
For the Year Ended JUNE 30, 2011**

	Program Revenues				Total Program Revenues	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
Governmental activities:						
General government	\$ (16,130,779)	\$ 1,838,628	\$ 388,687	\$ 3,136,064	\$ 5,363,379	\$ (10,767,400)
Public safety	(11,099,224)	165,323	1,603,506	21,156	1,789,985	(9,309,239)
Public works	(11,513,164)	521,816	239,232	193,805	954,853	(10,558,311)
Cultural and recreation	(3,862,141)	926,238	208,396	15,168	1,149,802	(2,712,339)
Interest on long-term debt and other charges	(8,349,094)	-	-	-	-	(8,349,094)
Total governmental activities	\$ (50,954,402)	\$ 3,452,005	\$ 2,439,821	\$ 3,366,193	\$ 9,258,019	(41,696,383)
General revenues:						
Taxes:						
Property taxes (net of SERAF/passthrough payments)						21,837,720
Transient occupancy taxes						4,689,994
Sales taxes						3,790,245
Franchise taxes						1,223,839
Motor vehicle in lieu tax, unrestricted intergovernmental						78,511
Library and fire services tax						8,963,397
Interest income, net of increase (decrease) in fair value						1,036,128
Other						264,583
Total general revenues						41,884,417
Change in net assets						188,034
Net assets at beginning of year, as restated						192,054,996
Net assets at end of year						\$ 192,243,030

See accompanying notes to basic financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA





**CITY OF RANCHO MIRAGE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds				
	General Fund	Library Fund	Fire Tax Fund	Housing Authority Fund	Low Cost Housing Fund
Assets					
Cash and investments	\$ 77,712,671	\$ 2,752,340	\$ 1,221,323	\$ 5,383,962	\$ 2,570,877
Cash and investments with fiscal agent	3,229,722	-	-	-	7,598,809
Receivables:					
Interest	13,607	351	53	400	762
Accounts	818,440	10,205	-	32	-
Loans	-	-	-	1,821,509	-
Due from other governments	1,346,987	108,290	160,750	-	-
Due from other funds	-	110,352	331,346	-	19,037
Advances to other funds	-	-	-	15,174,341	-
Prepaid items	30,672	-	-	-	-
Land held for resale	-	-	-	235,000	-
Total assets	\$ 83,152,099	\$ 2,981,538	\$ 1,713,472	\$ 22,615,244	\$ 10,189,485
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 954,749	\$ 51,898	\$ -	\$ 141,507	\$ -
Accrued salaries and benefits	155,379	56,365	-	15,104	-
Due to other governments	1,217,121	-	1,089,011	-	-
Due to other funds	437,695	-	-	-	-
Advances from other funds	-	-	-	-	-
Deposits payable	27,876	11,935	-	162,001	-
Deferred revenue	-	77,104	452,250	-	-
Total liabilities	2,792,820	197,302	1,541,261	318,612	-
Fund balances:					
Non-spendable	30,672	-	-	-	-
Restricted	-	2,784,236	172,211	22,296,632	10,189,485
Assigned	17,292,076	-	-	-	-
Unassigned	63,036,531	-	-	-	-
Total fund balance	80,359,279	2,784,236	172,211	22,296,632	10,189,485
Total liabilities and fund balances	\$ 83,152,099	\$ 2,981,538	\$ 1,713,472	\$ 22,615,244	\$ 10,189,485

See accompanying notes to basic financial statements.

Debt Service Funds		Capital Projects Funds		Non-major Governmental Funds	Total Governmental Funds
Whitewater Debt Service Fund	Northside Debt Service Fund	Whitewater Capital Projects Fund	Northside Capital Projects Fund		
\$ 7,752,320	\$ 9,205,020	\$ 2,680,227	\$ -	\$ 17,252,841	\$ 126,531,581
-	1,973,038	1,061,993	44,922,916	764,793	59,551,271
1,465	1,383	337	-	2,790	21,148
-	-	24,078	90,000	166,840	1,109,595
-	-	70,609	-	-	1,892,118
50,678	44,506	-	-	237,883	1,949,094
-	-	-	1	-	460,736
-	-	-	-	-	15,174,341
-	-	-	-	-	30,672
-	-	-	1,500,000	-	1,735,000
<u>\$ 7,804,463</u>	<u>\$ 11,223,947</u>	<u>\$ 3,837,244</u>	<u>\$ 46,512,917</u>	<u>\$ 18,425,147</u>	<u>\$ 208,455,556</u>
\$ -	\$ -	\$ 138,592	\$ 589,159	\$ 107,032	\$ 1,982,937
-	-	2,156	2,156	2,597	233,757
3,947,233	2,153,038	-	-	-	8,406,403
11,729	11,311	-	-	1	460,736
-	-	-	15,174,341	-	15,174,341
-	-	-	91,500	3,515	296,827
-	-	-	-	-	529,354
<u>3,958,962</u>	<u>2,164,349</u>	<u>140,748</u>	<u>15,857,156</u>	<u>113,145</u>	<u>27,084,355</u>
-	-	-	-	-	30,672
3,845,501	9,059,598	-	1,500,000	15,240,434	65,088,097
-	-	3,696,496	29,155,761	3,071,568	53,215,901
-	-	-	-	-	63,036,531
<u>3,845,501</u>	<u>9,059,598</u>	<u>3,696,496</u>	<u>30,655,761</u>	<u>18,312,002</u>	<u>181,371,201</u>
<u>\$ 7,804,463</u>	<u>\$ 11,223,947</u>	<u>\$ 3,837,244</u>	<u>\$ 46,512,917</u>	<u>\$ 18,425,147</u>	<u>\$ 208,455,556</u>

See accompanying notes to basic financial statements.

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

Fund balances of governmental funds \$ 181,371,201

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

Capital assets net of related accumulated depreciation have not been included as financial resources in governmental fund activity:

Non-depreciable capital assets	41,276,779
Depreciable capital assets	198,124,646
Accumulated depreciation	(62,934,518)

Long term debt and related balances, and compensated absences have not been included in the governmental fund activity:

Revenue bonds payable	(4,970,000)
Tax allocation bonds payable	(159,481,276)
ACBI "Pay Back Deficit"	(436,816)
DOE ARRA Loan Payable	(317,055)
Claims payable	(627,424)
Compensated absences	(1,380,678)
Deferred Gain/(Loss) on Refunding	263,882
Deferred Cost of Issuance	3,057,978

Accrued interest payable for the current portion of interest due on debt service has not been reported in the governmental funds. (1,941,653)

Certain revenues will be collected after year end, but are not available soon enough to pay for current period's expenditures, and are therefore reported as deferred revenue in governmental funds.

237,964

Net assets of governmental activities

\$ 192,243,030

See accompanying notes to basic financial statements.



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

	Special Revenue Funds				
	General Fund	Library Fund	Fire Tax Fund	Housing Authority Fund	Low Cost Housing Fund
Revenues:					
Taxes	\$ 12,760,488	\$ 830,555	\$ 1,981,819	\$ -	\$ 6,690,410
Intergovernmental	4,103,923	1,609,475	187,833	45,539	-
Licenses and permits	521,816	-	-	4,480	-
Charges for services	510,623	15,688	10,235	-	-
Fines and forfeitures	168,978	59,610	-	-	-
Special assessments	2,056,656	256,677	1,699,747	-	-
Developer fees	17,976	-	-	-	-
Interest income	1,569,656	43,394	10,071	129,681	263,240
Net increase (decrease) in investment fair value	(829,111)	(27,715)	(26,116)	(210,232)	88,614
Miscellaneous	264,583	467,266	-	922,538	-
Total revenues	21,145,588	3,254,950	3,863,589	892,006	7,042,264
Expenditures:					
Current:					
General government	10,454,469	-	-	2,678,558	100,545
Public safety	6,481,639	-	4,436,393	-	-
Public works	3,228,468	-	-	-	-
Cultural and recreation	-	3,021,711	-	-	-
Capital projects	2,608,745	321,280	41,918	10,705,556	-
Debt service:					
Principal	-	-	-	-	1,170,000
Interest	-	-	-	-	1,343,906
Payments under pass-through agreements	-	-	-	-	-
SERAF payment	-	-	-	-	-
Service fees and issuance costs	-	-	-	-	-
Total expenditures	22,773,321	3,342,991	4,478,311	13,384,114	2,614,451
Excess (deficiency) of revenues over (under) expenditures	(1,627,733)	(88,041)	(614,722)	(12,492,108)	4,427,813
Other financing sources (uses):					
Loan proceeds	-	317,055	-	-	-
Proceeds from sale of property (note 20)	2,750,000	-	-	-	-
Transfers in (note 5)	3,677,424	124,804	198,113	12,957,681	-
Transfers out (note 5)	(178,151)	-	-	(1,911,771)	(12,957,681)
Total other financing sources (uses)	6,249,273	441,859	198,113	11,045,910	(12,957,681)
Total change in fund balances	4,621,540	353,818	(416,609)	(1,446,198)	(8,529,868)
Fund balances, beginning of year (as restated)	75,737,739	2,430,418	588,820	23,742,830	18,719,353
Fund balances, end of year	\$ 80,359,279	\$ 2,784,236	\$ 172,211	\$ 22,296,632	\$ 10,189,485

See accompanying notes to basic financial statements.

Debt Service Funds		Capital Projects Funds		Non-major Governmental Funds	Total Governmental Funds
Whitewater Debt Service Fund	Northside Debt Service Fund	Whitewater Capital Projects Fund	Northside Capital Projects Fund		
\$ 14,452,076	\$ 12,309,566	\$ -	\$ -	\$ 647,356	\$ 49,672,270
-	-	-	-	750,967	6,697,737
-	-	-	-	-	526,296
-	-	-	-	187,385	723,931
-	-	-	-	-	228,588
-	-	-	-	945,500	4,958,580
-	-	-	-	38,579	56,555
117,650	209,441	55,346	533,154	319,391	3,251,024
(52,904)	(83,412)	4,585	(942,471)	(136,134)	(2,214,896)
-	-	3,600	-	2,526,034	4,184,021
<u>14,516,822</u>	<u>12,435,595</u>	<u>63,531</u>	<u>(409,317)</u>	<u>5,279,078</u>	<u>68,084,106</u>
151,680	229,496	747,208	225,188	559,780	15,146,924
-	-	-	-	-	10,918,032
-	-	-	-	661,149	3,889,617
-	-	-	-	306,649	3,328,360
-	-	245,944	3,042,810	786,620	17,752,873
1,920,000	2,300,000	-	-	175,000	5,565,000
1,772,604	4,645,612	-	-	217,914	7,980,036
8,319,006	5,342,990	-	-	-	13,661,996
-	-	-	2,590,741	-	2,590,741
14,125	17,940	-	-	-	32,065
<u>12,177,415</u>	<u>12,536,038</u>	<u>993,152</u>	<u>5,858,739</u>	<u>2,707,112</u>	<u>80,865,644</u>
<u>2,339,407</u>	<u>(100,443)</u>	<u>(929,621)</u>	<u>(6,268,056)</u>	<u>2,571,966</u>	<u>(12,781,538)</u>
-	-	-	-	-	317,055
-	-	-	-	-	2,750,000
-	-	2,388,759	1,595,191	58,267	21,000,239
(2,388,759)	(12,842)	(2,519,081)	(943,992)	(87,962)	(21,000,239)
(2,388,759)	(12,842)	(130,322)	651,199	(29,695)	3,067,055
(49,352)	(113,285)	(1,059,943)	(5,616,857)	2,542,271	(9,714,483)
<u>3,894,853</u>	<u>9,172,883</u>	<u>4,756,439</u>	<u>36,272,618</u>	<u>15,769,731</u>	<u>191,085,684</u>
<u>\$ 3,845,501</u>	<u>\$ 9,059,598</u>	<u>\$ 3,696,496</u>	<u>\$ 30,655,761</u>	<u>\$ 18,312,002</u>	<u>\$ 181,371,201</u>

**CITY OF RANCHO MIRAGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds	\$ (9,714,483)
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:</p>	
<p>Governmental funds report capital projects (outlays) as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (net of capital asset and related depreciation)</p>	
	6,150,095
<p>Repayment of debt service principal (net of accretion) is an expenditure in the governmental funds, however, the repayment reduces long-term liabilities in the statement of net assets.</p>	
	5,366,882
<p>Compensated absences, capital leases and claims payable expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The following represents the net change for the current period:</p>	
Compensated absences	185,625
Claims payable	(446,469)
ACBI "Pay Back Deficit"	(208,753)
Amortization of deferred loss on refunding	(31,266)
Amortization of deferred costs of issuance	(160,964)
Accrued interest for the current period.	53,355
<p>Certain revenues were collected after year end, but were not available soon enough to pay prior period expenditures, and were therefore reported as deferred revenue in governmental funds, this amount represents the net change in deferred revenue</p>	
	(688,933)
<p>Proceeds from long-term debt issuance are reported as financial sources in governmental funds, contributing to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.</p>	
Loan additions	<u>(317,055)</u>
Change in net assets of governmental activities	<u>\$ 188,034</u>

See accompanying notes to basic financial statements.

**CITY OF RANCHO MIRAGE
 AGENCY FUNDS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2011**

<u>Assets</u>	<u>Balance at June 30, 2011</u>
Cash and investments (note 2)	\$ 3,263,937
Cash and investments with fiscal agent (note 2)	1,321,319
Interest receivable	135
Accounts receivable	678
Due from other governments	<u>42,565</u>
Total assets	<u>\$ 4,628,634</u>
<u>Liabilities</u>	
Accounts payable	\$ 826,065
Deposits payable	1,585,832
Due to bondholders	<u>2,216,737</u>
Total liabilities	<u>\$ 4,628,634</u>

See accompanying notes to basic financial statements.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



CITY OF RANCHO MIRAGE

Notes to Basic Financial Statements
(in order of presentation)

June 30, 2011

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CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Summary of Significant Accounting Policies

The basic financial statements of the City of Rancho Mirage have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The City of Rancho Mirage was incorporated August 3, 1973, as a general law city under the government code of the State of California. Effective December 25, 1997, the City of Rancho Mirage became a Charter City which was approved by the citizens of the City of Rancho Mirage. The City operates under a council-manager form of government and the City Council is composed of five members. Among the services provided by the City are the following: public works, parks and recreation, library, planning, building and safety, code compliance, and contracted fire and law enforcement services.

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

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are reported with the interfund data of the primary government. The following organizations are considered to be component units of the City:

Rancho Mirage Redevelopment Agency

The Rancho Mirage Redevelopment Agency was established on October 7, 1976, pursuant to the State of California Health and Safety Code Section 33000 entitled "Community Redevelopment Law". Its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Rancho Mirage. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Upon completion, separate financial statements of the Agency are available at City Hall, 69-825 Highway 111, Rancho Mirage, California 92270.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Summary of Significant Accounting Policies (Continued)

Rancho Mirage Joint Powers Financing Authority

The Rancho Mirage Joint Powers Financing Authority was established pursuant to a Joint Exercise of Powers Agreement dated December 1, 1989, between the City and the Rancho Mirage Redevelopment Agency (the "Members"). The Authority was created for the purpose of providing financing for public capital improvements for the Members. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. Separate financial statements of the Financing Authority are not issued.

Rancho Mirage Housing Authority

The Housing Authority was established October 6, 1994, to promote and encourage the retention, rehabilitation and development of "affordable" housing units. "Affordable" housing units are those units occupied by households not exceeding the "affordable" income limits as established by the Department of Housing and Urban Development ("HUD"). Income limits are revised on a yearly basis. Even though the Housing Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board. Separate financial statements of the Housing Authority are not issued.

Community Services District (CSD)

The CSD was created on July 15, 1999, to collect property taxes for the Library and Fire Tax Funds. Contributions made by the Redevelopment Agency to the Library Fund are first received by the CSD. A transfer of these revenues is then made by the CSD to the Library and Fire Tax Funds for their respective operations. Even though the CSD is a legally separate entity, it is reported as if it were part of the City because the City Council also serves as the governing board. Separate financial statements are not prepared for the CSD.

Library Foundation

The Library Foundation was created in September 2010, to raise funds on behalf of the Library. Even though the Foundation is a legally separate entity, it is reported as if it were part of the City because the Foundation board is appointed by City Council. Upon completion, separate financial statements of the Foundation are available at City Hall, 69-825 Highway 111, Rancho Mirage, California 92270.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis* of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transaction are recognized in accordance with the government-wide requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

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

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be 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. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

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

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Recognition of governmental fund type revenues represented by non-current receivables are deferred until they become current receivables.

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued)

Due to their nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the Agency's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Agency's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

Fiduciary Funds

The City's Agency funds are used to account for refundable customer deposits and assessment collections and debt service payments of assessment districts whose debt is not an obligation of the City.

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

C. Fund Classifications

The City reports the following major governmental funds and fiduciary funds:

General Fund. The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This fund pays the general operating expenditures and capital improvement costs which are not paid through other Funds.

Library Special Revenue Fund. The Library Fund is used to account for revenues and expenditures associated with the provision of public library services. Special Assessment tax revenue is restricted for funding of library services and programs.

Fire Tax Special Revenue Fund. The Fire Tax Fund is used to account for the revenues and expenditures associated with the provisions of fire protection services. Special Assessment tax revenue is restricted for funding of fire services.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Classifications (Continued)

Housing Authority Special Revenue Fund. The Housing Authority Fund is used to account for monies restricted for assistance to low and moderate income households. Tax increment revenue is restricted by government code for funding of housing units to benefit low and moderate income households.

Low Cost Housing Special Revenue Fund. The Low Cost Housing Fund is used to account for monies set aside for assistance to low and moderate income households before the monies are transferred to the Housing Authority Fund. Tax increment revenue is restricted by government code for funding of housing units to benefit low and moderate income households.

Whitewater Project Area Debt Service Fund. The Whitewater Project Area Debt Service Fund is used to account for tax increment revenues and debt service transactions of bonds and other obligations of the Whitewater redevelopment project area.

Northside Project Area Debt Service Fund. The Northside Project Area Debt Service Fund is used to account for the tax increment revenues and debt service transactions of bonds and other obligations of the Northside redevelopment project area.

Whitewater Project Area Capital Projects Fund. The Whitewater Project Area Capital Projects Fund is used to account for proceeds of tax allocation bonds and other obligations issued to fund construction of specific improvements in the Whitewater redevelopment project area.

Northside Project Area Capital Projects Fund. The Northside Project Area Capital Projects Fund is used to account for proceeds of tax allocation bonds and other obligations issued to fund construction of specific improvements in the Northside redevelopment project area.

Agency Funds. The Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

D. Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

The "total fund balances" of the City's governmental funds differ from "net assets" of governmental activities reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets
(Continued)**

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 239,401,425
Accumulated depreciation	<u>(62,934,518)</u>
	<u>\$ 176,466,907</u>

Long-term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets.

Revenue bonds payable	\$ 4,970,000
Tax allocation bonds payable	155,720,000
Accretion on tax allocation bonds	3,761,276
ARRA loan	317,055
ACBI "pay back deficit"	436,816
Deferred gain/(loss) on refunding	<u>(263,882)</u>
	<u>\$ 164,941,265</u>

Accrued Interest

Accrued liabilities in the statement of net assets differ from the amount reported in governmental funds due to accrued interest on Tax Allocation Bonds payable.

Accrued interest payable	<u>\$ 1,941,653</u>
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Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets
(Continued)**

	Total Governmental Funds	Capital Assets	Accumulated Depreciation	Long-term Debt Transactions	Interest Payable
Assets:					
Cash and investments	\$ 126,531,581	\$ -	\$ -	\$ -	\$ -
Cash and investments with fiscal agent	59,551,271	-	-	-	-
Receivables:					
Interest	21,148	-	-	-	-
Accounts	1,109,595	-	-	-	-
Special assessments	-	-	-	-	-
Loans	1,892,118	-	-	-	-
Due from other governments	1,949,094	-	-	-	-
Due from other funds	460,736	-	-	-	-
Advances to other funds	15,174,341	-	-	-	-
Deferred cost of issuance	-	-	-	-	-
Prepaid items	30,672	-	-	-	-
Land held for resale	1,735,000	-	-	-	-
Capital assets	-	239,401,425	-	-	-
Accumulated depreciation	-	-	(62,934,518)	-	-
Total assets and other debits	\$ 208,455,556	\$ 239,401,425	\$ (62,934,518)	\$ -	\$ -
<u>Liabilities and fund balances</u>					
Liabilities:					
Accounts payable	\$ 1,982,937	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	233,757	-	-	-	-
Accrued interest payable	-	-	-	-	1,941,653
Due to other governments	8,406,403	-	-	-	-
Due to other funds	460,736	-	-	-	-
Deposits payable	296,827	-	-	-	-
Unearned revenue	529,354	-	-	-	-
Advances from other funds	15,174,341	-	-	-	-
Long term liabilities	-	-	-	164,941,265	-
Total liabilities	27,084,355	-	-	164,941,265	1,941,653
Fund balances/net assets	181,371,201	239,401,425	(62,934,518)	(164,941,265)	(1,941,653)
Total liabilities and fund balances/net assets	\$ 208,455,556	\$ 239,401,425	\$ (62,934,518)	\$ -	\$ -

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2011

Claims Payable	Compensated Absences	Cost of Issuance	Deferred Revenue	Reclassifications and Eliminations	Statement of Net Assets
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,531,581
-	-	-	-	-	59,551,271
-	-	-	-	-	21,148
-	-	-	-	-	1,109,595
-	-	-	-	-	-
-	-	-	-	-	1,892,118
-	-	-	-	-	1,949,094
-	-	-	-	(460,736)	-
-	-	-	-	(15,174,341)	-
-	-	3,057,978	-	-	3,057,978
-	-	-	-	-	30,672
-	-	-	-	-	1,735,000
-	-	-	-	-	239,401,425
-	-	-	-	-	(62,934,518)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,057,978</u>	<u>\$ -</u>	<u>\$ (15,635,077)</u>	<u>\$ 372,345,364</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,982,937
-	-	-	-	-	233,757
-	-	-	-	-	1,941,653
-	-	-	-	-	8,406,403
-	-	-	-	(460,736)	-
-	-	-	-	-	296,827
-	-	-	(237,964)	-	291,390
-	-	-	-	(15,174,341)	-
627,424	1,380,678	-	-	-	166,949,367
<u>627,424</u>	<u>1,380,678</u>	<u>-</u>	<u>(237,964)</u>	<u>(15,635,077)</u>	<u>180,102,334</u>
<u>(627,424)</u>	<u>(1,380,678)</u>	<u>3,057,978</u>	<u>237,964</u>	<u>-</u>	<u>192,243,030</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,057,978</u>	<u>\$ -</u>	<u>\$ (15,635,077)</u>	<u>\$ 372,345,364</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds differs from the "change in net assets" for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expense charged for the year.

Capital outlay	\$ 13,377,501
Proceeds on sale to Redevelopment Agency	(2,750,000)
Depreciation expense, net of adjustments for deletions	(4,477,406)
Capital outlay expense reduction	<u>\$ 6,150,095</u>

Long-term Debt Transactions

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in claims payable	\$ 446,469
Net change in compensated absences	(185,625)
Net change in cost of issuance	160,904

Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. Proceeds from loans provide current financial resources to governmental funds, but have no impact on net assets. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

ACBI payback deficit	\$ (208,753)
TAB principal payments	5,565,000
Accretion	(198,118)
Amortized bond discount	(31,266)
ARRA DOE loan proceeds	(317,055)
	<u>\$ 4,809,808</u>

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities
(Continued)

Accrued Interest

Net changes in accrued interest and service fees in the statement of activities reflect the recording of accrued interest on bonds payable.

Net change in accrued interest	<u>\$ (53,355)</u>
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Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities
(Continued)

	Total Governmental Funds	Capital Assets	Accumulated Depreciation	Long-term Debt Transactions
Revenues:				
Taxes	\$ 49,672,270	\$ -	\$ -	\$ -
Intergovernmental	6,697,737	-	-	-
Licenses and permits	526,296	-	-	-
Charges for services	723,931	-	-	-
Fines and forfeitures	228,588	-	-	-
Special assessments	4,958,580	-	-	-
Developer fees	56,555	-	-	-
Interest income	3,251,024	-	-	-
Net increase (decrease) in investment fair value	(2,214,896)	-	-	-
Miscellaneous	4,184,021	-	-	-
Total revenues	\$ 68,084,106	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	\$ 15,146,924	\$ -	\$ 525,347	\$ 208,753
Public safety	10,918,032	-	177,513	-
Public works	3,889,617	4,375,372	3,187,800	-
Cultural and recreation	3,328,360	-	586,746	-
Capital projects	17,752,873	(17,752,873)	-	-
Debt service:				
Principal	5,565,000	-	-	(5,565,000)
Interest	7,980,036	-	-	229,384
Payments under pass-through agreements	13,661,996	-	-	-
SERAF payment	2,590,741	-	-	-
Service fees	32,065	-	-	-
Total expenditures	80,865,644	(13,377,501)	4,477,406	(5,126,863)
Excess (deficiency) of revenues over expenditures	(12,781,538)	13,377,501	(4,477,406)	5,126,863
Other financing sources (uses):				
Loan proceeds	317,055	-	-	(317,055)
Proceeds from sale of property	2,750,000	(2,750,000)	-	-
Transfers in	21,000,239	-	-	-
Transfers out	(21,000,239)	-	-	-
Total other financing sources (uses)	3,067,055	(2,750,000)	-	(317,055)
Total change in fund balances/net assets	(9,714,483)	10,627,501	(4,477,406)	4,809,808
Fund balances/net assets, beginning of year	191,085,684	228,773,924	(58,457,112)	(169,751,073)
Fund balances/net assets, end of year	\$ 181,371,201	\$ 239,401,425	\$ (62,934,518)	\$ (164,941,265)

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

Interest Payable	Claims Payable	Compensated Absences	Cost of Issuance	Deferred Revenue	Reclassifications and Eliminations	Statement of Activities
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,252,737)	\$ 33,419,533
-	-	-	-	(688,933)	-	6,008,804
-	-	-	-	-	-	526,296
-	-	-	-	-	-	723,931
-	-	-	-	-	-	228,588
-	-	-	-	-	-	4,958,580
-	-	-	-	-	-	56,555
-	-	-	-	-	-	3,251,024
-	-	-	-	-	-	(2,214,896)
-	-	-	-	-	-	4,184,021
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (688,933)</u>	<u>\$ (16,252,737)</u>	<u>\$ 51,142,436</u>
\$ -	\$ 446,469	\$ (196,714)	\$ -	\$ -	\$ -	\$ 16,130,779
-	-	3,679	-	-	-	11,099,224
-	-	60,375	-	-	-	11,513,164
-	-	(52,965)	-	-	-	3,862,141
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(53,355)	-	-	-	-	-	8,156,065
-	-	-	-	-	(13,661,996)	-
-	-	-	-	-	(2,590,741)	-
-	-	-	160,964	-	-	193,029
<u>(53,355)</u>	<u>446,469</u>	<u>(185,625)</u>	<u>160,964</u>	<u>-</u>	<u>(16,252,737)</u>	<u>50,954,402</u>
<u>53,355</u>	<u>(446,469)</u>	<u>185,625</u>	<u>(160,964)</u>	<u>(688,933)</u>	<u>-</u>	<u>188,034</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(21,000,239)	-
-	-	-	-	-	21,000,239	-
-	-	-	-	-	-	-
<u>53,355</u>	<u>(446,469)</u>	<u>185,625</u>	<u>(160,964)</u>	<u>(688,933)</u>	<u>-</u>	<u>188,034</u>
<u>(1,995,008)</u>	<u>(180,955)</u>	<u>(1,566,303)</u>	<u>3,218,942</u>	<u>926,897</u>	<u>-</u>	<u>192,054,996</u>
<u>\$ (1,941,653)</u>	<u>\$ (627,424)</u>	<u>\$ (1,380,678)</u>	<u>\$ 3,057,978</u>	<u>\$ 237,964</u>	<u>\$ -</u>	<u>\$ 192,243,030</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements

Implemented During 2010-2011

GASB Statement No. 54 – In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement was implemented July 1, 2010.

GASB Statement No. 59 – On June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement was implemented during the fiscal year. The implementation did not have a significant effect on the financial statements.

Implemented in future fiscal years

The following summarizes recent GASB pronouncements and their impact, if any, on future financial statements:

GASB Statement No. 62 – In December 2010, GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates FASB and AICPA pronouncements into the GASB's authoritative literature. This statement is effective as of July 1, 2012. The City has not determined the effect on the financial statements.

GASB Statement No. 63 – In June 2011, GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position*. This statement provides financial reporting guidance on deferred outflows of resources and deferred inflows of resources. This statement is effective as of July 1, 2012. The City has not determined the effect on the financial statements.

GASB Statement No. 64 – In June 2011, GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This statement provides guidance on the continuation of effective hedging relationships upon entering into swap agreements. This statement is effective as of July 1, 2012. The City has not determined the effect on the financial statements.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective July 1, 2010. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the constraints placed on the purposes for which resources can be used:

Nonspendable

Amounts that cannot be spent either because they are in nonspendable form or are legally or contractually required to be maintained intact (e.g. prepaid assets, inventory).

Restricted

Amounts that are constrained to specific purposes by state or federal laws, enabling legislation, or externally imposed conditions by grantors or creditors.

Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council, the City's highest level of decision-making authority, through formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. Council action to commit fund balance needs to occur within the fiscal reporting period; but the amount, if any, which will be subject to the constraint, may be determined at a subsequent period.

Assigned

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned

The unassigned classification is to be used when there are negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed or assigned in funds outside of the General Fund. Within the General Fund, the unassigned classification represents the residual amounts not classified in one of the four previous classifications.

H. Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for nonparticipating certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Interest income reports interest earnings. *Net increase (decrease) in investment fair value* reports changes in fair value, and any gains or losses realized upon the liquidation, maturity or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Interest income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$500 are capitalized if they have an expected useful life of three years or more.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains. The City chose to record and value infrastructure assets in their entirety (e.g., prior to 1980).

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net assets. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Building and improvements	30-50 years
Furniture and fixtures	3-15 years
Equipment	3-15 years
Infrastructure:	
Pavement	25 years
Curbs and gutters	50 years
Sidewalks	50 years
Bridges	50 years
Medians	50 years
Traffic signals	15 years
Storm drain system	75 years

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Property Taxes

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1
Levy Date	July 1
Due Date	November 1 (first installment) March 1 (second installment)
Delinquent Date	December 10 (first installment) April 10 (second installment)

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas prescribed by the state statutes. A delinquency penalty of 10 percent is assessed by the County of Riverside. If taxes become delinquent, subject properties may be deeded to the State and may be sold by the County for taxes plus a 1.5 percent per month redemption fee.

The City accrues as a receivable all property taxes normally received from the County within sixty days of the end of the fiscal year.

K. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances outstanding at June 30, 2011 were \$2,163,613.

L. Self-Insurance

The City is self-insured for the first \$250,000 of each workers' compensation claim. Losses in excess of these amounts up to \$5 million are covered by outside insurance. The City is completely self-insured for unemployment claims.

M. Accounting for Self-Insurance Activities

The City records a liability for litigation, judgments, and claims (including claims incurred, but not reported) 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 recovery) can be reasonably estimated. Liabilities resulting from self-insurance activities are recorded as claims payable in the government-wide financial statements since these liabilities are funded on a pay-as-you-go basis and are not payable from currently available financial resources.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Borrowing

Due from and Due to other funds represent short term borrowings.

Long-term interfund borrowings are recorded as advances receivable by the advancing governmental fund in the fund financial statements.

O. Property Held for Resale

Property held for resale represents land, structures and their related improvements that were acquired for resale in accordance with the objectives of the Whitewater Project Area and Northside Project Area Redevelopment Plans. Property held for resale is valued at the lower of historical cost or estimated resale value.

P. Transient Occupancy Tax

Approximately 19.5 percent of General Fund revenue is derived from transient occupancy tax collected within the City.

Q. Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probably that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

In governmental funds, compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year end is recorded in the government-wide financial statements as these amounts will be liquidated from future resources.

Depending upon the length of employment, full-time City employees earn 12 to 18 vacation days per year. Employees' vacation may not exceed 30 working days during any calendar year without the approval of the City Manager.

Full-time City employees are provided with 12 sick days a year. A maximum of 120 days of sick leave may be accumulated.

Upon termination, full-time employees are entitled to receive compensation at their current base salary for all unused vacation leave, administrative leave, compensatory time and floating holidays. Upon termination, full-time employees receive 50% of their accrued sick leave at their current pay rate. Upon retirement, full-time employees are eligible to receive up to 50% of their accrued sick leave at their current pay rate and the remaining 50% converted to service credit with the California Public Employees Retirement System or convert 100% of accrued sick leave to service credit or a combination of the two.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Interfund Transfers

Transfers are reported as other financing sources and uses in the statement of revenues, expenditures and changes in fund balances in the fund financial statements.

S. Prepaid Items

Prepaid items are reported using the consumption method.

T. Receivables

At fiscal year end the collectability of special assessment receivables for levy's against certain parcels in the Whitewater Capital Projects Fund and parcel charges due from the County of Riverside in the Storm Water Quality fund was unknown. An allowance has been recorded as follows:

Whitewater Capital Projects Fund

Special Assessment Receivable	\$	546,512
Allowance		(546,512)
Special Assessment Receivable, net	\$	<u><u>-</u></u>

Storm Water Quality Fund

Due from other governments	\$	158,000
Allowance		(158,000)
Due from other governments, net	\$	<u><u>-</u></u>

U. Use of Estimates

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

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #2 – CASH AND INVESTMENTS

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

Statement of net assets:

Cash and investments	\$	126,531,581
Cash and investments held by fiscal agent		59,551,271

Fiduciary funds:

Cash and investments		3,263,937
Cash and investments held by fiscal agent		<u>1,321,319</u>
Total cash and investments	\$	<u><u>190,668,108</u></u>

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

Cash on hand	\$	2,304
Deposits with financial institutions		1,359,592
Investments		<u>189,306,212</u>
Total cash and investments	\$	<u><u>190,668,108</u></u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #2 – CASH AND INVESTMENTS (Continued)

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

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

<u>Investment Types Authorized by State Law</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Allowed</u>	<u>*Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Certificates of Deposit	N/A	None	15%
Negotiable Certificates of Deposit	5 years	30%	\$1,000,000
Repurchase Agreements	1 year	None	None
First American Treasury Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

*Based on state law requirements or investment policy requirement, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Disclosures Relating to Interest Rate Risk

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

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 60 Months	More than 60 Months
Investments held by City:							
U.S. Treasury Notes	\$ 10,395,708	\$ 1,284,911	\$ 1,843,409	\$ 1,403,045	\$ 1,463,477	\$ 2,876,820	\$ 1,524,046
Federal Agency Securities	87,527,161	13,820,544	17,181,969	17,479,988	12,497,564	8,816,530	17,730,566
State Investment Pool (LAIF)	30,820,631	30,820,631	-	-	-	-	-
Investments held by fiscal Agent:							
U.S. Treasury Notes	17,284,236	14,563,103	1,199,354	753,983	-	767,797	-
Certificates of Deposit	361,278	154,257	103,945	103,076	-	-	-
Federal Agency Securities	28,118,101	18,638,138	9,028,949	348,894	-	102,120	-
Money Market Funds	14,799,097	14,799,096	-	-	-	-	-
Total	\$ 189,306,212	\$ 94,080,680	\$ 29,357,626	\$ 20,088,986	\$ 13,961,041	\$ 12,563,267	\$ 19,254,612

Disclosures Relating to Credit Risk

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

Investment Type	Total	Exempt From Disclosure	AAA	Not Rated
U.S. Treasury notes	\$ 10,395,708	\$ 10,395,708	\$ -	\$ -
Federal agency securities	87,527,161	-	87,527,161	-
State investment pool	30,820,631	-	-	30,820,631
Held by fiscal agent:				
U.S. Treasury notes	17,284,236	17,284,236	-	-
Certificates of deposit	361,278	361,278	-	-
Federal agency securities	28,118,101	-	28,118,101	-
Money market funds	14,799,097	-	14,799,097	-
Total	\$ 189,306,212	\$ 28,041,222	\$ 130,444,359	\$ 30,820,631

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5 percent or more of total investments by reporting unit (primary government, governmental activities, major fund, nonmajor funds in the aggregate, etc.). Investments by reporting unit are disclosed below. Also, Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5 percent or more of total City investments are as follows:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Governmental Activities	Federal National Mortgage Association (FNMA)	Federal agency securities	\$ 15,326,807
Governmental Activities	Federal Home Loan Bank (FHLB)	Federal agency securities	33,071,631
Governmental Activities	Federal Farm Credit Bank (FFCB)	Federal agency securities	24,087,958
Governmental Activities	Federal Home Loan Mortgage Corporation (FHLMC)	Federal agency securities	15,040,765
Low Cost Housing Fund	Federal Home Loan Mortgage Corporation (FHLMC)	Federal agency securities	2,749,835
Northside Capital Projects Fund	Federal National Mortgage Association (FNMA)	Federal agency securities	11,910,055
Northside Capital Projects Fund	Federal Home Loan Bank (FHLB)	Federal agency securities	6,300,532

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2011 the City holds cash deposits with U.S. Bank \$257,603 in excess of FDIC insurance limits.

For investments identified herein as held by fiscal agent, the fiscal agent holds the investment on behalf of the reporting government.

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #2 – CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

NOTE #3 – DUE FROM AND DUE TO OTHER FUNDS

Current interfund receivables and payables balances at June 30, 2011 are as follows:

Due to	Due From				Total
	General Fund	Whitewater Debt Service	Northside Debt Service	Nonmajor Governmental Funds	
Library Fund	\$ 106,349	\$ 4,003	\$ -	\$ -	\$ 110,352
Fire Tax Fund	331,346	-	-	-	331,346
Low Cost Housing Fund	-	7,726	11,311	-	19,037
Northside Capital Projects	-	-	-	1	1
Total	\$ 437,695	\$ 11,729	\$ 11,311	\$ 1	\$ 460,736

The Library Fund receivable of \$110,352 is accrued revenue from the General Fund and the Whitewater Debt Service Funds. The Fire Tax Fund receivable, \$331,346, is accrued revenue from the General Fund. The Low Cost Housing Fund receivable of \$19,037 is accrued 20 percent pass-thru from the Whitewater Debt Service Fund and Northside Debt Service Fund. The Northside Capital Projects Fund receivable of \$1 is accrued reimbursement of costs from the Development Fee Fund.

NOTE #4 – ADVANCES TO AND ADVANCES FROM OTHER FUNDS

Advances from Other Funds	Advances to Other Funds
Northside Capital Projects Fund	Housing Authority Fund
	<u>\$ 15,174,341</u>

In May 2010 and May 2011, the Redevelopment Agency had to make payments of approximately \$12.6 million and \$2.6 million, respectively, for the State's Supplemental Educational Revenue Augmentation Fund (SERAF).

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #4 – ADVANCES TO AND ADVANCES FROM OTHER FUNDS (Continued)

The Agency used accumulated balances in the Housing Authority Fund to make the SERAF payment. Thus this Special Revenue Fund has an advance to the Capital Projects Fund of \$12,583,600 for the SERAF to be repaid by June 30, 2015 and \$2,590,741 to be repaid by June 30, 2016.

NOTE #5 – INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2011 consisted of the following:

Transfer in:	Transfer From:								Total
	General Fund	Low Cost Housing Fund	Housing Authority Fund	Whitewater Capital Projects Fund	Northside Capital Projects Fund	Whitewater Debt Service Fund	Northside Debt Service Fund	Nonmajor Governmental Fund	
General Fund	\$ -	\$ -	\$ 1,752,631	\$ 943,992	\$ 943,992	\$ -	\$ -	\$ 36,809	\$ 3,677,424
Library Fund	-	-	124,804	-	-	-	-	-	124,804
Fire Tax Fund	178,151	-	19,962	-	-	-	-	-	198,113
Housing Authority	-	12,957,681	-	-	-	-	-	-	12,957,681
Whitewater Capital Projects	-	-	-	-	-	2,388,759	-	-	2,388,759
Northside Capital Projects	-	-	-	1,575,089	-	-	12,842	7,260	1,595,191
Nonmajor Governmental Funds	-	-	14,374	-	-	-	-	43,893	58,267
Total	\$ 178,151	\$ 12,957,681	\$ 1,911,771	\$ 2,519,081	\$ 943,992	\$ 2,388,759	\$ 12,842	\$ 87,962	\$ 21,000,239

Transfers were used to:

1. Transfer in-lieu taxes from the Housing Authority Fund to the Library Fund.
2. Transfer from the General Fund to the Fire Tax Fund for reimbursement for public safety.
3. Transfer in-lieu taxes from the Housing Authority Fund to the Fire Tax Fund.
4. Transfer 20 percent tax increment from the Low Cost Housing Fund to the Housing Authority Fund and transfer reimbursements for Housing Authority capital projects.
5. Provide operating subsidy from the Whitewater Debt Service Fund to the Whitewater Capital Projects Fund.
6. Provide operating subsidy from the Whitewater Capital Projects Fund to the Northside Capital Projects Fund.
7. Provide operating subsidy from the Northside Debt Service Fund to the Northside Capital Projects Fund.
8. Transfer from the Northside Capital Projects Fund and Whitewater Capital Projects Fund to the General Fund for reimbursement for capital projects.
9. Transfer from the General Fund to the Joint Power Financing Authority Fund to pay for lease.
10. Transfer in-lieu taxes from the Housing Authority Fund to the Landscape and Lighting District Fund.
11. Transfer in-lieu taxes from the Housing Authority Fund to the General Fund.
12. Transfer in-lieu taxes from the Housing Authority Fund to the Parkland Fund.
13. Transfer in-lieu taxes from the Housing Authority Fund to the Storm Water Quality Fund.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Government activities:				
Buildings	\$ 44,328,367	\$ 19,782,967	\$ (2,988,270)	\$ 61,123,064
Improvements	2,752,242	-	-	2,752,242
Furniture and fixtures	4,186,105	59,665	(67,627)	4,178,143
Equipment	2,881,440	358,356	-	3,239,796
Infrastructure - improved bike trails	67,958	-	-	67,958
Infrastructure - road system	106,911,303	4,036,636	(1,375,037)	109,572,902
Infrastructure - storm drain system	17,136,405	60,944	(6,808)	17,190,541
Total cost of depreciable assets	<u>178,263,820</u>	<u>24,298,568</u>	<u>(4,437,742)</u>	<u>198,124,646</u>
Less accumulated depreciation:				
Buildings	(9,581,211)	(1,065,825)	-	(10,647,036)
Improvements	(578,869)	(47,694)	-	(626,563)
Furniture and fixtures	(2,880,136)	(195,604)	60,744	(3,014,996)
Equipment	(1,820,549)	(325,619)	-	(2,146,168)
Infrastructure - improved bike trails	(5,692)	(1,208)	-	(6,900)
Infrastructure - road system	(38,366,095)	(3,178,439)	502,620	(41,041,914)
Infrastructure - storm drain system	(5,224,560)	(228,467)	2,086	(5,450,941)
Total accumulated depreciation	<u>(58,457,112)</u>	<u>(5,042,856)</u>	<u>565,450</u>	<u>(62,934,518)</u>
Net depreciable assets	<u>119,806,708</u>	<u>19,255,712</u>	<u>(3,872,292)</u>	<u>135,190,128</u>
Capital assets not depreciated:				
Land	25,469,398	2,206,841	-	27,676,239
Rights of way - road system	11,188,410	-	-	11,188,410
Rights of way - off-road trail system	1,077,859	-	-	1,077,859
Work in progress	12,774,437	776,892	(12,217,058)	1,334,271
Total capital assets not depreciated	<u>50,510,104</u>	<u>2,983,733</u>	<u>(12,217,058)</u>	<u>41,276,779</u>
Total capital assets, net	<u>\$ 170,316,812</u>	<u>\$ 22,239,445</u>	<u>\$ (16,089,350)</u>	<u>\$ 176,466,907</u>

Depreciation expensed was charged to the following functions in the Statement of Activities:

General government	\$ 561,877
Public safety	181,296
Public works	3,692,506
Cultural and recreation	607,177
	<u> </u>
Total	<u>\$ 5,042,856</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Accretion	Retirements	Ending Balance	Due within One year
Revenue bonds payable:						
2005A lease refunding revenue bonds	\$ 5,145,000	\$ -	\$ -	\$ 175,000	\$ 4,970,000	\$ 180,000
Tax allocation bonds payable:						
2001A-1 subordinate lien tax allocation bonds	1,615,000	-	-	95,000	1,520,000	100,000
2001A-E subordinate lien tax allocation bonds	3,595,000	-	-	205,000	3,390,000	215,000
2001A-1 tax allocation bonds	12,715,000	-	-	510,000	12,205,000	535,000
2001A-E tax allocation bonds	12,795,000	-	-	310,000	12,485,000	325,000
2001B-1 tax allocation bonds	2,905,000	-	-	65,000	2,840,000	70,000
2001B-E tax allocation bonds	1,070,000	-	-	25,000	1,045,000	25,000
2002A subordinate lien tax allocation bonds	4,710,000	-	-	450,000	4,260,000	465,000
2003 A-1 subordinate lien tax allocation bonds	1,504,035	-	82,164	-	1,586,199	-
2003 A-E subordinate lien tax allocation bonds	4,255,000	-	-	230,000	4,025,000	245,000
2003 A-T subordinate lien tax allocation bonds	1,095,000	-	-	20,000	1,075,000	15,000
2003 A Housing TABs	29,180,000	-	-	1,170,000	28,010,000	1,210,000
2003 A-1 tax allocation bonds	2,059,123	-	115,954	-	2,175,077	-
2003 A-E tax allocation bonds	16,325,000	-	-	405,000	15,920,000	420,000
2003 A-T tax allocation bonds	4,065,000	-	-	95,000	3,970,000	95,000
2003 B subordinate lien tax allocation bonds	1,825,000	-	-	35,000	1,790,000	35,000
2006 A-Whitewater TA ref bonds	21,455,000	-	-	920,000	20,535,000	960,000
2006 A-Northside TA ref bonds	22,700,000	-	-	385,000	22,315,000	395,000
2008 A subordinate lien tax allocation bonds	20,805,000	-	-	470,000	20,335,000	490,000
DOE-ARRA Loan	-	317,055	-	-	317,055	-
Other long-term liabilities:						
ACBCI "Pay Back Deficit"	228,063	208,753	-	-	436,816	-
Compensated absences	1,566,303	705,733	-	891,358	1,380,678	935,926
Claims payable	180,955	616,699	-	170,230	627,424	-
Less: Deferrals on refunding and issuance (discounts)/premiums	(295,148)	-	-	(31,266)	(263,882)	31,266
TOTALS	\$ 171,498,331	\$ 1,848,240	\$ 198,118	\$ 6,595,322	\$ 166,949,367	\$ 6,684,660

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

Compensated absences, ACBCI Pay Back Deficit and claim liabilities have been typically liquidated from the General Fund.

2005A Lease Refunding Revenue Bonds

On May 1, 2005, the Rancho Mirage Joint Powers Financing Authority, a component unit of the City of Rancho Mirage issued \$5,925,000 in Refunding Revenue Bonds. The Bonds were issued to provide a portion of the funds to refund the issuer's Library Lease Revenue Bonds, Series 1995, originally issued in the principal amount of \$3,375,000. The 1995 Bonds were issued to refund the issuer's Library Lease Revenue Bonds, Series 1991B, that were used to finance the acquisition, construction and equipping of a library facility for the City. The City had previously withdrawn from the Riverside City and County Public Library System, and receives the portion of property tax allocated to library services collected within the City limits.

A portion of the proceeds of the 2005A Bonds, along with certain remaining funds from the 1995 Bonds were used to establish an escrow fund for the 1995 Bonds to be held in trust by an escrow agent until the first redemption date. The series 1995 Bonds were redeemed in full on August 1, 2005.

The Authority has leased approximately 10.5 acres of land and the improvements thereon to the City pursuant to a Lease, dated as of July 1, 1995. Pursuant to a Site Lease, dated as of July 1, 1995 between the City and the issuer, the City has leased the Leased Property to the issuer in consideration for entering into the Lease. The City is obligated to pay rental payments under the Lease from any legally available monies, including amounts in its General Fund. The City has covenanted in the Lease that, so long as the City has the use and occupancy of the Leased Property, it will make rental payments ("Base Rental") to the issuer. The Base Rental is calculated to be an amount sufficient to permit the issuer to pay all scheduled debt service on the Bonds when due. The amount required for the bond reserve of the 2005A bonds was \$392,914. The reserve account balance was \$398,764 as of June 30, 2011.

Beginning April 1, 2006, the 2005A Bonds were due in annual installments of \$150,000 to \$375,000 through April 1, 2030. Interest ranging from 3 percent to 4.5 percent is due in annual installment on April 1 of each year. The annual debt service requirements for the lease revenue bonds as of June 30, 2011 are as follows:

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2005A Lease Refunding Revenue Bonds (Continued)

The annual payment amounts required to retire the 2005A bonds outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 106,004	\$ 106,004	\$ 212,008	\$ 180,000	\$ 392,008
2013	102,741	102,741	205,482	185,000	390,482
2014	99,388	99,388	198,776	190,000	388,776
2015	95,955	95,954	191,909	200,000	391,909
2016	91,944	91,945	183,889	205,000	388,889
2017	87,716	87,716	175,432	215,000	390,432
2018	83,282	83,282	166,564	225,000	391,564
2019	78,641	78,642	157,283	235,000	392,283
2020	73,648	73,647	147,295	245,000	392,295
2021	68,441	68,441	136,882	255,000	391,882
2022	63,023	63,022	126,045	265,000	391,045
2023	57,325	57,325	114,650	275,000	389,650
2024	51,309	51,310	102,619	285,000	387,619
2025	45,075	45,075	90,150	300,000	390,150
2026	38,475	38,475	76,950	315,000	391,950
2027	31,388	31,387	62,775	325,000	387,775
2028	24,075	24,075	48,150	340,000	388,150
2029	16,425	16,425	32,850	355,000	387,850
2030	8,437	8,438	16,875	375,000	391,875
TOTALS	<u>\$ 1,223,292</u>	<u>\$ 1,223,292</u>	<u>\$ 2,446,584</u>	<u>\$ 4,970,000</u>	<u>\$ 7,416,584</u>

2001A-1 Subordinate Lien Tax Allocation Parity Bonds and 2001A-E Subordinate Lien Tax Allocation Bonds

On July 1, 2001, the Redevelopment Agency of the City of Rancho Mirage issued \$2,340,000 of Subordinate Lien Tax Allocation Bonds, Series 2001A-1 and \$4,680,000 of Subordinate Lien Tax Allocation Bonds, Series 2001A-E. The 2001A bonds were issued for the purpose of financing certain improvements in the Whitewater Redevelopment Project Area of the Agency, to fund an escrow for future improvements in the project area, to purchase a debt service reserve fund surety bond for the bonds, and to pay the costs of issuing the bonds. Payment of principal, premium, if any and interest on the 2001A-1 bonds and the 2001A-E bonds were subordinate to payment of principal, premium, if any and interest on the Whitewater Project Area 1994A bonds and the Whitewater Project Area 1997A bonds and certain other outstanding obligations of the Agency. The 1994A and the 1997A bonds were referred to herein as the Senior Lien Bonds.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2001A-1 Subordinate Lien Tax Allocation Parity Bonds and 2001A-E Subordinate Lien Tax Allocation Bonds
(Continued)

The 2001A-1 bonds have annual interest ranging from 3.75 percent to 4.625 percent and annual principal installments ranging from \$70,000 to \$110,000 through April 1, 2015 and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$115,000 to \$160,000 on April 1 beginning 2016 through 2023. The 2001A-E bonds have annual interest ranging from 3.75 percent to 4.8 percent and annual principal installments ranging from \$165,000 to \$245,000 through April 1, 2015 and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$260,000 to \$365,000 on April 1 beginning 2016 through 2023. The 2001A-1 and the 2001A-E bonds are secured by the surplus tax revenues of the Agency.

The 2001A-1 and 2001A-E bond resolution and indentures require that bond reserve be equal to the full amount of maximum annual debt service on all outstanding Senior Lien Bonds. As of June 30, 2011, the reserve for the 2001A-1 and 2001A-E bonds was held by the fiscal agent in the form of a surety bond.

The annual payment amounts required to retire the (Whitewater Project) 2001A-1 bonds outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 36,896	\$ 36,897	\$ 73,793	\$ 100,000	\$ 173,793
2013	34,771	34,772	69,543	100,000	169,543
2014	32,584	32,584	65,168	105,000	170,168
2015	30,169	30,169	60,338	110,000	170,338
2016	27,625	27,625	55,250	115,000	170,250
2017	24,750	24,750	49,500	125,000	174,500
2018	21,625	21,625	43,250	130,000	173,250
2019	18,375	18,375	36,750	135,000	171,750
2020	15,000	15,000	30,000	140,000	170,000
2021	11,500	11,500	23,000	145,000	168,000
2022	7,875	7,875	15,750	155,000	170,750
2023	4,000	4,000	8,000	160,000	168,000
TOTALS	\$ 265,170	\$ 265,172	\$ 530,342	\$ 1,520,000	\$ 2,050,342

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2001A-1 Subordinate Lien Tax Allocation Parity Bonds and 2001A-E Subordinate Lien Tax Allocation Bonds
(Continued)

The annual payment amounts required to retire the (Whitewater Project) 2001A-E bonds outstanding as of June 30, 2011 are as follows:

<u>Fiscal Year</u>	<u>Interest Due April 1</u>	<u>Interest Due October 1</u>	<u>Total Interest</u>	<u>Principal Due April 1</u>	<u>Total Annual Debt Service</u>
2012	\$ 84,521	\$ 84,520	\$ 169,041	\$ 215,000	\$ 384,041
2013	79,818	79,817	159,635	225,000	384,635
2014	74,755	74,755	149,510	235,000	384,510
2015	69,174	69,174	138,348	245,000	383,348
2016	63,294	63,294	126,588	260,000	386,588
2017	56,631	56,632	113,263	270,000	383,263
2018	49,713	49,712	99,425	285,000	384,425
2019	42,409	42,410	84,819	300,000	384,819
2020	34,722	34,722	69,444	315,000	384,444
2021	26,650	26,650	53,300	330,000	383,300
2022	18,194	18,194	36,388	345,000	381,388
2023	9,353	9,353	18,706	365,000	383,706
TOTALS	<u>\$ 609,234</u>	<u>\$ 609,233</u>	<u>\$ 1,218,467</u>	<u>\$ 3,390,000</u>	<u>\$ 4,608,467</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2001A-1 Tax Allocation Bonds, 2001A-E Tax Allocation Bonds, 2001B-1 Subordinate Lien Tax Allocation Bonds and 2001B-E Subordinate Lien Tax Allocation Bonds

On July 1, 2001, the Redevelopment Agency of the City of Rancho Mirage issued \$16,860,000 of Tax Allocation Bonds, Series 2001A-1, \$14,425,000 of Tax Allocation Bonds, Series 2001A-E, \$3,440,000 of Subordinate Lien Tax Allocation Bonds, Series 2001B-1 and \$1,195,000 Subordinate Lien Tax Allocation Bonds, Series 2001B-E. The 2001A bonds were issued for the purpose of financing certain improvements in the Redevelopment Plan — 1984 Project Area of the Agency, to fund an escrow for future improvements in the project area, and to pay the costs of issuing the bonds. The 2001B bonds were issued to advance refund \$3,010,000 of the outstanding 1991A Civic Center Revenue Bonds, finance certain improvements within the 1984 Project Area, to fund an escrow for future improvements within the project area, fund a reserve account for the 2001B Bonds, and to pay the cost of issuing the bonds. The proceeds used to advance refund the 1991A series were used to purchase U.S government securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991A series. Payment of principal, premium, if any, and interest on the series 2001B bonds is subordinate to payment of principal, premium, if any and interest on the 2001A bonds and certain other outstanding obligations of the Agency.

The 2001A-1 bonds have annual interest ranging from 3.75 percent to 4.625 percent and annual principal installments ranging from \$405,000 to \$605,000 through April 1, 2015 and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$365,000 to \$750,000 on April 1 beginning 2016 through 2033. The 2001A-E bonds have annual interest ranging from 3.75 percent to 4.75 percent and annual principal installments ranging from \$250,000 to \$370,000 through April 1, 2015 and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$390,000 to \$920,000 on April 1 beginning 2016 through 2033. The 2001A-1 and 2001A-E bonds are secured by the surplus tax revenues of the Agency.

The 2001B-1 bonds have annual interest ranging from 3.75 percent to 4.80 percent and annual principal installments ranging from \$50,000 to \$90,000 through April 1, 2012 and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$75,000 to \$215,000 on April 1 beginning 2013 through 2033. The 2001B-E bonds have annual interest ranging from 4.0 percent to 5.0 percent and annual principal installments ranging from \$20,000 to \$25,000 through April 1, 2012 and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$25,000 to \$50,000 on April 1 beginning 2013 through 2024. The 2001B-1 and 2001B-E bonds are secured by the surplus tax revenues of the Agency.

The 2001A bond resolution and indentures require that the bond reserve policy, when added to the amounts on deposit in the Senior Reserve Account established under the Senior indenture, be equal to the full amount of maximum annual debt service on all outstanding Senior Lien Bonds and the Series 2001A bonds. As of June 30, 2010, the 2001A reserve policy was held in the form of a surety bond by the fiscal agent. The 2001B bond resolution and indentures require that the subordinate bond reserve be equal to the full amount of maximum annual debt service on all outstanding Series 2001B bonds. The amount required for the bond reserve of the 2001B bonds is \$316,815. As of June 30, 2010, the 2001B reserve that was held by the fiscal agent was \$448,244.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2001A-1 Tax Allocation Bonds, 2001A-E Tax Allocation Bonds, 2001B-1 Subordinate Lien Tax Allocation Bonds and 2001B-E Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (1984 Project) 2001A-1 bonds outstanding at June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 299,100	\$ 299,100	\$ 598,200	\$ 535,000	\$ 1,133,200
2013	287,732	287,731	575,463	555,000	1,130,463
2014	275,590	275,591	551,181	575,000	1,126,181
2015	262,366	262,365	524,731	605,000	1,129,731
2016	248,375	248,375	496,750	635,000	1,131,750
2017	232,500	232,500	465,000	665,000	1,130,000
2018	215,875	215,875	431,750	365,000	796,750
2019	206,750	206,750	413,500	385,000	798,500
2020	197,125	197,125	394,250	400,000	794,250
2021	187,125	187,125	374,250	425,000	799,250
2022	176,500	176,500	353,000	445,000	798,000
2023	165,375	165,375	330,750	465,000	795,750
2024	153,750	153,750	307,500	495,000	802,500
2025	141,375	141,375	282,750	520,000	802,750
2026	128,375	128,375	256,750	545,000	801,750
2027	114,750	114,750	229,500	570,000	799,500
2028	100,500	100,500	201,000	600,000	801,000
2029	85,500	85,500	171,000	630,000	801,000
2030	69,750	69,750	139,500	645,000	784,500
2031	53,625	53,625	107,250	680,000	787,250
2032	36,625	36,625	73,250	715,000	788,250
2033	18,750	18,750	37,500	750,000	787,500
TOTALS	\$ 3,657,413	\$ 3,657,412	\$ 7,314,825	\$ 12,205,000	\$ 19,519,825

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2001A-1 Tax Allocation Bonds, 2001A-E Tax Allocation Bonds, 2001B-I Subordinate Lien Tax Allocation Bonds and 2001B-E Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (1984 Project) 2001A-E bonds outstanding at June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 321,566	\$ 321,565	\$ 643,131	\$ 325,000	\$ 968,131
2013	314,456	314,457	628,913	340,000	968,913
2014	306,806	306,807	613,613	355,000	968,613
2015	298,375	298,375	596,750	370,000	966,750
2016	289,588	289,587	579,175	390,000	969,175
2017	279,594	279,594	559,188	405,000	964,188
2018	269,216	269,215	538,431	430,000	968,431
2019	258,197	258,197	516,394	450,000	966,394
2020	246,666	246,665	493,331	475,000	968,331
2021	234,494	234,494	468,988	500,000	968,988
2022	221,681	221,682	443,363	525,000	968,363
2023	207,900	207,900	415,800	550,000	965,800
2024	193,463	193,462	386,925	580,000	966,925
2025	178,238	178,237	356,475	610,000	966,475
2026	162,225	162,225	324,450	640,000	964,450
2027	145,425	145,425	290,850	675,000	965,850
2028	127,706	127,707	255,413	710,000	965,413
2029	109,069	109,069	218,138	750,000	968,138
2030	89,382	89,381	178,763	785,000	963,763
2031	68,775	68,775	137,550	830,000	967,550
2032	46,988	46,987	93,975	870,000	963,975
2033	24,150	24,150	48,300	920,000	968,300
TOTALS	\$ 4,393,960	\$ 4,393,956	\$ 8,787,916	\$ 12,485,000	\$ 21,272,916

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2001A-1 Tax Allocation Bonds, 2001A-E Tax Allocation Bonds, 2001B-1 Subordinate Lien Tax Allocation Bonds and 2001B-E Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (1984 Project) 2001B-1 bonds outstanding at June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 78,843	\$ 78,842	\$ 157,685	\$ 70,000	\$ 227,685
2013	77,163	77,162	154,325	75,000	229,325
2014	75,100	75,100	150,200	75,000	225,200
2015	73,038	73,037	146,075	80,000	226,075
2016	70,838	70,837	141,675	85,000	226,675
2017	68,500	68,500	137,000	90,000	227,000
2018	66,025	66,025	132,050	95,000	227,050
2019	63,413	63,412	126,825	100,000	226,825
2020	60,662	60,663	121,325	105,000	226,325
2021	57,775	57,775	115,550	110,000	225,550
2022	54,750	54,750	109,500	120,000	229,500
2023	51,450	51,450	102,900	125,000	227,900
2024	48,012	48,013	96,025	130,000	226,025
2025	44,437	44,438	88,875	140,000	228,875
2026	40,500	40,500	81,000	145,000	226,000
2027	36,422	36,422	72,844	155,000	227,844
2028	32,062	32,063	64,125	165,000	229,125
2029	27,422	27,422	54,844	175,000	229,844
2030	22,500	22,500	45,000	185,000	230,000
2031	17,297	17,297	34,594	195,000	229,594
2032	11,812	11,813	23,625	205,000	228,625
2033	6,047	6,047	12,094	215,000	227,094
TOTALS	<u>\$ 1,084,068</u>	<u>\$ 1,084,068</u>	<u>\$ 2,168,136</u>	<u>\$ 2,840,000</u>	<u>\$ 5,008,136</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2001A-1 Tax Allocation Bonds, 2001A-E Tax Allocation Bonds, 2001B-1 Subordinate Lien Tax Allocation Bonds and 2001B-E Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (1984 Project) 2001B-E bonds outstanding at June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 29,530	\$ 29,530	\$ 59,060	\$ 25,000	\$ 84,060
2013	28,905	28,905	57,810	25,000	82,810
2014	28,202	28,202	56,404	30,000	86,404
2015	27,358	27,358	54,716	30,000	84,716
2016	26,514	26,515	53,029	30,000	83,029
2017	25,671	25,670	51,341	35,000	86,341
2018	24,686	24,687	49,373	35,000	84,373
2019	23,702	23,702	47,404	35,000	82,404
2020	22,718	22,717	45,435	40,000	85,435
2021	21,593	21,592	43,185	40,000	83,185
2022	20,468	20,467	40,935	45,000	85,935
2023	19,202	19,202	38,404	45,000	83,404
2024	17,936	17,937	35,873	50,000	85,873
2025	16,530	16,530	33,060	50,000	83,060
2026	15,105	15,105	30,210	55,000	85,210
2027	13,537	13,538	27,075	55,000	82,075
2028	11,970	11,970	23,940	60,000	83,940
2029	10,260	10,260	20,520	65,000	85,520
2030	8,407	8,408	16,815	70,000	86,815
2031	6,412	6,413	12,825	70,000	82,825
2032	4,417	4,418	8,835	75,000	83,835
2033	2,280	2,280	4,560	80,000	84,560
TOTALS	\$ 405,403	\$ 405,406	\$ 810,809	\$ 1,045,000	\$ 1,855,809

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2002A Subordinate Lien Tax Allocation Bonds

On January 1, 2002, the Redevelopment Agency of the City of Rancho Mirage issued \$7,895,000 Subordinate Lien Tax Allocation Bonds, Series 2002A. The 2002A bonds were issued for the purpose of financing certain improvements in the Whitewater Project Area of the Agency, advance refund \$6,730,000 of the outstanding 1992A tax allocation bonds, purchase a debt service reserve surety bond for the bonds, and to pay the cost of issuing the bonds. The proceeds used to advance refund the 1992A series were used to purchase U.S government securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992A series. Payment of principal, premium, if any, and interest on the series 2002A bonds is subordinate to payment of principal, premium, if any and interest on the Whitewater project 1994A bonds and the Whitewater project 1997A bonds, referred to as the "Senior Lien Bonds.

The 2002A bonds have annual interest ranging from 3.00 percent to 4.80 percent and annual principal installments ranging from \$365,000 to \$615,000 through April 1, 2019 and are subject to mandatory redemption from a sinking fund account in amounts ranging from \$515,000 to \$540,000 on April 1 beginning 2015 through 2016. The 2002A bonds are secured by the surplus tax revenues of the Agency.

The 2002A bond resolution and indentures require that a municipal bond insurance policy be purchased which provides for the principal and interest on the bonds when due to the extent that the trustee has not received payment therefore. As of June 30, 2011, the reserve for the 2002A bond was held by the fiscal agent in the form of a surety bond.

The annual payment amounts required to retire the 2002A bonds outstanding at June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 96,867	\$ 96,867	\$ 193,734	\$ 465,000	\$ 658,734
2013	87,276	87,277	174,553	475,000	649,553
2014	77,064	77,064	154,128	495,000	649,128
2015	66,174	66,174	132,348	515,000	647,348
2016	54,329	54,329	108,658	540,000	648,658
2017	41,909	41,909	83,818	565,000	648,818
2018	28,773	28,772	57,545	590,000	647,545
2019	14,760	14,760	29,520	615,000	644,520
TOTALS	<u>\$ 467,152</u>	<u>\$ 467,152</u>	<u>\$ 934,304</u>	<u>\$ 4,260,000</u>	<u>\$ 5,194,304</u>

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003 A-1 Subordinate Lien Tax Allocation Bonds, 2003 A-E Subordinate Lien Tax Allocation Bonds, and 2003 A-T Subordinate Lien Tax Allocation Bonds

On November 19, 2003, the Redevelopment Agency of the City of Rancho Mirage issued \$1,074,378 of Subordinate Lien Tax Allocation Bonds, Series 2003 A-1, \$5,140,000 of Subordinate Lien Tax Allocation Bonds, Series 2003 A-E, and \$1,180,000 of Subordinate Lien Tax Allocation Bonds, Series 2003 A-T. The bonds were issued by the Agency for the purpose of financing certain improvements in the Whitewater Redevelopment Project Area, (or, in the case of the Series 2003 A-E Bonds, funding a funding an escrow for future improvements in the project area), funding a reserve account for the bonds, and paying the costs of issuing the bonds. Payment of principal, premium, if any, and interest on the bonds is subordinate to payment of principal, premium, if any, and interest on the Senior Lien Bonds.

The Series 2003 A-E Bonds have annual interest ranging from 2.00 percent to 4.25 percent and annual principal installments ranging from \$215,000 to \$300,000 through April 2012 and are subject to redemption prior to maturity. The bonds are secured by an irrevocable pledge of the surplus tax revenues of the agency. In addition, the 2003 A-E bonds are also secured by amounts on deposit in the escrow fund as provided in the indenture. The 2003 A-1 Bonds are capital appreciation bonds, issued in an amount of \$1,074,377 and have a maturity value of \$3,340,000 and mature April 1, 2025, and are not subject to redemption prior to maturity. The bonds are secured by an irrevocable pledge of the surplus tax revenues of the agency.

The series 2003 A-T bonds are capital appreciation bonds and are subject to redemption prior to maturity. \$140,000 4.90 percent term series 2003 A-T bonds are due April 1, 2013. \$1,040,000 5.76 percent term series 2003 A-T bonds are April 1, 2004. The bonds are secured by an irrevocable pledge of the surplus tax revenues of the agency. As of June 30, 2011, the series 2003 reserve was held by the fiscal agent in the form of a surety bond.

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003A-1 Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2003A-E Tax Allocation Bonds, 2003B Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the Whitewater 2003 A-1 bonds outstanding as of June 30, 2011 are as follows:

		<u>Accreted Value</u>
2012	\$	-
2013		-
2014		-
2015		-
2016		-
2017		-
2018		-
2019		-
2020		-
2021		-
2022		-
2023		-
2024		-
2025		<u>3,340,000</u>
 Total accreted value		 <u>3,340,000</u>
 Less future accretion		 <u>(1,753,801)</u>
		 <u><u>\$ 1,586,199</u></u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003 A-1 Subordinate Lien Tax Allocation Bonds, 2003 A-E Subordinate Lien Tax Allocation Bonds, and 2003 A-T Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (Whitewater) 2003 A-E Subordinate Lien Tax Allocation bonds outstanding as of June 30, 2011 are as follows:

<u>Fiscal Year</u>	<u>Interest Due April 1</u>	<u>Interest Due October 1</u>	<u>Total Interest</u>	<u>Principal Due April 1</u>	<u>Total Annual Debt Service</u>
2012	\$ 86,953	\$ 86,953	\$ 173,906	\$ 245,000	\$ 418,906
2013	82,513	82,512	165,025	250,000	415,025
2014	77,825	77,825	155,650	260,000	415,650
2015	72,788	72,787	145,575	270,000	415,575
2016	67,388	67,387	134,775	280,000	414,775
2017	61,612	61,613	123,225	290,000	413,225
2018	55,631	55,632	111,263	300,000	411,263
2019	49,256	49,257	98,513	315,000	413,513
2020	41,972	41,972	83,944	335,000	418,944
2021	34,225	34,225	68,450	345,000	413,450
2022	26,247	26,247	52,494	360,000	412,494
2023	17,922	17,922	35,844	380,000	415,844
2024	9,134	9,135	18,269	395,000	413,269
TOTALS	<u>\$ 683,466</u>	<u>\$ 683,467</u>	<u>\$ 1,366,933</u>	<u>\$ 4,025,000</u>	<u>\$ 5,391,933</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003 A-1 Subordinate Lien Tax Allocation Bonds, 2003 A-E Subordinate Lien Tax Allocation Bonds, and 2003 A-T Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (Whitewater) 2003 A-T Subordinate Lien Tax Allocation bonds outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 30,810	\$ 30,809	\$ 61,619	\$ 15,000	\$ 76,619
2013	30,442	30,442	60,884	20,000	80,884
2014	29,952	29,952	59,904	15,000	74,904
2015	29,520	29,520	59,040	20,000	79,040
2016	28,944	28,944	57,888	20,000	77,888
2017	28,368	28,368	56,736	20,000	76,736
2018	27,792	27,792	55,584	25,000	80,584
2019	27,072	27,072	54,144	30,000	84,144
2020	26,208	26,208	52,416	55,000	107,416
2021	24,624	24,624	49,248	70,000	119,248
2022	22,608	22,608	45,216	75,000	120,216
2023	20,448	20,448	40,896	75,000	115,896
2024	18,288	18,288	36,576	635,000	671,576
TOTALS	<u>\$ 345,076</u>	<u>\$ 345,075</u>	<u>\$ 690,151</u>	<u>\$ 1,075,000</u>	<u>\$ 1,765,151</u>

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003 A Tax Allocation Housing Bonds

On November 19, 2003, the Redevelopment Agency of the City of Rancho Mirage issued \$34,565,000 of Tax Allocation Housing Bonds, Series 2003 A. The bonds were issued by the Agency for the purpose of financing certain improvements to the supply of low and moderate income housing in, or otherwise benefiting, the Whitewater Redevelopment Project and the Redevelopment Plan-1984 Project, purchasing a debt service reserve fund surety bond for the Bonds, and paying the costs of issuing the bonds.

The \$21,085,000 serial bonds have annual interest ranging from 2.00 percent to 5.25 percent and annual principal installments ranging from \$1,025,000 to \$1,770,000. The \$5,850,000, 4.63 percent term bonds are due April 1, 2024. The \$7,630,000 5.00 percent term bonds are due April 1, 2033. The bonds are subject to optional and mandatory redemption prior to maturity. The Bonds are secured by an irrevocable pledge of the Housing Tax Revenues.

The 2003A bond resolution and indentures require that a municipal bond insurance policy be purchased which provides for the principal and interest on the bonds when due to the extent that the trustee has not received payment therefore. As of June 30, 2011, the reserve for the 2003A bond was held by the fiscal agent in the form of a surety bond.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003 A Tax Allocation Housing Bonds (Continued)

The annual payment amounts required to retire the 2003A Housing Tax Allocation bonds outstanding as of June 30, 2011 are as follows:

<u>Fiscal Year</u>	<u>Interest Due April 1</u>	<u>Interest Due October 1</u>	<u>Total Interest</u>	<u>Principal Due April 1</u>	<u>Total Annual Debt Service</u>
2012	\$ 651,478	\$ 651,478	\$ 1,302,956	\$ 1,210,000	\$ 2,512,956
2013	630,303	630,303	1,260,606	1,255,000	2,515,606
2014	606,772	606,772	1,213,544	1,300,000	2,513,544
2015	582,397	582,397	1,164,794	1,350,000	2,514,794
2016	556,241	556,240	1,112,481	1,400,000	2,512,481
2017	528,241	528,240	1,056,481	1,455,000	2,511,481
2018	498,231	498,232	996,463	1,515,000	2,511,463
2019	458,463	458,462	916,925	1,595,000	2,511,925
2020	416,594	416,594	833,188	1,680,000	2,513,188
2021	372,494	372,494	744,988	1,770,000	2,514,988
2022	326,031	326,032	652,063	1,860,000	2,512,063
2023	283,019	283,019	566,038	1,950,000	2,516,038
2024	237,925	237,925	475,850	2,040,000	2,515,850
2025	190,750	190,750	381,500	690,000	1,071,500
2026	173,500	173,500	347,000	725,000	1,072,000
2027	155,375	155,375	310,750	765,000	1,075,750
2028	136,250	136,250	272,500	800,000	1,072,500
2029	116,250	116,250	232,500	840,000	1,072,500
2030	95,250	95,250	190,500	885,000	1,075,500
2031	73,125	73,125	146,250	925,000	1,071,250
2032	50,000	50,000	100,000	975,000	1,075,000
2033	25,625	25,625	51,250	1,025,000	1,076,250
TOTALS	<u>\$ 7,164,314</u>	<u>\$ 7,164,313</u>	<u>\$ 14,328,627</u>	<u>\$ 28,010,000</u>	<u>\$ 42,338,627</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003A-1 Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2003A-E Tax Allocation Bonds, 2003B Subordinate Lien Tax Allocation Bonds

On November 19, 2003, the Redevelopment Agency of the City of Rancho Mirage issued \$1,456,027 of Tax Allocation Bonds, Series 2003A-1, \$4,540,000 of Tax Allocation Bonds, Series 2003A-T, \$17,845,000 of Tax Allocation Bonds, Series 2003A-E, and \$1,960,000 of Subordinate Lien Tax Allocation Bonds, Series 2003B. The Series 2003A Bonds were issued by the Agency for the purpose of financing certain improvements in the Redevelopment Plan- 1984 Project (the "Project Area") (or, in the case of the Series 2003A-E Bonds, funding an escrow for future improvements in the project area), and paying the costs of issuing the Series 2003A Bonds. The Series 2003B Bonds were issued by the Agency for the purpose of funding an escrow for future improvements in the project area, funding a reserve account for the Series 2003B Bonds upon release of funds from escrow, and paying the costs of issuing the Series 2003B Bonds. Payment of principal, premium, if any, and interest on the Series 2003B Bonds is subordinate to the payment of principal, premium, if any, and interest on the Series 2003A Bonds and certain other outstanding obligations of the Agency.

The \$5,225,000 Series 2003A-E Serial Bonds have annual interest ranging from 2.00 percent to 4.25 percent and annual principal payments ranging from \$365,000 to \$530,000. In addition, \$3,685,000 4 5/8 percent Term Series 2003A-E Bonds are due April 1, 2024, \$3,090,000 4.75 percent Term Series 2003A-E Bonds are due April 1, 2028, and \$5,845,000 4.75 percent Term Series 2003A-E Bonds are due April 1, 2034. The bonds are subject to redemption prior to maturity.

The Series 2003A-1 Bonds are capital appreciation bonds. The bonds are not subject to redemption prior to maturity. \$749,033 of the series 2003A-1 Bonds mature April 1, 2034 at an accreted value of \$3,940,000 and \$706,994 of the series 2003A-1 Bonds mature April 1, 2035 at an accreted value of \$3,940,000. The Series 2003A-T Term Bonds have annual interest ranging from 3.78 percent to 5.86 percent and principal amounts ranging from \$305,000 to \$2,030,000.

The \$450,000 Series 2003B Serial Bonds have annual interest ranging from 3.00 percent to 5.00 percent and annual principal payments ranging from \$35,000 to \$45,000. In addition, \$280,000 5.25 percent Term Series 2003B Bonds are due April 1, 2023, \$355,000 5 3/8 percent Term Series 2003B Bonds are due April 1, 2028, and \$875,000 5.50 percent Term Series 2003B Bonds are due April 1, 2034.

The Series 2003A Bonds are secured by the pledged tax revenues of the Agency and from amounts on deposit in the reserve account established under the Senior Indenture. In addition, the Series 2003A-E Bonds are secured by amounts on deposit in the Escrow Fund established under the Senior Indenture (the "2003 Escrow Fund"). The Series 2003B Bonds are secured by the surplus tax revenues of the Agency and from amounts on deposit in the reserve account established under the Subordinate Indenture. In addition, the Series 2003B Bonds are secured by amounts on deposit in the escrow fund established under the Subordinate Indenture (the "2003B Escrow Fund").

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003A-1 Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2003A-E Tax Allocation Bonds, 2003B Subordinate Lien Tax Allocation Bonds (Continued)

The 2003A Supplemental Indenture requires that amounts on deposit in bond reserve account, when added to amount on deposit in the Senior Reserve Account established under the Senior Indenture equal the Reserve Requirement which is the lesser of 10 percent of the bond proceeds of each series of bonds outstanding, 125 percent of Average Annual Debt Service or Maximum Annual debt service on all Series of Bonds. The Senior Reserve Account has cash and debt service reserve surety bonds equal to or exceeding the Reserve Requirement for all bonds outstanding including the Series 2003A. No additional deposit is required for the Series 2003B bonds reserve fund since these bond proceeds are in escrow and therefore excluded from the Reserve Requirement.

The annual payment amounts required to retire the (the 1984 Project) 2003 A-E Tax Allocation bonds outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 362,528	\$ 362,528	\$ 725,056	\$ 420,000	\$ 1,145,056
2013	355,178	355,178	710,356	435,000	1,145,356
2014	347,022	347,022	694,044	450,000	1,144,044
2015	338,303	338,303	676,606	465,000	1,141,606
2016	329,003	329,003	658,006	490,000	1,148,006
2017	319,203	319,203	638,406	510,000	1,148,406
2018	308,684	308,685	617,369	530,000	1,147,369
2019	297,422	297,422	594,844	550,000	1,144,844
2020	284,703	284,703	569,406	570,000	1,139,406
2021	281,522	271,522	553,044	600,000	1,153,044
2022	257,647	257,647	515,294	625,000	1,140,294
2023	243,194	243,194	486,388	655,000	1,141,388
2024	228,047	228,047	456,094	685,000	1,141,094
2025	212,206	212,207	424,413	715,000	1,139,413
2026	195,225	195,225	390,450	755,000	1,145,450
2027	177,294	177,294	354,588	790,000	1,144,588
2028	158,531	158,532	317,063	830,000	1,147,063
2029	138,819	138,819	277,638	865,000	1,142,638
2030	118,275	118,275	236,550	905,000	1,141,550
2031	96,781	96,782	193,563	950,000	1,143,563
2032	74,219	74,219	148,438	995,000	1,143,438
2033	50,588	50,587	101,175	1,040,000	1,141,175
2034	25,888	25,887	51,775	1,090,000	1,141,775
TOTALS	\$ 5,200,282	\$ 5,190,284	\$ 10,390,566	\$ 15,920,000	\$ 26,310,566

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003A-1 Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2003A-E Tax Allocation Bonds, 2003B Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (the 1984 Project) 2003 A-T Tax Allocation bonds outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 113,655	\$ 113,654	\$ 227,309	\$ 95,000	\$ 322,309
2013	111,303	111,304	222,607	100,000	322,607
2014	108,783	108,783	217,566	105,000	322,566
2015	105,967	105,967	211,934	115,000	326,934
2016	102,833	102,834	205,667	115,000	320,667
2017	99,700	99,699	199,399	125,000	324,399
2018	96,293	96,294	192,587	125,000	317,587
2019	92,887	92,887	185,774	140,000	325,774
2020	88,855	88,855	177,710	145,000	322,710
2021	84,679	84,679	169,358	155,000	324,358
2022	80,215	80,215	160,430	165,000	325,430
2023	75,463	75,463	150,926	180,000	330,926
2024	70,279	70,279	140,558	180,000	320,558
2025	65,095	65,095	130,190	195,000	325,190
2026	59,479	59,479	118,958	210,000	328,958
2027	53,326	53,326	106,652	220,000	326,652
2028	46,880	46,880	93,760	230,000	323,760
2029	40,141	40,141	80,282	245,000	325,282
2030	32,963	32,962	65,925	265,000	330,925
2031	25,198	25,198	50,396	265,000	315,396
2032	17,433	17,434	34,867	290,000	324,867
2033	8,937	8,936	17,873	305,000	322,873
TOTALS	<u><u>\$ 1,580,364</u></u>	<u><u>\$ 1,580,364</u></u>	<u><u>\$ 3,160,728</u></u>	<u><u>\$ 3,970,000</u></u>	<u><u>\$ 7,130,728</u></u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003A-1 Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2003A-E Tax Allocation Bonds, 2003B Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (1984 Project) 2003 B bonds outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 47,553	\$ 47,553	\$ 95,106	\$ 35,000	\$ 130,106
2013	46,809	46,810	93,619	35,000	128,619
2014	46,022	46,022	92,044	40,000	132,044
2015	45,097	45,097	90,194	45,000	135,194
2016	44,028	44,028	88,056	40,000	128,056
2017	43,053	43,053	86,106	40,000	126,106
2018	42,078	42,078	84,156	45,000	129,156
2019	40,953	40,953	81,906	50,000	131,906
2020	39,641	39,640	79,281	55,000	134,281
2021	38,197	38,197	76,394	60,000	136,394
2022	36,622	36,622	73,244	55,000	128,244
2023	35,178	35,178	70,356	60,000	130,356
2024	33,603	33,603	67,206	65,000	132,206
2025	31,856	31,857	63,713	70,000	133,713
2026	29,975	29,975	59,950	70,000	129,950
2027	28,094	28,094	56,188	75,000	131,188
2028	26,078	26,078	52,156	75,000	127,156
2029	24,063	24,062	48,125	80,000	128,125
2030	21,863	21,862	43,725	80,000	123,725
2031	19,662	19,663	39,325	95,000	134,325
2032	17,050	17,050	34,100	95,000	129,100
2033	14,437	14,438	28,875	105,000	133,875
2034	11,550	11,550	23,100	420,000	443,100
TOTALS	\$ 763,462	\$ 763,463	\$ 1,526,925	\$ 1,790,000	\$ 3,316,925

CITY OF RANCHO MIRAGE
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2003A-1 Tax Allocation Bonds, 2003A-T Tax Allocation Bonds, 2003A-E Tax Allocation Bonds, 2003B Subordinate Lien Tax Allocation Bonds (Continued)

The annual payment amounts required to retire the (1984 Project) 2003 A-1 bonds outstanding as of June 30, 2011 are as follows:

	<u>Accreted Value</u>	
2012	\$	-
2013		-
2014		-
2015		-
2016		-
2017		-
2018		-
2019		-
2020		-
2021		-
2022		-
2023		-
2024		-
2025		-
2026		-
2027		-
2028		-
2029		-
2030		-
2031		-
2032		-
2033		-
2034	3,940,000	
2035	<u>3,940,000</u>	
Total accreted value	<u>7,880,000</u>	
Less future accretion	<u>(5,704,923)</u>	
	<u>\$ 2,175,077</u>	

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2006 A — Whitewater Tax Allocation Refunding Bonds

On April 20, 2006, the Redevelopment Agency of the City of Rancho Mirage issued \$24,910,000 Tax Allocation Refunding Bonds, Series 2006A (Whitewater Sub-Area). Proceeds of the Bonds were used to pay the costs of issuing the Bonds, to purchase a debt service reserve fund surety bond for the Bonds and to refund the Agency's Whitewater Redevelopment Project, Tax Allocation Refunding Bonds, Series 1994A, originally issued in the principal amount of \$23,090,000, which have been fully repaid, the Agency's Whitewater Redevelopment Project Tax Allocation Parity Bonds, 1997A, originally issued in the principal amount of \$4,850,000, have been fully repaid, and the Agency's Whitewater Redevelopment Project Subordinate Tax Allocation Bonds, Series 1997B, originally issued in the principal amount of \$3,575,000, of which have been fully repaid.

The prior Bonds were issued by the Agency to finance and refinance certain improvements in, or benefiting, the Whitewater Sub-Area of its Merged Redevelopment Project.

The Bonds are limited obligation of the Agency payable solely from and secured by the Surplus Tax Revenues to be derived from the Sub-Area, and from the amounts on deposit in certain funds as described herein. Upon issuance of the Bonds, there will no longer be any outstanding indebtedness with a lien on the Surplus Tax Revenues senior to the lien of the Bonds.

The Whitewater Sub-Area encompasses approximately 5,076 acres, or about 34 percent of the total incorporated area of the City. Approximately 66 percent of the Whitewater Sub-Area consists of steep mountain slopes and is currently not considered to be developable.

Beginning April 1, 2007, the 2006A Bonds are due in annual installments of \$890,000 to \$2,480,000 through April 1, 2024. Interest ranging from 3.5 percent to 5 percent is due in semi-annual installment on April 1 and October 1 of each year. The reserve requirement is held by the fiscal agent in the form of a surety bond.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

The annual payment amounts for Tax Allocation Refunding Bonds, Series 2006A (Whitewater) outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 512,032	\$ 512,031	\$ 1,024,063	\$ 960,000	\$ 1,984,063
2013	488,032	488,031	976,063	1,015,000	1,991,063
2014	462,657	462,656	925,313	1,075,000	2,000,313
2015	437,125	437,125	874,250	1,125,000	1,999,250
2016	409,000	409,000	818,000	1,180,000	1,998,000
2017	379,500	379,500	759,000	1,235,000	1,994,000
2018	348,625	348,625	697,250	1,295,000	1,992,250
2019	316,250	316,250	632,500	1,365,000	1,997,500
2020	282,125	282,125	564,250	2,045,000	2,609,250
2021	231,000	231,000	462,000	2,145,000	2,607,000
2022	177,375	177,375	354,750	2,250,000	2,604,750
2023	121,125	121,125	242,250	2,365,000	2,607,250
2024	62,000	62,000	124,000	2,480,000	2,604,000
TOTALS	\$ 4,226,846	\$ 4,226,843	\$ 8,453,689	\$ 20,535,000	\$ 28,988,689

2006 A — Northside Tax Allocation Refunding Bonds.

On April 20, 2006 the Redevelopment Agency of the City of Rancho Mirage issued \$24,210,000 Tax Allocation Refunding Bonds, Series 2006A (Northside Sub-Area). The proceeds of the Bonds were used to pay the costs of issuing the Bonds, to purchase a debt service reserve fund surety bond for the Bonds and to refund the Agency's Redevelopment Plan-1984 Project, Tax Allocation Refunding Bonds, Series 1994A, originally issued in the principal amount of \$16,930,000 have been fully repaid and the Agency's Redevelopment Plan-1984 Project, Tax Allocation Bond Series, 1999A, originally issued in the principal amount of \$8,680,000 have been fully repaid.

The prior Bonds were issued by the Agency to finance and refinance certain improvements in, or benefiting, the Northside Sub-Area of its Merged Redevelopment Project.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2006 A — Northside Tax Allocation Refunding Bonds (Continued)

The Northside Sub-Area encompasses approximately 4,717 acres, or about 30 percent of the total incorporated area of the City. The entire Northside Sub-Area consists of developed or developable land and is primarily residential in character.

Beginning April 1, 2007, the 2006A Bonds are due in annual installments of \$385,000 to \$1,715,000 through April 1, 2033. Interest ranging from 3.5 percent to 5.0 percent is due in semi-annual installments on April 1 and October 1 of each year. As of June 30, 2011 the reserve requirement is held by the fiscal agent in the form of a surety bond.

The annual payment amounts for Tax Allocation Refunding Bonds, Series 2006A (Northside Sub-Area) outstanding as of June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 527,300	\$ 527,300	\$ 1,054,600	\$ 395,000	\$ 1,449,600
2013	519,400	519,400	1,038,800	410,000	1,448,800
2014	511,200	511,200	1,022,400	435,000	1,457,400
2015	500,869	500,869	1,001,738	450,000	1,451,738
2016	490,744	490,744	981,488	465,000	1,446,488
2017	479,119	479,119	958,238	495,000	1,453,238
2018	467,363	467,362	934,725	855,000	1,789,725
2019	445,988	445,987	891,975	890,000	1,781,975
2020	426,519	426,519	853,038	940,000	1,793,038
2021	405,956	405,957	811,913	970,000	1,781,913
2022	384,131	384,132	768,263	1,020,000	1,788,263
2023	359,906	359,907	719,813	1,065,000	1,784,813
2024	334,613	334,612	669,225	1,115,000	1,784,225
2025	308,131	308,132	616,263	1,170,000	1,786,263
2026	281,806	281,807	563,613	1,215,000	1,778,613
2027	254,469	254,469	508,938	1,275,000	1,783,938
2028	222,594	222,594	445,188	1,335,000	1,780,188
2029	189,219	189,219	378,438	1,400,000	1,778,438
2030	154,219	154,219	308,438	1,490,000	1,798,438
2031	116,969	116,969	233,938	1,570,000	1,803,938
2032	79,682	79,681	159,363	1,640,000	1,799,363
2033	40,732	40,731	81,463	1,715,000	1,796,463
TOTALS	\$ 7,500,929	\$ 7,500,929	\$ 15,001,858	\$ 22,315,000	\$ 37,316,858

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

2008 A Subordinate Lien Tax Allocation Bonds

On July 30, 2008 the Redevelopment Agency of the City of Rancho Mirage issued \$22,040,000 Subordinate Lien Tax Allocation Bonds, Series 2008A (Northside Sub-Area). The proceeds of the Bonds were used to pay the costs of issuing the Bonds, to fund a reserve account for the Bonds, and to finance certain improvements in its Merged Redevelopment Project.

The Sub-Area encompasses approximately 4,717 acres, or about 30 percent of the total incorporated area of the City. The entire Sub-Area consists of developed or developable land and is primarily residential in character.

Beginning April 1, 2009, the 2008A Bonds are due in annual installments of \$460,000 to \$1,350,000 through April 1, 2035. Interest ranging from 3.0 percent to 4.75 percent is due in semi-annual installments on April 1 and October 1 of each year. The amount required for the bond reserve is \$1,492,544. As of June 30, 2010, the reserve that was held by the fiscal agent was \$1,521,244.

The annual payment amounts required to retire the 2008A bonds outstanding at June 30, 2011 are as follows:

Fiscal Year	Interest Due April 1	Interest Due October 1	Total Interest	Principal Due April 1	Total Annual Debt Service
2012	\$ 497,672	\$ 497,672	\$ 995,344	\$ 490,000	\$ 1,485,344
2013	487,872	487,872	975,744	510,000	1,485,744
2014	477,672	477,672	955,344	525,000	1,480,344
2015	467,172	467,172	934,344	545,000	1,479,344
2016	456,272	456,272	912,544	580,000	1,492,544
2017	444,309	444,310	888,619	595,000	1,483,619
2018	431,666	431,665	863,331	620,000	1,483,331
2019	417,716	417,715	835,431	650,000	1,485,431
2020	403,091	403,090	806,181	675,000	1,481,181
2021	387,903	387,903	775,806	705,000	1,480,806
2022	371,160	371,159	742,319	740,000	1,482,319
2023	353,585	353,584	707,169	775,000	1,482,169
2024	334,210	334,209	668,419	815,000	1,483,419
2025	313,835	313,834	627,669	850,000	1,477,669
2026	292,585	292,584	585,169	900,000	1,485,169
2027	270,085	270,084	540,169	945,000	1,485,169
2028	245,869	245,868	491,737	995,000	1,486,737
2029	220,372	220,372	440,744	1,045,000	1,485,744
2030	193,594	193,593	387,187	1,100,000	1,487,187
2031	164,719	164,718	329,437	1,150,000	1,479,437
2032	134,531	134,537	269,068	1,215,000	1,484,068
2033	102,638	102,637	205,275	1,280,000	1,485,275
2034	69,038	69,037	138,075	1,280,000	1,418,075
2035	35,438	35,437	70,875	1,350,000	1,420,875
TOTALS	\$ 7,573,004	\$ 7,572,996	\$ 15,146,000	\$ 20,335,000	\$ 35,481,000

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #7 – LONG-TERM LIABILITIES (Continued)

Energy Conservation Loan - ARRA

In February 2010, the City entered into a loan agreement with the State of California Energy Resources Conservation and Development Commission to provide funding for the purchase and installation of an energy efficient cooling system for the City's Library. As of June 30, 2011 an amount of \$317,055 has been drawn on the loan. The maximum amount of the loan is \$385,000. The loan accrues simple interest at a rate of 1 percent annually. Principal and interest payments are due in 26 semi-annual installments with the first payment occurring on December 22 of the fiscal year following the year of completion.

Redevelopment Agency Reimbursement for Cost of Library

In January 2006, the new Library opened at a cost of \$19,159,628 and was paid for from bond proceeds of the Redevelopment Agency's Northside Project Area. Based on analysis by City staff, 21.3 percent of the cost of the Library is attributable to new development.

In September 2004, the City's Development Impact Fee went into effect, pursuant to Government Code Section 66001, to mitigate the impact of new development on the City's public facilities and infrastructure. One of the components of the Fee is the Library Improvements and Facilities Fee (Library Fee). The purpose of this specific fee component is to provide funding for the acquisition of land, construction and equipping of a new Library.

Based on action taken by the City Council on May 18, 2006, 21.3 percent of the final cost of the Library or \$4,081,000 is to be reimbursed to the Redevelopment Agency by the Library Fee. As of June 30, 2011, \$749,447 was reimbursed to the Northside Capital Projects Fund leaving a balance of \$3,331,553 that will be reimbursed from future Library Fee revenues. No liability for the remaining balance has been recorded in the financial statements because payment is derived from future revenues.

NOTE #8 – PLEDGED REVENUES

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Tax increment revenues	\$ 33,452,052	\$ 13,152,122	39.3%

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #9 – DEBT WITHOUT GOVERNMENTAL COMMITMENT

The City has issued a number of special assessment bonds under the State Improvement Act of 1911 and 1915. These bonds are payable only from special assessment collections from the property owners. The City is not obligated for repayment. The City is only acting as an agent for the property owners and bondholders in collecting and forwarding the special assessments toward bond debt service. The bonds are, therefore, not reported as a liability in the accompanying financial statements. The amounts collected and held by the City pending disbursement to the bondholders are accounted for in an agency fund. Approximately \$10,695,000 of these bonds is outstanding at June 30, 2011.

On January 29, 1997, the Authority issued \$95,000,000 in certificates of participation evidencing an interest in payments to be made by the Corporation. The certificates of participation were issued to refund \$28,750,000 of the outstanding 1987 City of Rancho Mirage Hospital Revenue certificates of participation, \$33,175,000 of the outstanding 1992 City of Rancho Mirage Joint Powers Financing Authority certificates of participation, certain other outstanding indebtedness of the Corporation and reimburse the Corporation for expenditures for certain prior capital improvements and equipment, and to finance certain capital projects of the Corporation facilities in Rancho Mirage. The Corporation's obligation to make its payments is secured by a pledge of gross revenues of the hospital. The City and the Authority are not obligated in any manner for repayment. The certificates are payable only from the assets of the Corporation. Therefore, these certificates are not reported as a liability in the accompanying financial statements. Approximately \$27,590,000 of these bonds is outstanding at June 30, 2011.

NOTE #10 – PARTICIPATION IN RISK POOL

The City is a member of Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of twenty-seven participating member agencies: nineteen cities, three transit agencies and five special districts. The City participates in the liability, workers' compensation, property and business auto physical damage insurance programs of PERMA.

The liability program provides coverage up to \$50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. Effective July 1 2005, the City's self-insured retention is \$125,000 and participates in risk sharing pools for losses up to \$1 million followed by PERMA's membership in the CSAC Excess Insurance Authority (ETA) for \$49 million excess liability coverage.

The workers' compensation program provides \$300 million per accident for workers' compensation and \$5 million each accident for employers' liability. The City self-insures up to a level of \$250,000 per accident or employee and participates in a risk sharing pool for losses up to \$500,000 followed by PERMA's membership in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for excess coverage to the limits.

The property insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment and business interruption. Commercial property coverage is written on a replacement cost basis and all risk, eliminating the traditional commercial "named peril" policy.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #10 – PARTICIPATION IN RISK POOL (Continued)

The business auto physical damage insurance program is also group purchased under a master insurance policy with accumulated values from all participants effecting lower rates for members. Business auto physical damage coverage is written on an agreed amount basis.

In addition to coverage provided by PERMA, the City also separately purchases coverage for earthquake, public employee dishonesty and public officials and employment liability.

Changes in the amount of claims payable for the past two fiscal years are as follows:

	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2009-2010	\$ 444,587	\$ (185,486)	\$ (78,146)	\$ 180,955
2010-2011	180,955	616,699	(170,230)	627,424

Claim payments represent disbursements from deposits held by PERMA on behalf of the City. None of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage for the past three (3) years.

NOTE #11 – JOINT POWERS FINANCE AUTHORITY BUDGET

Formal budgetary integration is not adopted for the Joint Powers Financing Authority Debt Service Fund and the Library Foundation Special Revenue Fund.

NOTE #12 – DEFINED BENEFIT PENSION PLAN

The City of Rancho Mirage contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by CalPERS. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Contributions and Funding Policy

Participants are required to contribute 8 percent of their annual covered salary. The City contributes 7 percent of the required 8 percent contribution on behalf of the employees. The employees contribute the remaining 1 percent.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #12 – DEFINED BENEFIT PENSION PLAN (Continued)

The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2011 is 16.603 percent of annual covered payroll. Benefit provisions and all other contribution requirements of plan members and the City are established by state statute and City contract with employee bargaining groups, and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the plan for the years ending June 30, 2009, 2010, and 2011 were \$1,667,565, \$1,635,598 and \$1,543,667 respectively, and were equal to the required contributions for each year.

NOTE #13 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Effective July 1, 2008, the City changed its accounting for postemployment benefits other than pensions to reflect the implementation of GASB No. 45.

Plan Description: The City administers a single-employer defined benefit plan (Plan) which provides health care (medical, dental, and vision) benefits to eligible members under City Council Resolutions No. 89-63 and No. 95-26.

Effective December 7, 2000, four years of continued medical, dental and vision insurance for the first four years of service plus six months for each subsequent year is provided by the City for a Council member upon leaving the City Council. A Council member may elect to continue participation as a member of the City's insurance plans under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) by making payments to the City for associated premium costs. The City Manager and City Clerk are eligible for the same coverage.

Effective July 1, 2000, continued medical, dental and vision insurance for retired employees and their spouse/dependents was provided pursuant a Memorandum of Understanding between the City and the Rancho Mirage Employees' Association.

For all covered employees with effective dates of retirement after December 7, 2000 and a minimum of 5-10 years of continuous service, the City contributes the actual cost of insurance up to the amount contributed for active employees. These benefits with the City will terminate upon reaching age 65, the current eligibility for Medicare.

Eligibility: Employees first employed full-time by the City before July 1, 2005, are eligible for retiree health benefits if they retire from the City and begin drawing a PERS pension: 1) on or after age 55 with at least 10 consecutive years of service; or 2) on or after age 63 with at least 5 consecutive years of service. Spouses and dependents are eligible as well if the covered employee serves 15 and 20 years, respectively. Membership of the plan consisted of the following at June 30, 2010, the date of the latest actuarial valuation:

	<u>Active</u>	<u>Retired</u>	<u>Total</u>
Under 65	77	5	82
65 & over	7	3	10
Total	<u>84</u>	<u>8</u>	<u>92</u>

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on actuarially determined annual required contribution with a portion of current premiums paid directly to City retirees. For fiscal year 2010-11, the City contributed \$218,408 to the plan, including \$55,882 for current premiums. No employee contributions are required to participate in the Plan.

The City makes voluntary contributions to the CalPERS trust. CalPERS publishes separate financial statements conforming to GASB Statement No. 43 in separately issued financial statements for the CalPERS OPEB Trust. Copies of PERS' annual financial reports for its OPEB Trust may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 241,801	100%	-
6/30/2010	241,801	100%	-
6/30/2011	218,408	100%	-

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

The funded status as of the most recent actuarial date is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL)-Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c)</u>
6/30/2010	\$ 359,763	\$ 2,010,895	\$ 1,651,132	17.9%	\$ 6,728,214	24.5%

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Actuarial Cost Method. The actuarial assumptions included a 7.75 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5.5 percent initially, 11 percent in 2011, then reduced by decrements of 2.0 per year to an ultimate rate of 5 percent after the fourth year. The UAAL is being amortized as a level percentage of projected payroll over an open 30 year enrollment period. It is assumed the City's payroll will increase 3.25 percent per year.

NOTE #14 – DEFERRED COMPENSATION PLAN

The City maintains a deferred compensation plan under Section 457 of the Internal Revenue Code for the benefits of its employees. In November 1999, the City implemented the 401(a) deferred compensation plan, in addition to the 457 plan, of saving pre-tax dollars for retirement. These plans allow the employees to defer or postpone receipt of income. Such income deferral provides tax advantages and a savings plan for the employees.

Employees can participate in both the 457 and 401(a) plans or in either one. The 457 plans permit a maximum annual contribution of \$16,500 under 50 years old and \$22,000 for 50 years and older. If one participates in both the 457 plan and a 401(a) plan, the maximum that one can contribute on a pre-tax basis is \$65,240. The City contributes \$10 per pay period to either plan or the 401(a) plan if the employee participates in both plans. All City employees are eligible for plan participation.

The City formally establishes trusts in accordance with Internal Revenue Code Section 457(g) for its deferred compensation plan in prior fiscal years. The trusts were established to provide protection from the claims of the employer's general creditors. The deferred compensation assets placed in the trust have been removed from the balance sheet.

Distributions are made upon the occurrence of the participant's termination, retirement, death or unforeseen emergency, and in a manner in accordance with the election made by the participant. All City employees are eligible for plan participation.

NOTE #15 – CONTINGENCIES

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these matters is not presently determinable, in the opinion of legal counsel, the resolution of these matters is not expected to have a material adverse effect on the financial condition of the City.



CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #16 – FUND BALANCES FOR GOVERNMENTAL FUNDS

The details of the fund balances as of June 30, 2011 are presented below:

	Special Revenue				Debt Service		
	General Fund	Library Fund	Fire Tax Fund	Housing Authority Fund	Low Cost Housing Fund	Whitewater Debt Service Fund	Northside Debt Service Fund
Nonspendable:							
Prepaid items	\$ 30,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Nonspendable	30,672	-	-	-	-	-	-
Restricted:							
Debt service	-	-	-	-	2,513,906	3,845,501	9,059,598
Equipment Replacement	-	-	135,273	-	-	-	-
Library operations	-	2,784,236	-	-	-	-	-
Fire Tax/Public Safety operations	-	-	36,938	-	-	-	-
Redevelopment	-	-	-	-	-	-	-
Housing Authority loan programs	-	-	-	1,821,509	-	-	-
Land Held for Resale	-	-	-	235,000	-	-	-
Housing Authority operations	-	-	-	20,240,123	-	-	-
Low Cost Housing	-	-	-	-	7,675,579	-	-
Other Purposes	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Total Restricted	-	2,784,236	172,211	22,296,632	10,189,485	3,845,501	9,059,598
Assigned:							
Public Facilities	10,000,000	-	-	-	-	-	-
Continuing appropriations	5,338,706	-	-	-	-	-	-
Public Works	420,230	-	-	-	-	-	-
Capital Projects	1,533,140	-	-	-	-	-	-
Total Assigned	17,292,076	-	-	-	-	-	-
Unassigned:							
Total Fund Balance	\$ 80,359,279	\$ 2,784,236	\$ 172,211	\$ 22,296,632	\$ 10,189,485	\$ 3,845,501	\$ 9,059,598

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #16 – FUND BALANCES FOR GOVERNMENTAL FUNDS (Continued)

Capital Projects		Non-major Governmental Funds	Total Governmental Funds
Whitewater Capital Projects Fund	Northside Capital Projects Fund		
\$ -	\$ -	\$ -	\$ 30,672
-	-	-	30,672
-	-	403,516	15,822,521
-	-	-	135,273
-	-	-	2,784,236
-	-	-	36,938
-	1,500,000	-	1,500,000
-	-	-	1,821,509
-	-	-	235,000
-	-	-	20,240,123
-	-	-	7,675,579
-	-	3,569,799	3,569,799
-	-	477,853	477,853
-	-	5,571,373	5,571,373
-	-	5,217,893	5,217,893
-	1,500,000	15,240,434	65,088,097
-	-	-	10,000,000
-	-	-	5,338,706
-	-	-	420,230
3,696,496	29,155,761	3,071,568	37,456,965
3,696,496	29,155,761	3,071,568	53,215,901
-	-	-	63,036,531
\$ 3,696,496	\$ 30,655,761	\$ 18,312,002	\$ 181,371,201

Minimum Fund Balance Policy

The City maintains a minimum fund balance in amounts equal to \$25,000,000 for disaster recovery and \$23,000,000 for prudent reserve, which was classified as unassigned. These balances were designated as part of the General Fund operating budget pursuant to resolution 2010-35 adopted in July 2010.

CITY OF RANCHO MIRAGE

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE #17 – CONTINGENCIES AND COMMITMENTS

Supplemental Educational Revenue Augmentation Fund

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county “Supplemental” Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State’s Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education, which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency made a payment of \$12,583,600 in May 2010 and a subsequent payment of \$2,590,741 on May 10, 2011.

Recent Changes in Legislation Affecting California Redevelopment Areas

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State’s budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 27 indicates that the city “may use any available funds not otherwise obligated for other uses” to make this payment. The City of Rancho Mirage intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that “the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.” A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligation Payment Schedule (“EOPS”) by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule (“ROPS”) by September 30, 2011.

Since the stay provided by Assembly Bill X1 26 only affected enforcement, each agency was required to adopt an Enforceable Obligation Payment Schedule (EOPS) and draft Recognized Obligation Payment Schedule (ROPS) prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #17 – CONTINGENCIES AND COMMITMENTS (Continued)

On December 29, 2011, the California Supreme Court upheld that Assembly Bill 1X 26 was constitutional. Assembly Bill 1X 26 dissolves redevelopment agencies and redirects their property tax revenues. Assembly Bill 1X 27 was struck down by the Supreme Court. As part of its decision, the Supreme Court established the date of dissolution as of February 1, 2012.

The Agency's management is evaluating the impact of this event and the details of the outcome are not yet known.

NOTE #18 – SUBSEQUENT EVENTS/RDA DISSOLUTION

On August 4, 2011, City Urgency Ordinance No. 1038 was adopted, indicating that the City intended to comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 were upheld as constitutional. The initial payment by the City was estimated to be \$9,769,406 with one half due on January 15, 2012 and the other half due on May 15, 2012. Thereafter, an estimated \$2,300,000 million would be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments would be due on January 15 and May 15 of each year and would increase or decrease with changes in the tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. This ordinance also required the Agency to transfer annual portions of its tax increment to the City in amounts not to exceed the annual community remittance payments to enable the City, directly or indirectly, to make the annual remittance payments. The City Council did not intend, by enactment of this ordinance, to pledge any of its General Fund revenues or assets to make the remittance payments. Assembly Bill X1 27 allowed a one-year reprieve on the agency's obligation to contribute 20 percent of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

On August 25, 2011, the RDA Board adopted the Enforceable Obligation payment Schedule (EOPS) and on September 29, 2011, a preliminary Recognized Obligation Payment Schedule (ROPS) was also adopted by Agency management.

In September 2011 a Complaint for Declaratory and Injunctive Relief and Petition for Writ of Mandate was filed by the City of Cerritos and its Agency on behalf of several state redevelopment agencies, including the challenging the constitutionality of Assembly Bill X1 26 and 27. This action was filed with the Sacramento Superior Court.

On December 29, 2011, the California Supreme Court upheld that Assembly Bill 1X 26 was constitutional and therefore dissolved redevelopment agencies and redirects their property tax revenues, effective February 1, 2012. Assembly Bill 1X 27 was struck down by the Supreme Court.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame is subject to the details of Assembly Bill X1 26.

The Agency's management is evaluating the impact of the Supreme Court's decision to uphold Assembly Bill XI 26, which dissolves redevelopment agencies. The details of the outcome are not yet known, however, this event has effectively dissolved the Agency as of February 1, 2012. The financial statements do not include any adjustments as might be necessary for any uncertainties on the dissolution of the Agency.

CITY OF RANCHO MIRAGE

**NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2011

NOTE #19 – RESTATEMENT OF FUND BALANCE/NET ASSETS

Effective July 1, 2010 the City corrected errors to recognize the impact of deferred cost of issuance and deferred losses on the refunding of debt issuances in accordance with the provisions of GAAP. The correction of these errors resulted in a restatement of beginning net assets in the government-wide statement of net assets as follows:

	<u>Government-Wide Financial Statements</u>
Net assets, June 30, 2010 previously reported	\$ 188,540,906
Recognition of previously unreported bond issuance costs, net	3,218,942
Recognition of previously unreported bond deferred premiums and discounts, net	295,148
Net assets, June 30, 2010, as restated	<u>\$ 192,054,996</u>

Effective July 2010, the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. The objective of the Statement is to enhance the usefulness of fund balance information by providing fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City has evaluated the use of the Special Revenue Funds under the criteria set forth in GASB Statement No. 54, and has determined that certain funds no longer qualify, and accordingly has restated the beginning equity of these funds as follows:

	<u>General Fund</u>	<u>Library Fund</u>	<u>Community Facilities District</u>	<u>Community Services District</u>	<u>Traffic Safety</u>
FUND BALANCES:					
Beginning of year	\$ 75,714,239	\$ 2,430,438	\$ (796)	\$ -	\$ 24,276
Change in accounting principal	23,500	(20)	796	-	(24,276)
Beginning of year, as restated	<u>\$ 75,737,739</u>	<u>\$ 2,430,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE #20 – RELATED PARTIES - REDEVELOPMENT AGENCY

During the fiscal year the City's General Fund sold property to the RDA Northside Capital Projects fund in the amount of \$2,750,000, the assets historical cost. This balance was recorded in the Northside Capital Projects fund as Land Held for Resale. As a result of a subsequent sale agreement with a third party, the land held for resale was written down to \$1,500,000, the assets sale price.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



CITY OF RANCHO MIRAGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2011

NOTE #1 – BUDGETARY DATA

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Before the beginning of the fiscal year the City Manager submits to the City Council a proposed budget for the year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is subsequently adopted through passage of a resolution.
4. All appropriated amounts are as originally adopted or as amended by the City Council and lapse at year end, except for continuing appropriations for capital projects.
5. Original appropriations are modified by supplementary appropriations and transfers among budget categories. The City Manager is authorized to transfer appropriations within an object of a General Fund department and within total fund appropriations for other funds. The City Council approves all other changes. Individual amendments were not material in relation to the original appropriations.
6. The legal level for which expenditures are not to exceed appropriations is at the fund level for all funds except the General Fund and at the object level for the General Fund. The City classifies each General Fund expenditure into one of the following three objects: personnel, operations and maintenance, and capital.
7. Formal budgetary integration is employed as a management control device during the year for the following funds which also have legally adopted annual budgets: General, Special Revenue and Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds (including the Joint Powers Financing Authority Debt Service Fund), except for the Redevelopment Agency Debt Service Funds, because effective budgetary control is alternatively achieved through debt indenture provisions.
8. Budgets for General, Special Revenue, Redevelopment Agency Debt Service Funds and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles, except advances from the General Fund to other funds are budgeted as expenditures in the General Fund and as revenue in the funds receiving the advances. Repayment of advances is budgeted as revenue in the General Fund and as an expenditure in the funds repaying the advance.

CITY OF RANCHO MIRAGE

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS**

Year ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2008	\$ -	\$ 1,636,598	\$ 1,636,598	0.0%	\$ 6,390,204	25.6%
6/30/2010	359,763	2,010,895	1,651,132	17.9%	6,728,214	24.5%

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 2,857,000	\$ 2,857,000	\$ 2,824,472	\$ (32,528)
Sales taxes	3,872,234	3,872,234	4,146,918	274,684
Franchise taxes	1,182,553	1,182,553	1,223,839	41,286
Transient occupancy taxes	4,111,937	4,111,937	4,302,014	190,077
Real property transfer taxes	209,000	209,000	263,245	54,245
Total taxes	<u>12,232,724</u>	<u>12,232,724</u>	<u>12,760,488</u>	<u>527,764</u>
Intergovernmental:				
Motor vehicle in-lieu	35,000	35,000	78,511	43,511
Reimbursement from State	880,200	880,200	371,368	(508,832)
Reimbursement from Non-Government	1,675,967	1,675,967	3,554,044	1,878,077
County COPS Program	100,000	100,000	100,000	-
Total intergovernmental	<u>2,691,167</u>	<u>2,691,167</u>	<u>4,103,923</u>	<u>1,412,756</u>
Licenses and permits:				
Business licenses	243,600	243,600	215,681	(27,919)
Plan check fees	75,000	50,000	67,464	17,464
Public works inspections and fees	143,480	203,480	238,671	35,191
Total licenses and permits	<u>462,080</u>	<u>497,080</u>	<u>521,816</u>	<u>24,736</u>
Charges for services:				
Planning fees	163,000	163,000	164,981	1,981
Construction permits	430,000	430,000	345,642	(84,358)
Total charges for services	<u>593,000</u>	<u>593,000</u>	<u>510,623</u>	<u>(82,377)</u>
Developer fees	<u>105,000</u>	<u>105,000</u>	<u>17,976</u>	<u>(87,024)</u>
Fines and forfeitures	<u>80,000</u>	<u>80,000</u>	<u>103,655</u>	<u>23,655</u>
Interest income	<u>2,050,200</u>	<u>1,950,200</u>	<u>1,553,658</u>	<u>396,542</u>
Net increase (decrease) in investment fair value	<u>-</u>	<u>-</u>	<u>(829,111)</u>	<u>829,111</u>
Miscellaneous	<u>424,975</u>	<u>424,975</u>	<u>264,583</u>	<u>160,392</u>
Total revenues	<u>18,534,146</u>	<u>18,469,146</u>	<u>19,007,611</u>	<u>3,292,579</u>

(Continued)

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(Continued)
Year ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Expenditures:				
General government:				
City council:				
Personnel	\$ 253,939	\$ 216,299	\$ 217,310	\$ (1,011)
Operations and maintenance	8,000	8,000	6,266	1,734
Capital	2,500	2,500	563	1,937
Total city council	<u>264,439</u>	<u>226,799</u>	<u>224,139</u>	<u>2,660</u>
City clerk:				
Personnel	397,607	397,607	394,384	3,223
Operations and maintenance	37,028	37,028	15,656	21,372
Capital	7,771	7,771	2,296	5,475
Total city clerk	<u>442,406</u>	<u>442,406</u>	<u>412,336</u>	<u>30,070</u>
City manager:				
Personnel	1,461,107	1,442,802	1,361,975	80,827
Operations and maintenance	55,742	55,742	36,695	19,047
Capital	10,553	10,553	5,147	5,406
Total city manager	<u>1,527,402</u>	<u>1,509,097</u>	<u>1,403,817</u>	<u>105,280</u>
City attorney:				
Operations and maintenance	500,600	500,600	405,773	94,827
Total city attorney	<u>500,600</u>	<u>500,600</u>	<u>405,773</u>	<u>94,827</u>
Administration:				
Personnel	220,334	220,334	220,685	(351)
Operations and maintenance	16,966	16,966	10,676	6,290
Capital	100	100	994	(894)
Total administration	<u>237,400</u>	<u>237,400</u>	<u>232,355</u>	<u>5,939</u>
Finance:				
Personnel	405,471	405,471	401,801	3,670
Operations and maintenance	158,353	158,353	159,044	(691)
Capital	8,300	8,300	5,972	2,328
Total finance	<u>572,124</u>	<u>572,124</u>	<u>566,817</u>	<u>5,307</u>
Information services:				
Personnel	268,373	268,373	261,986	6,387
Operations and maintenance	332,031	332,031	280,161	51,870
Capital	155,000	155,000	46,654	108,346
Total information services	<u>755,404</u>	<u>755,404</u>	<u>588,801</u>	<u>166,603</u>

(Continued)

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(Continued)
Year ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Public information & com. Relations:				
Operations and maintenance	\$ 165,256	\$ 182,756	\$ 95,741	\$ 87,015
Capital	2,000	2,000	174	1,826
Total information & com. Relations	167,256	184,756	95,915	88,841
General government:				
Personnel	568,813	692,393	915,853	(223,460)
Operations and maintenance	763,071	763,071	727,583	35,488
Capital	1,681,311	1,681,311	659,427	1,021,884
Total general government	3,013,195	3,136,775	2,302,863	833,912
Special programs:				
Operations and maintenance	823,844	857,344	1,306,449	(449,105)
Total special programs	823,844	857,344	1,306,449	(449,105)
Planning:				
Personnel	897,547	897,547	869,082	28,465
Operations and maintenance	151,415	151,415	83,440	67,975
Capital	5,500	5,500	4,475	1,025
Total planning	1,054,462	1,054,462	956,997	97,465
Building and safety				
Personnel	510,936	510,936	513,298	(2,362)
Operations and maintenance	42,535	42,535	21,943	20,592
Capital	5,500	5,500	4,905	595
Total building and safety	558,971	558,971	540,146	18,825
Mandated programs:				
Operations and maintenance	112,422	112,422	62,618	49,804
Total mandated programs	112,422	112,422	62,618	49,804
Regional plan and implementation				
Personnel	-	-	-	-
Operations and maintenance	101,183	101,183	147,607	(46,424)
Capital	-	-	-	-
Total regional plan and implementation	101,183	101,183	147,607	(46,424)
Tourism and marketing				
Personnel	151,768	151,768	152,182	(414)
Operations and maintenance	730,999	750,999	731,792	19,207
Capital	-	-	98	(98)
Total tourism and marketing	882,767	902,767	884,072	18,695
Economic Development				
Personnel	177,794	177,794	178,752	(958)
Operations and maintenance	138,746	120,246	112,259	7,987
Capital	500	500	-	500
Total economic development	317,040	298,540	291,011	7,529
Total general government	11,330,915	11,451,050	10,421,716	1,030,228

(Continued)

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(Continued)
Year ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Public safety:				
Code compliance:				
Personnel	\$ 518,609	\$ 530,725	\$ 517,182	\$ 13,543
Operations and maintenance	61,150	61,150	64,088	(2,938)
Capital	9,200	9,200	5,742	3,458
Total code compliance	<u>588,959</u>	<u>601,075</u>	<u>587,012</u>	<u>14,063</u>
Emergency services:				
Personnel	24,586	24,586	23,882	704
Operations and maintenance	87,892	87,892	32,682	55,210
Capital	4,000	4,000	11,609	(7,609)
Total emergency services	<u>116,478</u>	<u>116,478</u>	<u>68,173</u>	<u>48,305</u>
Police services:				
Operations and maintenance	6,070,209	6,070,209	5,688,165	382,044
Capital	2,000	2,000	3,176	(1,176)
Total police services	<u>6,072,209</u>	<u>6,072,209</u>	<u>5,691,341</u>	<u>380,868</u>
Citizens Option for Public Safety (COPS)				
Operations and maintenance	100,200	100,200	100,228	(28)
Total COPS	<u>100,200</u>	<u>100,200</u>	<u>100,228</u>	<u>(28)</u>
ACBCI Tourism Fee				
Personnel	-	-	-	-
Operations and maintenance	20,000	20,000	34,885	(14,885)
Capital	-	-	-	-
Total law enforcement equipment	<u>20,000</u>	<u>20,000</u>	<u>34,885</u>	<u>(14,885)</u>
Total public safety	<u>6,897,846</u>	<u>6,909,962</u>	<u>6,481,639</u>	<u>428,323</u>
Public works:				
Facilities & fleet maintenance:				
Personnel	526,080	526,080	502,499	23,581
Operations and maintenance	626,266	650,066	545,477	104,589
Capital	59,800	62,300	54,652	7,648
Total buildings and landscaping	<u>1,212,146</u>	<u>1,238,446</u>	<u>1,102,628</u>	<u>135,818</u>
Street maintenance:				
Personnel	454,129	442,013	431,633	10,380
Operations and maintenance	391,118	341,118	243,929	97,189
Capital	36,000	46,000	22,367	23,633
Total street maintenance	<u>881,247</u>	<u>829,131</u>	<u>697,929</u>	<u>131,202</u>
Engineering:				
Personnel	1,381,628	1,381,628	1,382,845	(1,217)
Operations and maintenance	49,727	49,727	39,798	9,929
Capital	7,000	7,000	5,268	1,732
Total engineering	<u>1,438,355</u>	<u>1,438,355</u>	<u>1,427,911</u>	<u>10,444</u>
Total public works	<u>3,531,748</u>	<u>3,505,932</u>	<u>3,228,468</u>	<u>277,464</u>

(Continued)

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(Continued)
Year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Capital projects:				
Capital improvements financed from fund balance and license tax:				
General Fund Capital Projects	\$ 2,693,235	\$ 2,693,235	\$ 1,872,888	\$ 820,347
License Tax Fund Capital Projects	2,411,687	2,411,687	735,857	1,675,830
Total capital improvements	<u>5,104,922</u>	<u>5,104,922</u>	<u>2,608,745</u>	<u>2,496,177</u>
Total capital projects	<u>5,104,922</u>	<u>5,104,922</u>	<u>2,608,745</u>	<u>2,496,177</u>
Total expenditures	26,865,431	26,971,866	22,740,568	4,232,192
Excess (deficiency) of revenues over (under) expenditures	(8,331,285)	(8,502,720)	(3,732,957)	(939,613)
Other financing sources:				
Proceeds from sale of property			2,750,000	
Transfers in	6,079,884	6,079,884	3,601,688	(2,478,196)
Transfers out	<u>(355,000)</u>	<u>(355,000)</u>	<u>(178,151)</u>	<u>176,849</u>
Total other financing sources	<u>5,724,884</u>	<u>5,724,884</u>	<u>6,173,537</u>	<u>(2,301,347)</u>
Net change in fund balance	(2,606,401)	(2,777,836)	2,440,580	5,218,416
Fund balance, beginning of year	<u>75,714,239</u>	<u>75,714,239</u>	<u>75,714,239</u>	
Fund balance, end of year	<u>\$ 73,107,838</u>	<u>\$ 72,936,403</u>	<u>\$ 78,154,819</u>	<u>\$ 5,218,416</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(Continued)
Year ended June 30, 2011

The following schedule shows the Budgetary Comparison Statement reconciliation between the budgetary basis and GAAP basis for the General Fund and major special revenue funds:

	General Fund
Revenues and Other Financing Sources	
Revenues and Other Financing Sources from the Budgetary Comparison Statements	\$ 25,359,299
Reclassification of Special Revenue Funds to General Fund in accordance with GASB 54	2,213,713
Total Revenues and Other Financing Sources from the Financial Statements	\$ 27,573,012
Expenditures and Other Financing Uses	
Expenditures and Other Financing Uses from the Budgetary Comparison Statements	\$ 22,918,719
Reclassification of Special Revenue Funds to General Fund in accordance with GASB 54	32,753
Total Expenditures and Other Financing Uses from the Financial Statements	\$ 22,951,472

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
Year ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 244,585	\$ 244,585	\$ 1,609,475	\$ 1,364,890
Charges and services	-	-	15,688	15,688
Fines and forfeitures	50,000	50,000	59,610	9,610
Interest income	54,000	54,000	41,148	(12,852)
Net increase (decrease) in investment fair value	-	-	(27,715)	(27,715)
Miscellaneous	229,400	229,400	467,266	237,866
Total revenues	<u>577,985</u>	<u>577,985</u>	<u>2,165,472</u>	<u>1,587,487</u>
Expenditures:				
Current:				
Cultural and recreation	3,233,952	3,233,952	3,007,231	226,721
Capital projects	385,000	385,000	321,280	63,720
Total expenditures	<u>3,618,952</u>	<u>3,618,952</u>	<u>3,328,511</u>	<u>290,441</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,040,967)</u>	<u>(3,040,967)</u>	<u>(1,163,039)</u>	<u>1,877,928</u>
Other financing sources (uses):				
Loan proceeds	385,000	385,000	317,055	(67,945)
Transfers in	2,368,059	2,368,059	124,804	(2,243,255)
Total other financing sources (uses)	<u>2,753,059</u>	<u>2,753,059</u>	<u>441,859</u>	<u>(2,311,200)</u>
Total change in fund balance	<u>(287,908)</u>	<u>(287,908)</u>	<u>(721,180)</u>	<u>(433,272)</u>
Fund balance, beginning of year	<u>2,430,438</u>	<u>2,430,438</u>	<u>2,430,438</u>	
Fund balance, end of year	<u>\$ 2,142,530</u>	<u>\$ 2,142,530</u>	<u>\$ 1,709,258</u>	<u>\$ (433,272)</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
Year ended June 30, 2011**

	<u>Library Special Revenue Fund</u>
Revenues and Other Financing Sources	
Revenues and Other Financing Sources from the Budgetary Comparison Statements	\$ 2,607,331
Reclassification of Special Revenue Funds to Library Fund in accordance with GASB 54	<u>1,089,478</u>
Total Revenues and Other Financing Sources from the Financial Statements	<u>\$ 3,696,809</u>
Expenditures and Other Financing Uses	
Expenditures and Other Financing Uses from the Budgetary Comparison Statements	\$ 3,328,511
Reclassification of Special Revenue Funds to Library Fund in accordance with GASB 54	<u>14,480</u>
Total Expenditures and Other Financing Uses from the Financial Statements	<u>\$ 3,342,991</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
FIRE TAX SPECIAL REVENUE FUND
Year ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 2,985	\$ 2,985
Charges for services	30,000	30,000	10,235	(19,765)
Special assessments	-	-	607,844	607,844
Interest income	20,000	20,000	10,071	(9,929)
Net increase (decrease) in investment fair value	-	-	(26,116)	(26,116)
Total revenues	50,000	50,000	605,019	555,019
Expenditures:				
Current:				
Public safety	5,228,143	5,228,143	4,436,393	791,750
Capital projects	156,693	156,693	41,918	114,775
Total expenditures	5,384,836	5,384,836	4,478,311	906,525
Excess (deficiency) of revenues over (under) expenditures	(5,334,836)	(5,334,836)	(3,873,292)	(1,461,544)
Other financing sources (uses):				
Transfers in	5,131,146	5,131,146	198,113	(4,933,033)
Total other financing sources (uses)	5,131,146	5,131,146	198,113	(4,933,033)
Total change in fund balance	(203,690)	(203,690)	(3,675,179)	(6,394,577)
Fund balance, beginning of year	588,820	588,820	588,820	-
Fund balance, end of year	\$ 385,130	\$ 385,130	\$ (3,086,359)	\$ 3,471,489

	<u>Fire Tax Fund</u>
Revenues and Other Financing Sources	
Revenues and Other Financing Sources from the Budgetary Comparison Statements	\$ 803,132
Reclassification of Special Revenue Funds to Fire Tax Fund in accordance with GASB 54	<u>3,258,570</u>
Total Revenues and Other Financing Sources from the Financial Statements	<u>\$ 4,061,702</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY SPECIAL REVENUE FUND
Year ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 45,539	\$ 45,539
Licenses and permits	4,500	4,500	4,480	(20)
Interest income	165,000	165,000	129,681	(35,319)
Net increase (decrease) in investment fair value	-	-	(210,232)	(210,232)
Miscellaneous	1,011,500	1,011,500	922,538	(88,962)
Total revenues	<u>1,181,000</u>	<u>1,181,000</u>	<u>892,006</u>	<u>(288,994)</u>
Expenditures:				
Current:				
General government	5,263,962	5,263,962	2,678,558	2,585,404
Capital projects	13,880,721	13,880,721	10,705,556	3,175,165
Total expenditures	<u>19,144,683</u>	<u>19,144,683</u>	<u>13,384,114</u>	<u>5,760,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,963,683)</u>	<u>(17,963,683)</u>	<u>(12,492,108)</u>	<u>5,471,575</u>
Other financing sources (uses):				
Transfers in	5,221,371	5,221,371	12,957,681	7,736,310
Transfers out	(2,448,906)	(2,448,906)	(1,911,771)	537,135
Total other financing sources (uses)	<u>2,772,465</u>	<u>2,772,465</u>	<u>11,045,910</u>	<u>8,273,445</u>
Total change in fund balance	<u>(15,191,218)</u>	<u>(15,191,218)</u>	<u>(1,446,198)</u>	<u>13,745,020</u>
Fund balance, beginning of year	<u>23,742,830</u>	<u>23,742,830</u>	<u>23,742,830</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,551,612</u>	<u>\$ 8,551,612</u>	<u>\$ 22,296,632</u>	<u>\$ 13,745,020</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
LOW COST HOUSING SPECIAL REVENUE FUND
Year ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,966,000	\$ 6,966,000	\$ 6,690,410	\$ (275,590)
Interest income	460,000	460,000	263,240	(196,760)
Net increase (decrease) in investment fair value	-	-	88,614	88,614
Total revenues	<u>7,426,000</u>	<u>7,426,000</u>	<u>7,042,264</u>	<u>(383,736)</u>
Expenditures:				
Current:				
General government	128,808	128,808	100,545	28,263
Debt service:				
Principal	1,170,000	1,170,000	1,170,000	-
Interest	1,343,906	1,343,906	1,343,906	-
Total expenditures	<u>2,642,714</u>	<u>2,642,714</u>	<u>2,614,451</u>	<u>28,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,783,286</u>	<u>4,783,286</u>	<u>4,427,813</u>	<u>(355,473)</u>
Other financing sources (uses):				
Transfers out	<u>(4,684,236)</u>	<u>(4,684,236)</u>	<u>(12,957,681)</u>	<u>(8,273,445)</u>
Total other financing sources (uses)	<u>(4,684,236)</u>	<u>(4,684,236)</u>	<u>(12,957,681)</u>	<u>(8,273,445)</u>
Total change in fund balance	99,050	99,050	(8,529,868)	(8,628,918)
Fund balance, beginning of year	<u>18,719,353</u>	<u>18,719,353</u>	<u>18,719,353</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,818,403</u>	<u>\$ 18,818,403</u>	<u>\$ 10,189,485</u>	<u>\$ (8,628,918)</u>



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



**CITY OF RANCHO MIRAGE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2011**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 14,176,067	\$ -	\$ 3,076,774	\$ 17,252,841
Cash and investments with fiscal agent	361,277	403,516	-	764,793
Interest receivable	2,257	-	533	2,790
Accounts receivable	166,840	-	-	166,840
Due from other governments	237,883	-	-	237,883
	<u>14,944,324</u>	<u>403,516</u>	<u>3,077,307</u>	<u>18,425,147</u>
Total assets and other debits	<u>\$ 14,944,324</u>	<u>\$ 403,516</u>	<u>\$ 3,077,307</u>	<u>\$ 18,425,147</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 101,294	\$ -	\$ 5,738	\$ 107,032
Accrued salaries and benefits	2,597	-	-	2,597
Due to other funds	-	-	1	1
Deposits payable	3,515	-	-	3,515
	<u>107,406</u>	<u>-</u>	<u>5,739</u>	<u>113,145</u>
Total liabilities	<u>107,406</u>	<u>-</u>	<u>5,739</u>	<u>113,145</u>
Fund balances:				
Restricted	14,836,918	403,516	-	15,240,434
Assigned	-	-	3,071,568	3,071,568
	<u>14,836,918</u>	<u>403,516</u>	<u>3,071,568</u>	<u>18,312,002</u>
Total fund balance	<u>14,836,918</u>	<u>403,516</u>	<u>3,071,568</u>	<u>18,312,002</u>
Total liabilities and fund balances	<u>\$ 14,944,324</u>	<u>403,516</u>	<u>3,077,307</u>	<u>18,425,147</u>

CITY OF RANCHO MIRAGE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2011**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 647,356	\$ -	\$ -	\$ 647,356
Intergovernmental	750,967	-	-	750,967
Charges for services	187,385	-	-	187,385
Special assessments	945,500	-	-	945,500
Developer fees	-	-	38,579	38,579
Interest income	245,720	9,576	64,095	319,391
Net increase (decrease) in investment fair value	(94,280)	-	(41,854)	(136,134)
Miscellaneous	2,137,944	388,090	-	2,526,034
Total Revenues	4,820,592	397,666	60,820	5,279,078
Expenditures:				
Current:				
General government	557,452	-	2,328	559,780
Public works	661,149	-	-	661,149
Cultural and recreation	306,649	-	-	306,649
Capital projects	588,406	-	198,214	786,620
Debt service:				
Principal	-	175,000	-	175,000
Interest	-	217,914	-	217,914
Total expenditures	2,113,656	392,914	200,542	2,707,112
Excess (deficiency) of revenues over (under) expenditures	2,706,936	4,752	(139,722)	2,571,966
Other financing sources (uses)				
Transfers in	58,267	-	-	58,267
Transfers out	(80,702)	-	(7,260)	(87,962)
Total other financing sources (uses)	(22,435)	-	(7,260)	(29,695)
Total change in fund balances	2,684,501	4,752	(146,982)	2,542,271
Fund balances, beginning of year, as restated	12,152,417	398,764	3,218,550	15,769,731
Fund balances, end of year	\$ 14,836,918	\$ 403,516	\$ 3,071,568	\$ 18,312,002

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law to expenditure for specified purposes.

The Landscape and Lighting District Fund – is used to account for the revenues and expenditures associated with the maintenance of landscaped streets and medians and the City’s street lighting.

The Parkland Fund – is used to account for the revenues and expenditures associated with the City’s park and recreation facilities.

The Library Foundation Fund – is used to account for the revenues and expenditures associated with the raising funds on the Library’s behalf.

The Gas Tax Fund – is used to account for the state gasoline tax revenues which are used for maintenance and improvement of the City’s street.

The AB 939 Recycling Programs Fund – is used to account for the revenues and expenditures related to regional solid waste management programs.

The Transportation Measure A Fund – is used to account for Measure A sales tax revenue which are used for the maintenance and improvement of City streets.

The Air Pollution Reduction Fund – is used to account for revenues and expenditures related to air pollution mitigation efforts.

The Rent Control Fund – is used to account for funds collected from mobilehome park owners and used to provide professional assistance on their behalf.

The Storm Water Quality Fund – is used to account for revenues and expenditures related to the reduction of water pollution.

CITY OF RANCHO MIRAGE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2011

	Landscape and Lighting Districts	Parkland Fund	Library Foundation	Gas Tax
Assets:				
Cash and investments	\$ 197,635	\$ 3,497,638	\$ 1,629,218	\$ 901,205
Cash and investments with fiscal agent	-	-	361,277	-
Interest receivable	29	593	106	148
Accounts receivable	-	707	96,133	-
Due from other governments	23,524	18,837		3,299
Total assets	\$ 221,188	\$ 3,517,775	\$ 2,086,734	\$ 904,652
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 45,621	\$ 25,552	\$ 1,472	\$ 13,001
Accrued salaries and benefits	-	2,597		-
Deposits payable	-	3,515		-
Total liabilities	45,621	31,664	1,472	13,001
Fund balances:				
Restricted	175,567	3,486,111	2,085,262	891,651
Total fund balance	175,567	3,486,111	2,085,262	891,651
Total liabilities and fund balances	\$ 221,188	\$ 3,517,775	\$ 2,086,734	\$ 904,652

<u>AB 939 Recycling Programs</u>	<u>Transportation Measure A</u>	<u>Air Pollution Reduction</u>	<u>Rent Control</u>	<u>Storm Water Quality</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 3,335,685	\$ 4,133,296	\$ 160,139	\$ 14,574	\$ 306,677	\$ 14,176,067
-	-	-	-	-	361,277
575	723	28	2	53	2,257
70,000	-	-	-	-	166,840
-	192,223	-	-	-	237,883
<u>\$ 3,406,260</u>	<u>\$ 4,326,242</u>	<u>\$ 160,167</u>	<u>\$ 14,576</u>	<u>\$ 306,730</u>	<u>\$ 14,944,324</u>
\$ 7,369	\$ -	\$ 3,835	\$ -	\$ 4,444	\$ 101,294
-	-	-	-	-	2,597
-	-	-	-	-	3,515
<u>7,369</u>	<u>-</u>	<u>3,835</u>	<u>-</u>	<u>4,444</u>	<u>107,406</u>
<u>3,398,891</u>	<u>4,326,242</u>	<u>156,332</u>	<u>14,576</u>	<u>302,286</u>	<u>14,836,918</u>
<u>3,398,891</u>	<u>4,326,242</u>	<u>156,332</u>	<u>14,576</u>	<u>302,286</u>	<u>14,836,918</u>
<u>\$ 3,406,260</u>	<u>\$ 4,326,242</u>	<u>\$ 160,167</u>	<u>\$ 14,576</u>	<u>\$ 306,730</u>	<u>\$ 14,944,324</u>

CITY OF RANCHO MIRAGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2011

	Landscape and Lighting Districts	Parkland	Library Foundation	Gas Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	620,460
Charges for services	-	-	-	-
Special assessments	538,793	406,707	-	-
Interest income	2,066	69,056	3,031	14,030
Net increase (decrease) in investment fair value	-	(36,672)	24,130	(2,949)
Miscellaneous	-	-	2,137,944	-
Total revenues	540,859	439,091	2,165,105	631,541
Expenditures:				
Current:				
General government	-	214,813	-	13,001
Public works	473,866	-	-	66,215
Cultural and recreation	-	226,806	79,843	-
Capital projects	12,862	2,280	-	233,266
Total expenditures	486,728	443,899	79,843	312,482
Excess (deficiency) of revenues over (under) expenditures	54,131	(4,808)	2,085,262	319,059
Other financing sources (uses):				
Transfers in	7,160	49,839	-	-
Transfers out	(43,893)	-	-	(36,347)
Total other financing sources (uses)	(36,733)	49,839	-	(36,347)
Total change in fund balances	17,398	45,031	2,085,262	282,712
Fund balances, beginning of year, as restated	158,169	3,441,080	-	608,939
Fund balances, end of year	\$ 175,567	\$ 3,486,111	\$ 2,085,262	\$ 891,651

AB 939 Recycling Programs	Transportation Measure A	Air Pollution Reduction	Rent Control	Storm Water Quality	Total Nonmajor Special Revenue Funds
\$ -	\$ 647,356	\$ -	\$ -	\$ -	\$ 647,356
-	95,444	35,063	-	-	750,967
185,650	-	-	1,735	-	187,385
-	-	-	-	-	945,500
67,713	79,503	3,000	282	7,039	245,720
(35,533)	(37,208)	-	-	(6,048)	(94,280)
-	-	-	-	-	2,137,944
<u>217,830</u>	<u>785,095</u>	<u>38,063</u>	<u>2,017</u>	<u>991</u>	<u>4,820,592</u>
131,619	-	18,429	276	179,314	557,452
44,148	-	-	-	76,920	661,149
-	-	-	-	-	306,649
-	339,998	-	-	-	588,406
<u>175,767</u>	<u>339,998</u>	<u>18,429</u>	<u>276</u>	<u>256,234</u>	<u>2,113,656</u>
<u>42,063</u>	<u>445,097</u>	<u>19,634</u>	<u>1,741</u>	<u>(255,243)</u>	<u>2,706,936</u>
-	-	-	-	1,268	58,267
-	-	(462)	-	-	(80,702)
-	-	(462)	-	1,268	(22,435)
42,063	445,097	19,172	1,741	(253,975)	2,684,501
<u>3,356,828</u>	<u>3,881,145</u>	<u>137,160</u>	<u>12,835</u>	<u>556,261</u>	<u>12,152,417</u>
<u>\$ 3,398,891</u>	<u>\$ 4,326,242</u>	<u>\$ 156,332</u>	<u>\$ 14,576</u>	<u>\$ 302,286</u>	<u>\$ 14,836,918</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE AND LIGHTING DISTRICTS
NONMAJOR SPECIAL REVENUE FUND**

Year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special assessments	\$ 536,642	\$ 538,793	\$ 2,151
Interest income	4,760	2,066	(2,694)
Total revenues	<u>541,402</u>	<u>540,859</u>	<u>(543)</u>
Expenditures:			
Current:			
Public works	587,780	473,866	113,914
Capital projects	-	12,862	(12,862)
Total expenditures	<u>587,780</u>	<u>486,728</u>	<u>101,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,378)</u>	<u>54,131</u>	<u>100,509</u>
Other financing sources (uses):			
Transfers in	7,160	7,160	-
Transfers out	(43,893)	(43,893)	-
Total other financing sources (uses)	<u>(36,733)</u>	<u>(36,733)</u>	<u>-</u>
Total change in fund balance	(83,111)	17,398	100,509
Fund balance, beginning of year	<u>158,169</u>	<u>158,169</u>	<u>-</u>
Fund balance, end of year	<u>\$ 75,058</u>	<u>\$ 175,567</u>	<u>\$ 100,509</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
PARKLAND
NONMAJOR SPECIAL REVENUE FUND

Year ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special assessments	\$ 437,518	\$ 406,707	\$ 30,811
Interest income	89,500	69,056	20,444
Net increase (decrease) in investment fair value	-	(36,672)	36,672
Total revenues	<u>527,018</u>	<u>439,091</u>	<u>87,927</u>
Expenditures:			
Current:			
General government	218,295	214,813	3,482
Cultural and recreation	691,107	226,806	464,301
Capital Projects	-	2,280	
Total expenditures	<u>909,402</u>	<u>443,899</u>	<u>467,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(382,384)</u>	<u>(4,808)</u>	<u>(377,576)</u>
Other financing sources (uses):			
Transfers in	49,839	49,839	-
Total other financing sources (uses)	<u>49,839</u>	<u>49,839</u>	<u>-</u>
Total change in fund balance	(332,545)	45,031	377,576
Fund balance, beginning of year	<u>3,441,080</u>	<u>3,441,080</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,108,535</u>	<u>\$ 3,486,111</u>	<u>\$ 377,576</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
GAS TAX
NONMAJOR SPECIAL REVENUE FUND

Year ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 465,015	\$ 620,460	\$ 155,445
Interest income	22,865	14,030	(8,835)
Net increase (decrease) in investment fair value	-	(2,949)	(2,949)
Total revenues	<u>487,880</u>	<u>631,541</u>	<u>143,661</u>
Expenditures			
Current:			
General government	2,000	13,001	(11,001)
Public works	-	66,215	(66,215)
Capital projects	407,290	233,266	174,024
Total expenditures	<u>409,290</u>	<u>312,482</u>	<u>96,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>78,590</u>	<u>319,059</u>	<u>240,469</u>
Other financing sources (uses):			
Transfers out	-	(36,347)	(36,347)
Total other financing sources (uses)	<u>-</u>	<u>(36,347)</u>	<u>(36,347)</u>
Total change in fund balances	78,590	282,712	204,122
Fund balance, beginning of year	<u>608,939</u>	<u>608,939</u>	<u>-</u>
Fund balance, end of year	<u>\$ 687,529</u>	<u>\$ 891,651</u>	<u>\$ 204,122</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
AB 939 RECYCLING PROGRAMS
NONMAJOR SPECIAL REVENUE FUND**

Year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 215,000	\$ 185,650	\$ (29,350)
Interest income	85,140	67,713	(17,427)
Net increase (decrease) in investment fair value	-	(35,533)	(35,533)
Total revenues	<u>300,140</u>	<u>217,830</u>	<u>(82,310)</u>
Expenditures:			
Current:			
General government	149,130	131,619	17,511
Public works	80,500	44,148	36,352
Cultural recreation	-	-	-
Capital projects	-	-	-
Total expenditures	<u>229,630</u>	<u>175,767</u>	<u>53,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,510</u>	<u>42,063</u>	<u>(28,447)</u>
Total change in fund balances	70,510	42,063	(28,447)
Fund balance, beginning of year	<u>3,356,828</u>	<u>3,356,828</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,427,338</u>	<u>\$ 3,398,891</u>	<u>\$ (28,447)</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION MEASURE A
NONMAJOR SPECIAL REVENUE FUND**

Year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 654,140	\$ 647,356	\$ (6,784)
Intergovernmental	-	95,444	95,444
Interest income	118,195	79,503	(38,692)
Net increase (decrease) in investment fair value	-	(37,208)	(37,208)
Total revenues	<u>772,335</u>	<u>785,095</u>	<u>12,760</u>
 Expenditures:			
Capital projects	<u>2,110,641</u>	<u>339,998</u>	<u>1,770,643</u>
Total expenditures	<u>2,110,641</u>	<u>339,998</u>	<u>1,770,643</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(1,338,306)</u>	<u>445,097</u>	<u>1,783,403</u>
 Total change in fund balances	<u>(1,338,306)</u>	<u>445,097</u>	<u>1,783,403</u>
 Fund balance, beginning of year	<u>3,881,145</u>	<u>3,881,145</u>	<u>-</u>
 Fund balance, end of year	<u>\$ 2,542,839</u>	<u>\$ 4,326,242</u>	<u>\$ 1,783,403</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
AIR POLLUTION REDUCTION
NONMAJOR SPECIAL REVENUE FUND

Year ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 19,200	\$ 35,063	\$ 15,863
Interest income	3,502	3,000	\$ (502)
Total revenues	<u>22,702</u>	<u>38,063</u>	<u>15,361</u>
Expenditures:			
Current:			
General government	19,200	18,429	771
Total expenditures	<u>19,200</u>	<u>18,429</u>	<u>771</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,502</u>	<u>19,634</u>	<u>16,132</u>
Other financing sources (uses):			
Transfers out	(500)	(462)	38
Total other financing sources (uses)	<u>(500)</u>	<u>(462)</u>	<u>38</u>
Total change in fund balances	3,002	19,172	16,170
Fund balance, beginning of year	<u>137,160</u>	<u>137,160</u>	<u>-</u>
Fund balance, end of year	<u>\$ 140,162</u>	<u>\$ 156,332</u>	<u>\$ 16,170</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
RENT CONTROL
NONMAJOR SPECIAL REVENUE FUND

Year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 2,500	\$ 1,735	\$ (765)
Interest income	300	282	(18)
Total revenues	<u>2,800</u>	<u>2,017</u>	<u>(783)</u>
Expenditures:			
Current:			
General government	4,500	276	4,224
Total expenditures	<u>4,500</u>	<u>276</u>	<u>4,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,700)</u>	<u>1,741</u>	<u>(5,007)</u>
Total change in fund balance	(1,700)	1,741	3,441
Fund balance, beginning of year	<u>12,835</u>	<u>12,835</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,135</u>	<u>\$ 14,576</u>	<u>\$ 3,441</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
STORM WATER QUALITY
NONMAJOR SPECIAL REVENUE FUND

Year ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest income	\$ 15,082	\$ 7,039	\$ (8,043)
Net increase (decrease) in investment fair value	-	(6,048)	(6,048)
Total revenues	15,082	991	(14,091)
Expenditures:			
Current:			
General government	66,825	179,314	(112,489)
Public works	57,000	76,920	(19,920)
Cultural and recreation	-	-	-
Total expenditures	123,825	256,234	(132,409)
Excess (deficiency) of revenues over (under) expenditures	(108,743)	(255,243)	(146,500)
Other financing sources (uses):			
Transfers in	1,268	1,268	-
Total other financing sources (uses)	1,268	1,268	-
Total change in fund balance	(107,475)	(253,975)	(146,500)
Fund balance, beginning of year	556,261	556,261	-
Fund balance, end of year	\$ 448,786	\$ 302,286	\$ (146,500)



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



MAJOR AND NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest on specific long-term obligations of the City.

The Whitewater Project Area Fund – is used to account for tax increment revenues and debt service transactions of bonds and other obligations of the Whitewater redevelopment project area.

The Northside Project Area Fund – is used to account for tax increment revenues and debt service transactions of bonds and other obligations of the Northside redevelopment project area.

The Joint Powers Financing Authority Fund – is used to account for the debt service transactions of the 2005A Lease Revenue Bond issue.

CITY OF RANCHO MIRAGE
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUND

June 30, 2011

	Joint Powers Financing Authority
Assets:	
Cash and investment with fiscal agent	403,516
Total assets and other debits	<u>\$ 403,516</u>
 Liabilities and Fund Balances	
Liabilities:	
Total liabilities	<u>\$ -</u>
 Fund balances:	
Restricted	403,516
Total fund balance	<u>403,516</u>
Total liabilities and fund balances	<u>\$ 403,516</u>

CITY OF RANCHO MIRAGE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUND**

Year Ended June 30, 2011

	Joint Powers Financing Authority
Revenues:	
Interest income	\$ 9,576
Special assessments	-
Net increase (decrease) in investment fair value	-
Miscellaneous	388,090
Total revenues	<u>\$ 397,666</u>
Expenditures:	
Debt service:	
Principal	\$ 175,000
Interest	217,914
Total expenditures	<u>392,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,752</u>
Total change in fund balances	4,752
Fund balances, beginning of year	<u>398,764</u>
Fund balances, end of year	<u><u>\$ 403,516</u></u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
WHITEWATER PROJECT AREA
DEBT SERVICE FUNDS**

Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 19,330,000	\$ 14,452,076	\$ (4,877,924)
Interest income	75,000	117,650	42,650
Net increase (decrease) in investment fair value	-	(52,904)	(52,904)
Total revenues	<u>19,405,000</u>	<u>14,516,822</u>	<u>(4,888,178)</u>
Expenditures:			
Current:			
General government	195,000	151,680	43,320
Debt service:			
Principal	1,920,000	1,920,000	-
Interest	1,772,604	1,772,604	-
Payments under pass-through agreements	8,822,083	8,319,006	503,077
Service fees	22,100	14,125	7,975
Total expenditures	<u>12,731,787</u>	<u>12,177,415</u>	<u>554,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,673,213</u>	<u>2,339,407</u>	<u>(4,333,806)</u>
Other financing sources (uses):			
Transfers out	<u>(6,669,662)</u>	<u>(2,388,759)</u>	<u>4,280,903</u>
Total other financing sources (uses)	<u>(6,669,662)</u>	<u>(2,388,759)</u>	<u>4,280,903</u>
Total change in fund balance	3,551	(49,352)	(52,903)
Fund balances at beginning of year	<u>3,894,853</u>	<u>3,894,853</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,898,404</u>	<u>\$ 3,845,501</u>	<u>\$ (52,903)</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
NORTHSIDE PROJECT AREA
DEBT SERVICE FUNDS

Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 15,500,000	\$ 12,309,566	\$ (3,190,434)
Interest income	240,000	209,441	(30,559)
Net increase (decrease) in investment fair value	-	(83,412)	(83,412)
Total revenues	<u>15,740,000</u>	<u>12,435,595</u>	<u>(3,304,405)</u>
Expenditures:			
Current:			
General Government	298,000	229,496	68,504
Debt service:			
Principal	2,300,000	2,300,000	-
Interest	4,645,612	4,645,612	-
Payments under pass-through agreements	5,388,600	5,342,990	45,610
Service fees	18,500	17,940	560
Total expenditures	<u>12,650,712</u>	<u>12,536,038</u>	<u>114,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,089,288</u>	<u>(100,443)</u>	<u>(3,189,731)</u>
Other financing sources (uses):			
Transfers out	(3,100,000)	(12,842)	3,112,842
Total other financing sources (uses)	<u>(3,100,000)</u>	<u>(12,842)</u>	<u>3,112,842</u>
Total change in fund balance	(10,712)	(113,285)	(102,573)
Fund balances at beginning of year	<u>9,172,883</u>	<u>9,172,883</u>	<u>-</u>
Fund balances at end of year	<u>\$ 9,162,171</u>	<u>\$ 9,059,598</u>	<u>\$ (102,573)</u>



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



MAJOR AND NONMAJOR CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for resources used for the acquisition or construction of major capital projects, except for those financed by certain Special Revenue Funds.

The Whitewater Project Area Fund – is used to account for proceeds of tax allocation bonds and other obligations issued to fund construction of specific improvements in the Whitewater redevelopment project area.

The Northside Project Area Fund – is used to account for proceeds of tax allocation bonds and other obligations issued to fund construction of specific improvements in the Northside redevelopment project area.

The Library Fund – is used to account for the revenues and expenditures associated with the acquisition and equipping of the City's public library.

The Development Fee Funds – are used to account for fees collected on new residential and commercial development which are then used to mitigate the impact of the new development on the City.

The Assessment Districts Fund – is used to account for activities relating to street improvement and construction, flood control and utility undergrounding for specific areas of the City.

CITY OF RANCHO MIRAGE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2011

	<u>Assessment District</u>	<u>Development Fees</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets			
Cash and investments	\$ 136,822	\$ 2,939,952	\$ 3,076,774
Interest receivable	24	509	533
Total assets	<u>\$ 136,846</u>	<u>\$ 2,940,461</u>	<u>\$ 3,077,307</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ -	\$ 5,738	\$ 5,738
Due to other funds	-	1	1
Total liabilities	<u>-</u>	<u>5,739</u>	<u>5,739</u>
Fund balances:			
Assigned	136,846	2,934,722	3,071,568
Total fund balance	<u>136,846</u>	<u>2,934,722</u>	<u>3,071,568</u>
Total liabilities and fund balances	<u>\$ 136,846</u>	<u>\$ 2,940,461</u>	<u>\$ 3,077,307</u>

CITY OF RANCHO MIRAGE

**COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

Year Ended June 30, 2011

	<u>Assessment District</u>	<u>Development Fees</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Developer fees	\$ -	\$ 38,579	\$ 38,579
Interest income	2,902	61,193	64,095
Net increase (decrease) in investment fair value	<u>-</u>	<u>(41,854)</u>	<u>(41,854)</u>
Total revenues	<u>2,902</u>	<u>57,918</u>	<u>60,820</u>
Expenditures			
Current:			
General government		2,328	2,328
Capital projects		198,214	198,214
Total expenditures	<u>-</u>	<u>200,542</u>	<u>200,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,902</u>	<u>(142,624)</u>	<u>(139,722)</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(7,260)</u>	<u>(7,260)</u>
Total other financing sources (uses)	<u>-</u>	<u>(7,260)</u>	<u>(7,260)</u>
Total change in fund balances	2,902	(149,884)	(146,982)
Fund balances at beginning of year	<u>133,944</u>	<u>3,084,606</u>	<u>3,218,550</u>
Fund balances, end of year	<u>\$ 136,846</u>	<u>\$ 2,934,722</u>	<u>\$ 3,071,568</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
WHITEWATER PROJECT AREA
CAPITAL PROJECTS FUNDS

Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest income	\$ 63,000	\$ 55,346	\$ (7,654)
Net increase (decrease) in investment fair value	-	4,585	4,585
Miscellaneous	3,600	3,600	-
Total revenues	<u>66,600</u>	<u>63,531</u>	<u>(3,069)</u>
Expenditures:			
Current:			
General government	178,197	747,208	(569,011)
Capital projects	3,307,371	245,944	3,061,427
Total expenditures	<u>3,485,568</u>	<u>993,152</u>	<u>2,492,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,418,968)</u>	<u>(929,621)</u>	<u>2,489,347</u>
Other financing sources (uses):			
Transfers in	2,803,662	2,388,759	(414,903)
Transfers out	(2,678,939)	(2,519,081)	159,858
Total other financing sources (uses)	<u>124,723</u>	<u>(130,322)</u>	<u>(255,045)</u>
Total change in fund balances	(3,169,522)	(1,059,943)	2,109,579
Fund balances at beginning of year	<u>4,756,439</u>	<u>4,756,439</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,586,917</u>	<u>\$ 3,696,496</u>	<u>\$ 2,109,579</u>

CITY OF RANCHO MIRAGE

**BUDGETARY COMPARISON SCHEDULE
NORTHSIDE PROJECT AREA
CAPITAL PROJECTS FUNDS**

Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest income	\$ 655,000	\$ 533,154	\$ (121,846)
Net increase (decrease) in investment fair value	-	(942,471)	(942,471)
Total revenues	<u>655,000</u>	<u>(409,317)</u>	<u>(1,064,317)</u>
Expenditures:			
Current:			
General government	243,197	225,188	18,009
Capital projects	23,225,591	3,042,810	20,182,781
Debt service:			
SERAF payment	2,588,369	2,590,741	(2,372)
Total expenditures	<u>26,057,157</u>	<u>5,858,739</u>	<u>20,198,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,402,157)</u>	<u>(6,268,056)</u>	<u>19,134,101</u>
Other financing sources (uses):			
Transfers in	4,323,316	1,595,191	(2,728,125)
Transfers out	(954,583)	(943,992)	10,591
Total other financing sources (uses)	<u>3,368,733</u>	<u>651,199</u>	<u>2,717,534</u>
Total change in fund balances	(18,664,691)	(5,616,857)	13,047,834
Fund balances at beginning of year	<u>36,272,618</u>	<u>36,272,618</u>	<u>-</u>
Fund balances, end of year	<u>\$ 17,607,927</u>	<u>\$ 30,655,761</u>	<u>\$ 13,047,834</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
ASSESSMENT DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS

Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest income	\$ -	\$ 2,902	\$ 2,902
Total revenues	<u>-</u>	<u>2,902</u>	<u>2,902</u>
Expenditures:			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,902</u>	<u>2,902</u>
Total change in fund balances	-	2,902	2,902
Fund balances at beginning of year	<u>133,944</u>	<u>133,944</u>	<u>-</u>
Fund balances, end of year	<u>\$ 133,944</u>	<u>\$ 136,846</u>	<u>\$ 2,902</u>

CITY OF RANCHO MIRAGE
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT FEES
NON-MAJOR CAPITAL PROJECTS FUNDS

June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Developer fees	\$ 335,373	\$ 38,579	\$ (296,794)
Interest income	66,594	61,193	(5,401)
Net increase (decrease) in investment fair value	-	(41,854)	-
Total revenues	<u>401,967</u>	<u>57,918</u>	<u>(344,049)</u>
Expenditures:			
Current:			
General Government	13,013	2,328	10,685
Capital projects	683,588	198,214	485,374
Total expenditures	<u>696,601</u>	<u>200,542</u>	<u>496,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(294,634)</u>	<u>(142,624)</u>	<u>152,010</u>
Other financing sources (uses):			
Transfers out	(61,498)	(7,260)	54,238
Total other financing sources (uses)	<u>(61,498)</u>	<u>(7,260)</u>	<u>54,238</u>
Total change in fund balances	(356,132)	(149,884)	206,248
Fund balances beginning of year	<u>3,084,606</u>	<u>3,084,606</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,728,474</u>	<u>\$ 2,934,722</u>	<u>\$ 206,248</u>



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a fiduciary capacity for individuals, governmental entities and others.

The City Agency Fund – is used to account for refundable customer deposits.

The Assessment Districts Funds – is used to account for assessment collections and debt service payments of assessment districts whose debt is not an obligation of the City.

CITY OF RANCHO MIRAGE

**AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**

Year ended June 30, 2011

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2011</u>
<u>CITY AND AGENCY FUND</u>				
Assets:				
Cash and Investments	\$ 2,615,975	\$ 165,181	\$ 362,068	\$ 2,419,088
Total assets	<u>\$ 2,615,975</u>	<u>\$ 165,181</u>	<u>\$ 362,068</u>	<u>\$ 2,419,088</u>
Liabilities:				
Accounts payable	860,966	327,167	362,068	826,065
Deposits payable	1,755,009	150,768	319,945	1,585,832
Total liabilities	<u>\$ 2,615,975</u>	<u>\$ 477,935</u>	<u>\$ 682,013</u>	<u>\$ 2,411,897</u>
<u>ASSESSMENT DISTRICTS FUND</u>				
Assets:				
Cash and investments	\$ 588,886	\$ 1,494,113	\$ 1,238,150	\$ 844,849
Cash and investments with fiscal agent	1,313,569	190,271	182,521	1,321,319
Interest receivable	115	135	115	135
Accounts receivable	4,569	678	4,569	678
Due from other governments	85,308	42,565	85,308	42,565
Total assets	<u>\$ 1,992,447</u>	<u>\$ 1,727,762</u>	<u>\$ 1,510,663</u>	<u>\$ 2,209,546</u>
Liabilities:				
Accounts payable	257	47,873	48,130	-
Due to bondholders	1,992,190	1,683,488	1,458,941	2,216,737
Total liabilities	<u>\$ 1,992,447</u>	<u>\$ 1,731,361</u>	<u>\$ 1,507,071</u>	<u>\$ 2,216,737</u>
<u>TOTALS-ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 3,204,861	\$ 1,659,294	\$ 1,600,218	\$ 3,263,937
Cash and investments with fiscal agent	1,313,569	190,271	182,521	1,321,319
Interest receivable	115	135	115	135
Accounts receivable	4,569	678	4,569	678
Due from other governments	85,308	42,565	85,308	42,565
Total Assets	<u>\$ 4,608,422</u>	<u>\$ 1,892,943</u>	<u>\$ 1,872,731</u>	<u>\$ 4,628,634</u>
Liabilities:				
Accounts payable	\$ 861,223	\$ 375,040	\$ 410,198	\$ 826,065
Deposits payable	1,755,009	150,768	319,945	1,585,832
Due to bondholders	1,992,190	1,683,488	1,458,941	2,216,737
Total liabilities	<u>\$ 4,608,422</u>	<u>\$ 2,209,296</u>	<u>\$ 2,189,084</u>	<u>\$ 4,628,634</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF RANCHO MIRAGE, CALIFORNIA



STATISTICAL SECTION

This section of the City of Rancho Mirage Annual Financial Report presents additional information to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information and assessing the City's overall financial condition.

Contents

Financial Trends — these schedules contain trend information to assist readers in understanding and assessing how the City's financial position has changed over time.

- Net Assets by Component
- Changes in Net Assets
- Fund Balance of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Governmental Tax Revenues by Source

Revenue Capacity — these schedules contain information to help the reader assess the City's local revenue sources.

- Assessed value and Estimated Actual Value of Taxable Property
- Property Tax Rates, Direct and Overlapping
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity — these schedules present information to help the reader understand and assess the City's current level of outstanding debt and the City's ability to issued additional debt in the future. Ratio of Outstanding Debt by Type.

- Ratio of General Bonded Debt Outstanding
- Direct and Overlapping Debt
- Pledged-Revenue Coverage

Demographic and Economic Information — these schedules provide demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- Demographics and Economic Statistics
- Principal Employers

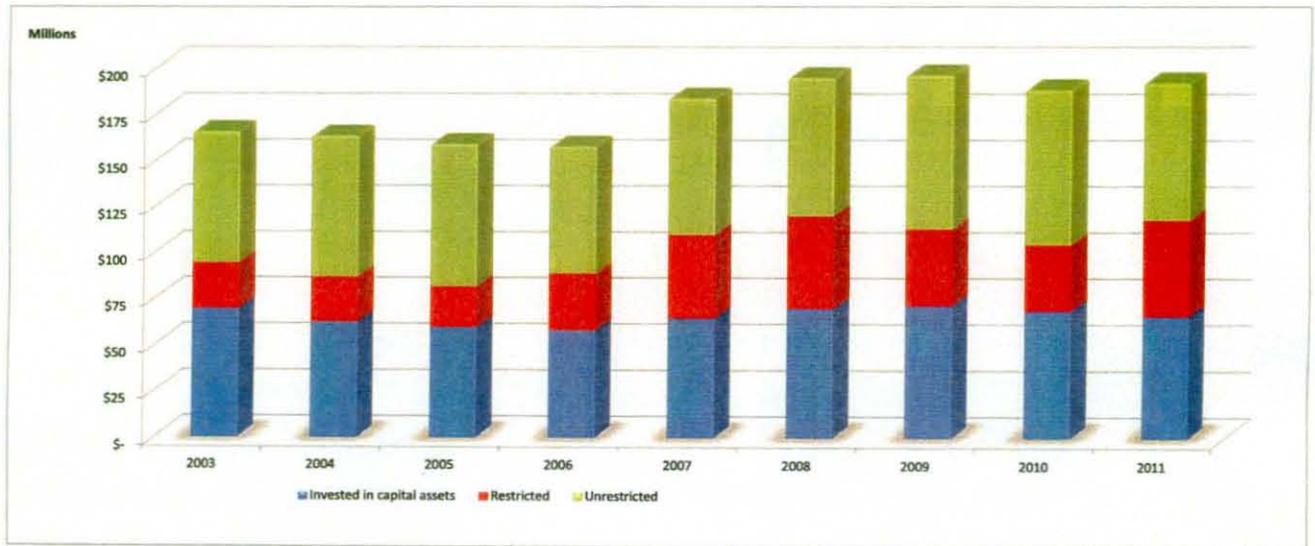
Operating Information — these schedules contain service and infrastructure data to help the reader understand how the information in the report relates to the services the City provides and the activities it performs.

- Full-time Equivalent City Government Employees by Function
- Operating Indicators by Function
- Capital Asset Statistics by Function

CITY OF RANCHO MIRAGE

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 69,375,185	\$ 62,359,050	\$ 59,485,576	\$ 57,911,677	\$ 64,597,727	\$ 69,623,504	\$ 71,406,020	\$ 68,626,495	\$ 65,953,653
Restricted for:									
Community development	17,360,868	15,998,651	13,978,688	21,649,275	33,777,778	38,537,448	28,647,681	24,008,809	44,541,742
Public safety	88,670	90,892	294,125	455,352	514,477	699,795	1,032,317	757,198	328,543
Public works	3,772,544	4,271,544	3,686,443	4,078,193	5,511,462	5,574,235	6,176,655	5,296,500	4,427,388
Cultural and recreation	3,637,645	3,892,437	3,948,224	4,379,050	5,328,454	5,600,825	5,786,702	5,962,794	2,784,236
Unrestricted	<u>71,624,608</u>	<u>76,954,667</u>	<u>77,774,930</u>	<u>69,366,764</u>	<u>74,230,761</u>	<u>75,057,430</u>	<u>83,434,229</u>	<u>83,889,131</u>	<u>74,207,468</u>
Total governmental activities net asse	<u>\$ 165,859,520</u>	<u>\$ 163,567,241</u>	<u>\$ 159,167,986</u>	<u>\$ 157,840,311</u>	<u>\$ 183,960,659</u>	<u>\$ 195,093,237</u>	<u>\$ 196,483,604</u>	<u>\$ 188,540,927</u>	<u>\$ 192,243,030</u>

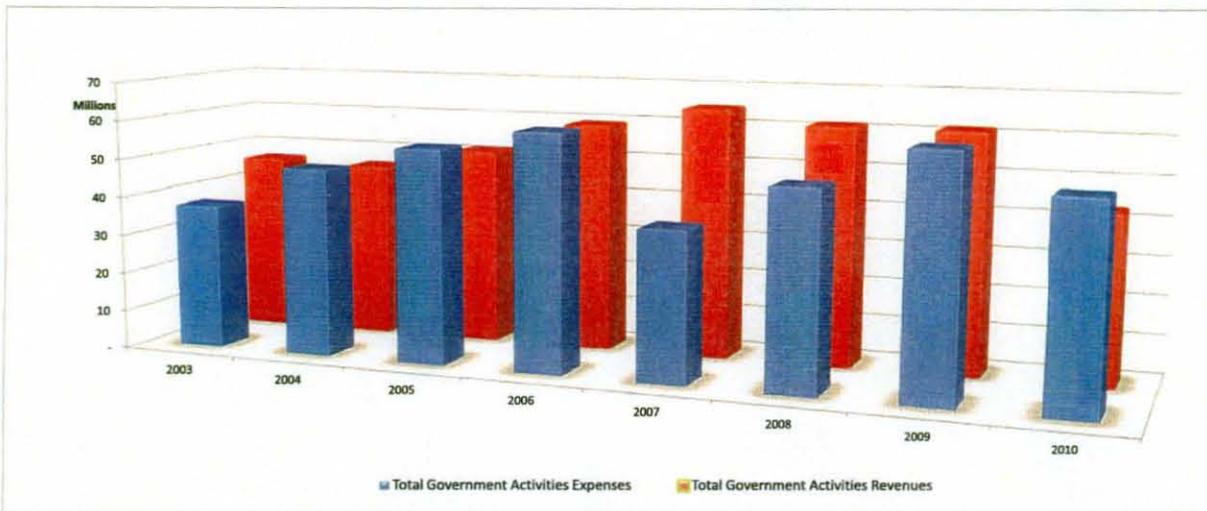


The City of Rancho Mirage implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF RANCHO MIRAGE

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
General government	9,694,081	9,900,755	14,122,076	16,020,796	14,046,413	16,021,080	22,518,896	14,475,806	16,130,779
Public safety	6,979,064	8,377,068	8,635,586	10,567,863	9,993,457	10,201,495	10,446,535	11,129,693	11,099,224
Public works	12,406,695	16,403,184	17,856,840	19,164,023	3,606,363	12,040,334	13,393,378	12,066,325	11,513,164
Cultural and recreation	1,942,727	4,314,325	5,663,369	5,495,894	3,609,893	3,964,894	4,322,608	4,324,325	3,862,141
Interest on long-term debt and other charges	6,577,179	9,700,908	8,956,761	9,471,741	7,324,379	7,972,330	9,764,527	9,067,233	8,349,094
Total governmental activities expenses	<u>37,599,746</u>	<u>48,696,240</u>	<u>55,234,632</u>	<u>60,720,317</u>	<u>38,580,505</u>	<u>50,200,133</u>	<u>60,445,944</u>	<u>51,063,382</u>	<u>50,954,402</u>
Program revenues:									
Governmental activities:									
Charges for services:									
General government	3,074,484	4,167,240	3,870,266	2,870,932	3,638,843	3,061,157	2,016,132	2,371,900	1,838,628
Public safety	813,239	1,219,909	1,763,238	314,647	464,416	375,842	313,223	329,803	165,323
Public works	1,341,970	1,225,378	1,344,088	1,032,052	1,294,588	1,110,051	1,382,936	904,420	521,816
Cultural and recreation	911,337	563,485	600,510	704,482	1,086,457	686,272	513,853	498,673	926,238
Operating grants & Contributions	1,419,201	3,951,392	4,023,635	4,802,592	2,508,829	2,849,755	2,803,831	3,701,209	2,439,821
Capital Grants and Contributions	5,485,964	2,199,118	2,328,728	703,715	776,847	797,410	97,179	1,045,253	3,366,193
Total governmental activities program revenues	<u>13,046,195</u>	<u>13,326,522</u>	<u>13,930,465</u>	<u>10,428,420</u>	<u>9,769,980</u>	<u>8,880,487</u>	<u>7,127,154</u>	<u>8,851,258</u>	<u>9,258,019</u>
Total net revenues (expenses)	<u>(24,553,551)</u>	<u>(35,369,718)</u>	<u>(41,304,167)</u>	<u>(50,291,897)</u>	<u>(28,810,525)</u>	<u>(41,319,646)</u>	<u>(53,318,790)</u>	<u>(42,212,124)</u>	<u>(41,696,383)</u>
General revenues and other changes in net assets:									
Taxes:									
Property taxes	14,470,702	15,509,768	18,393,896	21,318,158	23,538,553	22,366,938	23,861,913	11,340,522	21,837,720
Transient occupancy taxes	5,195,663	5,148,725	5,644,962	5,835,222	5,176,838	5,157,302	4,634,439	3,892,316	4,689,994
Sales tax	3,877,260	4,102,089	3,985,310	5,861,699	5,545,232	5,515,465	4,470,537	3,772,259	3,790,245
Franchise taxes	868,641	921,876	970,997	1,068,537	1,246,691	1,222,758	1,240,960	1,190,558	1,223,839
Motor vehicle in lieu	862,191	722,707	396,845	107,131	96,326	71,072	62,110	50,389	78,511
Library and fire services	3,366,228	3,700,066	4,148,420	7,053,984	7,778,959	7,924,540	8,997,464	8,955,768	8,963,397
Other Taxes	197,084	219,309	-	222,057	265,511	-	-	-	-
Investment income, net of increase (decrease) in fair value	3,713,669	970,695	3,614,728	5,369,317	8,660,681	9,199,944	10,517,778	4,649,457	1,036,128
Other general revenues	943,040	1,150,065	99,298	2,128,117	2,622,082	994,205	444,438	418,157	264,583
Total general revenues	<u>33,494,478</u>	<u>32,445,300</u>	<u>37,254,456</u>	<u>48,964,222</u>	<u>54,930,873</u>	<u>52,452,224</u>	<u>54,229,639</u>	<u>34,269,426</u>	<u>41,884,417</u>
Changes in net assets	8,940,927	(2,924,418)	(4,049,711)	(1,327,675)	26,120,348	11,132,578	910,849	(7,942,698)	188,034
Net assets at beginning of year	<u>156,918,593</u>	<u>166,491,659</u> ¹	<u>163,217,697</u>	<u>159,167,986</u>	<u>157,840,311</u>	<u>183,960,659</u>	<u>195,572,755</u> ¹	<u>196,483,604</u>	<u>192,054,996</u>
Net assets at end of year	<u>165,859,520</u>	<u>163,567,241</u>	<u>159,167,986</u>	<u>157,840,311</u>	<u>183,960,659</u>	<u>195,093,237</u>	<u>196,483,604</u>	<u>188,540,906</u>	<u>192,243,030</u>



The City of Rancho Mirage implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

¹ Net Assets at beginning of year, as restated.

CITY OF RANCHO MIRAGE

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund:					
Reserved	17,020,170	27,047,913	11,328,484	23,126,831	10,282,294
Unreserved	40,789,701	37,905,182	57,598,268	47,964,792	59,668,431
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>57,809,871</u>	<u>64,953,095</u>	<u>68,926,752</u>	<u>71,091,623</u>	<u>69,950,726</u>
All other governmental funds:					
Reserved for:	17,323,933	67,172,193	16,683,240	28,954,387	42,257,425
Unreserved	63,592,275	3,968,267	114,145,614	88,599,418	64,672,631
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>80,916,208</u>	<u>71,140,460</u>	<u>130,828,854</u>	<u>117,553,805</u>	<u>106,930,056</u>
Total all governmental funds	\$ <u>138,726,079</u>	\$ <u>136,093,555</u>	<u>199,755,606</u>	<u>188,645,428</u>	<u>176,880,782</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
General fund:					
Reserved	3,166,260	4,675,993	5,593,358	3,845,244	-
Unreserved	70,702,592	69,926,834	69,897,603	71,868,997	-
Nonspendable	-	-	-	-	30,672
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	17,292,076
Unassigned	-	-	-	-	63,036,531
Total general fund	<u>73,868,852</u>	<u>74,602,827</u>	<u>75,490,961</u>	<u>75,714,241</u>	<u>80,359,279</u>
All other governmental funds:					
Reserved for:	9,874,200	10,364,020	20,467,678	47,655,357	-
Unreserved	108,008,823	112,690,874	115,814,760	67,716,094	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	65,088,097
Committed	-	-	-	-	-
Assigned	-	-	-	-	35,923,825
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>117,883,023</u>	<u>123,054,894</u>	<u>136,282,438</u>	<u>115,371,451</u>	<u>101,011,922</u>
Total all governmental funds	\$ <u>191,751,875</u>	<u>197,657,721</u>	<u>211,773,399</u>	<u>191,085,692</u>	<u>181,371,201</u>

Source: City of Rancho Mirage Comprehensive Annual Financial Report

Note: Beginning in FY 2011, the fund balance terminology changed to be consistent with GASB 54.

CITY OF RANCHO MIRAGE

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:									
Taxes	\$ 37,538,191	41,450,397	42,619,827	49,388,634	52,501,941	54,051,951	53,383,125	50,758,411	49,672,270
Intergovernmental	3,602,278	5,352,333	7,365,464	8,265,208	4,102,702	2,746,203	3,559,677	4,211,049	6,697,737
Licenses and permits	1,585,221	1,862,830	1,463,437	995,315	947,946	765,367	486,475	572,770	526,296
Charges for services	2,497,252	4,341,048	3,470,340	1,654,878	1,746,194	1,640,288	1,024,703	770,791	723,931
Fines and forfeitures	140,889	160,400	132,682	134,049	134,272	198,482	183,012	245,966	228,588
Special Assessments	1,868,674	1,810,415	1,821,072	4,245,759	4,700,393	4,484,852	5,106,451	5,282,158	4,958,580
Developer fees	249,748	139,100	1,273,513	938,563	1,070,096	687,465	228,596	579,666	56,555
Interest income	5,030,632	4,198,425	5,621,024	6,412,795	7,737,975	9,145,830	8,055,417	5,001,086	3,251,024
Net increase (decrease) in investment fair value	412,363	(3,104,659)	(333,530)	(881,240)	1,986,792	1,410,358	2,449,650	(453,191)	(2,214,896)
Proceeds from property owner debt	1,178,244	-	-	-	-	-	-	-	-
Miscellaneous	770,728	1,264,267	848,176	1,614,856	1,242,349	2,088,229	1,998,920	2,017,618	4,184,021
Total revenues	54,874,220	57,474,556	64,282,005	72,768,817	76,170,660	77,219,025	76,476,026	68,986,324	68,084,106
Expenditures									
Current:									
General government	9,354,786	9,758,475	13,515,267	12,615,962	13,532,684	15,135,511	21,512,236	13,934,223	15,146,924
Public safety	6,914,063	8,294,837	8,581,486	8,778,261	9,857,575	10,053,423	10,307,877	10,978,437	10,918,032
Public works	3,256,957	3,551,465	3,656,569	3,873,142	4,121,876	4,261,168	4,751,113	4,167,745	3,889,617
Cultural and recreation	1,724,009	1,933,540	2,198,614	3,311,559	3,224,536	3,449,148	3,835,191	3,799,662	3,328,360
Capital Projects	13,846,019	15,904,160	25,856,533	30,311,886	7,449,509	10,085,373	14,544,626	15,839,636	17,752,873
Debt service:									
Principal	1,820,000	1,885,000	2,420,000	3,640,000	4,655,000	4,600,000	5,530,000	5,370,000	5,565,000
Interest	5,473,745	6,323,322	8,184,449	8,242,037	7,400,495	7,466,786	8,016,544	8,172,156	7,980,036
Payments under pass-through agreements	9,159,659	10,102,734	11,297,084	13,073,751	12,897,644	15,886,314	15,119,233	14,208,932	13,661,996
Payments for ERAF shift	587,524	993,674	1,935,183	1,941,705	-	-	-	12,583,600	2,590,741
Service fees	534,619	2,662,830	677,240	1,458,592	388,087	375,599	950,175	619,636	32,065
Total expenditures	52,671,381	61,410,037	78,322,425	87,246,895	63,527,406	71,313,322	84,566,995	89,674,027	80,865,644
Excess (deficiency) of revenues over (under) expenditures	2,202,839	(3,935,481)	(14,040,420)	(14,478,078)	12,643,254	5,905,703	(8,090,969)	(20,687,703)	(12,781,538)
Other financing sources (uses):									
Transfers in	15,340,567	17,512,520	33,145,467	41,552,009	27,327,117	24,100,736	32,839,537	33,736,594	21,000,239
Transfers out	(15,340,567)	(17,512,520)	(33,145,467)	(41,552,009)	(27,327,117)	(24,100,736)	(32,839,537)	(33,736,594)	(21,000,239)
Proceeds from sale of capital assets	690,112	-	-	1,597,576	2,227,837	-	-	-	2,750,000
Issuance of long-term debt	101,440	67,760,405	5,925,000	49,120,000	-	-	22,040,000	-	317,055
Premium (discount) on issuance of debt	-	-	-	1,360,413	-	-	(312,870)	-	-
Payment to refunded bond escrow agen	-	-	(3,190,278)	(49,364,555)	-	-	-	-	-
Total other financing sources (uses)	791,552	67,760,405	2,734,722	2,713,434	2,227,837	-	21,727,130	-	3,067,055
Net change in fund balances	\$ 2,994,391	63,824,924	(11,305,698)	(11,764,644)	14,871,091	5,905,703	13,636,161	(20,687,703)	(9,714,483)
Debt service as a percentage of noncapital expenditures									
	18.8%	13.5%	15.2%	15.4%	21.2%	17.1%	16.2%	18.3%	21.5%

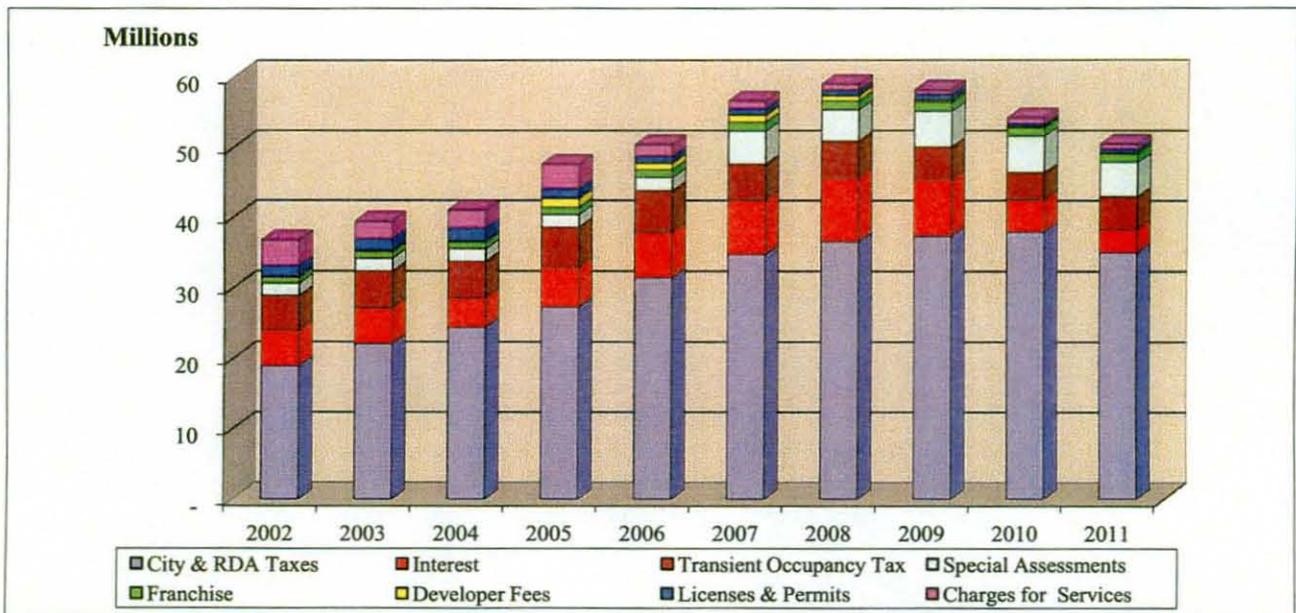
The City of Rancho Mirage implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF RANCHO MIRAGE

Major Revenue Sources – Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

Fiscal Year End	City								Total
	Property Tax and RDA Tax Increment	Interest	Transient Occupancy	Special Assessments	Franchise	Developer Fees	Licenses & Permits	Charges for Services	
2002	18,971,350	4,962,824	4,928,950	1,792,000	773,331	137,282	1,552,229	3,612,736	36,730,702
2003	22,096,343	5,030,632	5,195,664	1,868,674	868,641	249,748	1,585,221	2,497,252	39,392,175
2004	24,396,668	4,198,425	5,148,725	1,810,415	921,876	139,100	1,862,830	2,497,252	40,975,291
2005	27,287,220	5,621,024	5,644,962	1,821,072	970,997	1,273,513	1,463,437	3,470,340	47,552,565
2006	31,446,448	6,414,077	5,877,525	1,968,493	1,068,537	938,563	995,315	1,654,878	50,363,836
2007	34,753,736	7,632,660	5,176,838	4,746,585	1,246,691	1,003,853	947,946	1,085,943	56,594,252
2008	36,541,457	9,145,831	5,157,302	4,506,070	1,222,758	792,234	742,777	836,550	58,944,979
2009	37,331,645	8,055,416	4,634,439	5,140,189	1,240,960	290,852	840,823	607,163	58,141,487
2010	37,903,311	4,547,895	3,892,316	5,282,157	1,190,558	128,496	368,894	837,745	54,151,372
2011	34,988,718	3,251,024	4,689,994	4,958,580	1,223,839	56,555	526,296	723,931	50,418,937

Percentage change:									
2002-2011	84.4%	-34.5%	-4.8%	176.7%	58.3%	-58.8%	-66.1%	-80.0%	37.3%





CITY OF RANCHO MIRAGE

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Year Ended <u>June 30</u>	City					
	<u>Secured Property</u>	<u>Unsecured Property</u>	<u>Total Assessed Property Value</u>	<u>Less Property Exemptions</u>	<u>Less Homeowner's Exemptions</u>	<u>Taxable Assessed Value</u>
2002	3,844,540,670	134,380,571	3,978,921,241	232,617,614	24,695,222	3,721,608,405
2003	4,346,428,520	134,199,032	4,480,627,552	250,166,114	26,071,744	4,204,389,694
2004	4,815,526,070	156,040,389	4,971,566,459	264,652,158	28,545,390	4,678,368,911
2005	5,430,429,840	175,459,045	5,605,888,885	319,303,835	29,221,822	5,257,363,228
2006	6,199,345,440	211,188,516	6,410,533,956	332,430,426	31,384,677	6,046,718,853
2007	7,162,393,349	217,992,151	7,380,385,500	329,830,054	32,739,367	7,017,816,079
2008	7,981,900,865	216,748,234	8,198,649,099	355,469,047	32,957,707	7,810,222,345
2009	8,253,540,667	243,632,123	8,497,172,790	392,938,402	33,051,439	8,071,182,949
2010	8,034,046,037	266,075,905	8,300,121,942	232,254,754	32,711,561	8,035,155,627
2011	7,626,463,485	249,847,605	7,876,311,090	483,628,859	32,322,140	7,360,360,091

NOTE:

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

Source: Riverside County Auditor-Controller's Office

Redevelopment Agency

<u>Secured Property</u>	<u>Unsecured Property</u>	<u>Total Assessed Property Value</u>	<u>Less Property Exemptions</u>	<u>Less Homeowner's Exemptions</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
3,363,840,954	127,789,276	3,491,630,230	222,281,182	21,479,422	3,247,869,626	1.27162
3,746,836,561	129,406,724	3,876,243,285	245,925,924	22,321,144	3,607,996,217	1.25962
4,033,033,188	149,571,849	4,182,605,037	257,278,401	23,680,390	3,901,646,246	1.27300
4,419,922,378	163,007,882	4,582,930,260	307,587,971	23,873,822	4,251,468,467	1.24581
4,834,376,596	196,374,667	5,030,751,263	317,032,926	24,794,877	4,688,923,460	1.25400
5,407,013,029	198,783,022	5,605,796,051	326,988,756	25,166,767	5,253,640,528	1.27834
5,892,003,285	196,257,981	6,088,261,266	330,108,938	25,039,307	5,733,113,021	1.28642
6,077,777,489	221,777,211	6,299,554,700	366,609,438	24,827,839	5,908,117,423	1.28642
5,937,179,817	236,065,026	6,173,244,843	199,633,813	24,373,161	5,949,237,869	1.41785
5,679,752,557	218,581,349	5,898,333,906	446,742,323	23,969,740	5,427,621,843	1.38550

CITY OF RANCHO MIRAGE

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

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Debt Service	-	-	-	-	-	-	-	-	-	-
Desert Sands Unified School	0.09750	0.09750	0.09581	0.07674	0.07613	0.07561	0.07990	0.07990	0.10036	0.10036
Palm Springs Unified B, IA	0.06002	0.06052	0.05715	0.05012	0.05912	0.05468	0.06007	0.06007	0.13224	0.13224
Palm Springs Unified B,IB	-	-	-	-	-	-	-	-	-	-
Palm Springs Unified School	-	-	-	-	-	-	-	-	-	-
Desert Community College	-	-	0.01994	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995	0.01995
Coachella Valley Water District	0.02080	0.02080	0.02080	0.02080	0.02080	0.04000	0.04000	0.04000	0.08000	0.08000
Coachella Valley Water Improvement District 53	0.00170	0.00060	0.00020	0.00020	-	0.00090	-	-	-	-
Coachella Valley Water Improvement District 54	0.02160	0.02020	0.01910	0.01800	0.01800	0.00720	0.00650	0.00650	0.00530	0.05300
Coachella Valley Water Improvement District 16	-	-	-	-	-	-	-	-	-	-
Coachella Valley Water Improvement District 57	-	-	-	-	-	-	-	-	-	-
Desert Water Agency	0.07000	0.06000	0.06000	0.06000	0.06000	0.08000	0.08000	0.08000	0.08000	-
Desert Hospital Debt Service	-	-	-	-	-	-	-	-	-	-
Total	1.27162	1.25962	1.27300	1.24581	1.25400	1.27834	1.28642	1.28642	1.41785	1.38555

Source: Riverside County Auditor-Controller's Office

CITY OF RANCHO MIRAGE

**Principal Property Tax Payers
Current Year and Ten Years Ago**

Taxpayer	Land Use	2011		2001	
		Taxable Assessed Value	Percent of Total City & RDA Taxable Assessed Value	Taxable Assessed Value	Percent of Total City & RDA Taxable Assessed Value
River Retail	Shopping Center / Mall	\$ 84,834,528	0.59%	-	0.00%
Peter Solomon	Residential Properties	77,046,010	0.53%	18,179,296	0.32%
WVC Rancho Mirage Inc	Resort / Timeshare	57,782,186	0.40%	-	0.00%
KSL RLP Holdings	Hotel	53,444,826	0.37%	-	0.00%
Wallis Annenberg	Residential Properties	48,952,598	0.34%	-	0.00%
Starwood Mission Hills CMBS I	Hotel	48,155,617	0.33%	137,422,459	2.42%
PK I Rancho Las Palmas	Commercial	42,744,538	0.30%	23,540,013	0.41%
GenLB Rancho	Hotel	41,371,114	0.29%	-	0.00%
Blixseth Group Inc	Residential Properties	26,153,877	0.18%	-	0.00%
Mission Hills Country Club Inc	Golf Course / Country Club	26,112,322	0.18%	20,521,564	0.36%
Eisenhower Properties	Commercial	25,431,395	0.18%	-	0.00%
Thunderbird Terrace	Condominiums	25,373,141	0.18%	17,759,097	0.31%
Annenberg Foundation Trust at Sunnyland	Commercial	24,391,524	0.17%	-	0.00%
Fit Ren Mirage Inn	Hotel	23,504,020	0.16%	17,402,691	0.31%
Eisenhower Medical Center (2)	Professional - Medical	19,658,082	0.14%	54,977,668	0.97%
Mary Frances Smith	Commercial	17,061,891	0.12%	-	0.00%
Club at Morningside Inc	Commercial	15,693,816	0.11%	-	0.00%
Desert European Motocars	Commercial	15,469,565	0.11%	-	0.00%
Nationwide health Properties Inc	Commercial	14,655,623	0.10%	-	0.00%
Quorum Realty Fund V	Commercial	14,610,000	0.10%	-	0.00%
SHC Rancho	Hotel	-	0.00%	75,992,612	1.34%
Olympus Rancho Mirage	Hotel	-	0.00%	27,868,164	0.49%
Cascada Investments Inc	Land	-	0.00%	17,402,691	0.31%
		<u>\$ 702,446,673</u>	<u>3.73%</u>	<u>\$ 392,886,959</u>	<u>6.92%</u>

1) 2010-11 Local Secured Assessed Valuation: \$7,253,793,289

2) Taxable property only.

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

Source: California Municipal Statistics, Inc. and Riverside County Auditor-Controller's Office

CITY OF RANCHO MIRAGE

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	17,922,082	18,768,906	104.73%	202,444	18,971,350	105.85%
2003	20,681,805	21,911,251	105.94%	185,092	22,096,343	106.84%
2004	22,998,519	24,160,708	105.05%	235,960	24,396,668	106.08%
2005	25,343,548	26,990,846	106.50%	296,374	27,287,220	107.67%
2006	28,810,194	30,919,317	107.32%	527,131	31,446,448	109.15%
2007	32,869,381	33,739,177	102.65%	1,014,559	34,753,736	105.73%
2008	36,651,002	35,753,415	97.55%	788,042	36,541,457	99.70%
2009	37,854,169	36,597,061	96.68%	742,694	37,339,755	98.64%
2010	36,588,819	36,055,757	98.54%	480,136	36,535,893	99.86%
2011	34,350,425	36,029,172	104.89%	346,814	36,375,986	105.90%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Riverside County Auditor Controller's Office
City of Rancho Mirage

CITY OF RANCHO MIRAGE

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year End	Governmental Activities				Percentage of Personal Income	Per Capita
	Revenue Bonds	Tax Allocation Bonds ¹	Advances Payable	Total		
2002	3,195,000	102,445,000	5,636,919	111,276,919	12.40%	7,757
2003	3,150,000	100,670,000	7,685,496	111,505,496	11.59%	7,451
2004	3,105,000	166,635,304	7,112,815	176,853,119	17.26%	11,397
2005	5,925,000	164,408,511	7,112,815	177,446,326	16.08%	10,809
2006	5,775,000	161,464,681	-	167,239,681	14.18%	10,031
2007	5,625,000	157,119,221	-	162,744,221	13.20%	9,605
2008	5,470,000	152,842,643	-	158,312,643	11.90%	9,326
2009	5,310,000	169,690,462	-	175,000,462	13.18%	10,186
2010	5,145,000	164,673,158	-	169,818,158	12.21%	9,985
2011	4,970,000	159,481,276	-	164,451,276	13.80%	9,551

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Sources: City of Rancho Mirage and Wheeler's Demographic Profiles of the Coachella Valley

CITY OF RANCHO MIRAGE

**Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Revenue Bonds	Tax Allocation Bonds	Total		
2002	3,195,000	102,445,000	105,640,000	1.41%	7,364
2003	3,150,000	100,670,000	103,820,000	1.24%	6,938
2004	3,105,000	166,635,304	169,740,304	1.85%	10,938
2005	5,925,000	164,408,511	170,333,511	1.67%	10,376
2006	5,775,000	161,464,681	167,239,681	1.46%	10,031
2007	5,625,000	157,119,221	162,744,221	1.25%	9,605
2008	5,470,000	152,842,643	158,312,643	1.11%	9,215
2009	5,310,000	169,690,462	175,000,462	1.18%	10,186
2010	5,145,000	164,673,158	169,818,158	1.17%	9,985
2011	4,970,000	159,481,276	164,451,276	1.19%	9,551

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Sources: City of Rancho Mirage Comprehensive Annual Financial Report

CITY OF RANCHO MIRAGE

Direct and Overlapping Debt June 30, 2011

City Assessed Valuation	\$7,395,720,784
Redevelopment Agency Incremental Valuation	<u>(4,599,469,060)</u>
Total Assessed Valuation	<u>\$2,796,251,724</u>

	Total Debt 06/30/11	Percentage Applicable ¹	City's Share of Debt 06/30/11
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Desert Community College District	\$ 322,389,659	8.628%	27,815,780
Desert Sands Unified School District	260,875,460	3.855%	10,056,749
Palm Springs Unified School District	338,021,439	16.701%	56,452,961
Coachella Valley Water District, Improvement District No. 54	2,335,000	5.529%	129,102
Coachella Valley Water District, Improvement District No. 58	1,540,000	6.052%	93,201
City of Rancho Mirage 1915 Act Bonds	11,245,000	100.000%	11,245,000
Coachella Valley Water District Assessment District No. 68	2,035,000	13.890%	<u>282,662</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$106,075,454
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	696,634,853	1.912%	13,319,658
Riverside County Pension Obligations	366,945,000	1.912%	7,015,988
Riverside County Board of Education Certificates of Participation	6,170,000	1.912%	117,970
Desert Sands Unified School District Certificates of Participation	62,005,000	3.855%	2,390,293
Coachella Valley Water District, Improvement District No. 71 Certificates of Participation	2,750,000	12.801%	352,028
Coachella Valley Recreation and Park District Certificates of Participation	2,340,000	2.904%	67,954
City of Rancho Mirage Certificates of Participation	4,970,000	100.000%	<u>4,970,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT	1,141,814,853		\$ 28,233,891
Less: Riverside County self-supporting obligations			<u>263,917</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 27,969,974
GROSS COMBINED TOTAL DEBT ²			\$ 134,309,345
NET COMBINED TOTAL DEBT			\$ 134,045,428

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2010-11 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.43%
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Ratios to Adjusted Assessed Valuation

Combined Direct Debt (\$5,145,000)	0.18%
Gross Combined Total Debt	4.80%
Net Combined Total Debt	4.79%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

CITY OF RANCHO MIRAGE

**Computation of Legal Debt Margin
Last Ten Fiscal Years**

Fiscal Year End	Outstanding Tax Allocation Bonds	Less: Bond Reserve Requirement (2)	Total Net Debt Applicable To Debt Limit	Legal Debt Limit	Legal Debt Margin	Legal Debt Margin as a % of Limit
2000	67,265,000	20,472,987	46,792,013	910,737,613	863,945,600	94.9%
2001	66,160,000	23,190,102	42,969,898	1,041,512,057	998,542,159	95.9%
2002	105,640,000	21,519,475	84,120,525	1,120,582,721	1,036,462,196	92.5%
2003	103,820,000	24,527,754	79,292,246	1,253,530,626	1,174,238,380	93.7%
2004	169,740,304	26,679,901	143,060,403	1,373,125,724	1,230,065,321	89.6%
2005	170,333,511	32,135,427	138,198,084	1,528,322,872	1,390,124,788	91.0%
2006	167,239,681	35,842,735	131,396,946	1,716,192,783	1,584,795,837	92.3%
2007	162,744,221	35,692,735	127,051,486	1,947,927,233	1,820,875,746	93.5%
2008	158,312,643	40,364,944	117,947,699	2,143,036,555	2,025,088,855	94.5%
2009	175,000,462	40,881,825	134,118,637	2,219,509,124	2,085,390,486	94.0%
2010	169,818,158	40,003,617	129,814,541	2,171,005,018	2,041,190,477	94.0%
2011	164,451,276	38,422,052	126,029,224	2,066,196,749	1,940,167,525	93.9%

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

² Limited to amounts held in bond reserve funds that are legally restricted toward the repayment of specific debt issuances.

CITY OF RANCHO MIRAGE

**Pledged Revenue Coverage
Library Lease and Civic Center Revenue Bonds and Redevelopment Tax Allocation Bonds
Last Ten Fiscal Years**

<u>Description</u>	<u>Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2005					
<u>Library Lease Revenue Bonds</u>					
FY 2005-06	370,974	150,000	220,974	370,974	100.00%
FY 2006-07	388,033	150,000	238,033	388,033	100.00%
FY 2007-08	388,533	155,000	233,533	388,533	100.00%
FY 2008-09	388,883	160,000	228,883	388,883	100.00%
FY 2009-10	388,482	165,000	223,482	388,482	100.00%
FY 2010-11	392,914	175,000	217,914	392,914	100.00%
1995					
<u>Library Lease Revenue Bonds</u>					
FY 2001-02	241,793	40,000	201,793	241,793	100.00%
FY 2002-03	243,764	45,000	198,764	243,764	100.00%
FY 2003-04	240,924	45,000	195,924	240,924	100.00%
FY 2004-05	243,286	50,000	193,286	243,286	100.00%
FY 2005-06	-	-	-	-	-
FY 2006-07	-	-	-	-	-
FY 2007-08	-	-	-	-	-
FY 2008-09	-	-	-	-	-
FY 2009-10	-	-	-	-	-
FY 2010-11	-	-	-	-	-
<u>Tax Allocation Bonds</u>					
FY 2001-02	18,324,475	1,575,000	4,413,736	5,988,736	305.98%
FY 2002-03	21,377,754	1,775,000	5,045,754	6,820,754	313.42%
FY 2003-04	23,574,901	1,840,000	5,914,063	7,754,063	304.03%
FY 2004-05	26,210,427	2,370,000	7,789,600	10,159,600	257.99%
FY 2005-06	30,067,735	3,490,000	7,695,434	11,185,434	268.81%
FY 2006-07	30,067,735	4,505,000	7,162,462	11,667,462	257.71%
FY 2007-08	34,894,944	4,445,000	7,233,253	11,678,253	298.80%
FY 2008-09	35,571,825	5,370,000	7,787,661	13,157,661	270.35%
FY 2009-10	34,858,617	5,205,000	7,948,673	13,153,673	265.01%
FY 2010-11	33,452,052	5,390,000	7,762,122	13,152,122	254.35%

Notes: Revenue available for Library Lease Revenue Bonds consists of lease payments made by the City of Rancho Mirage to the Rancho Mirage Joint Powers Financing Authority.

The 1995 Library Lease Revenue Bonds refinanced the 1991 Library Lease Revenue Bonds during FY 1995-96. The bonds were refunded fully in April 2005 by the 2005 Public Facilities Lease Revenue Bonds.

Civic Center Revenue Bonds were refunded in full in July 2001. In prior years, the revenue available consisted of property tax revenues received by the Rancho Mirage Redevelopment Agency that were used to make loan payments to the Rancho Mirage Joint Powers Financing Authority.

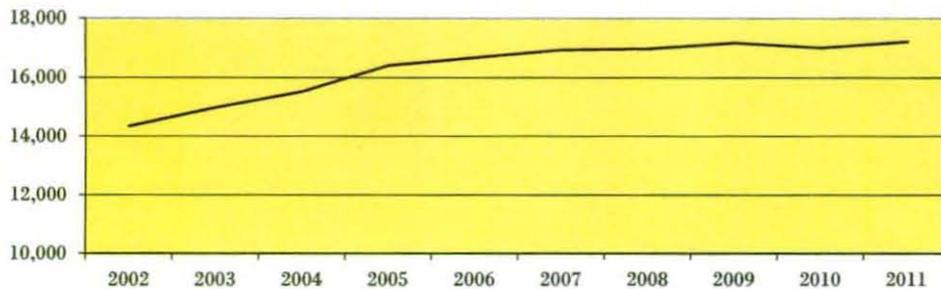
Source: City of Rancho Mirage

CITY OF RANCHO MIRAGE

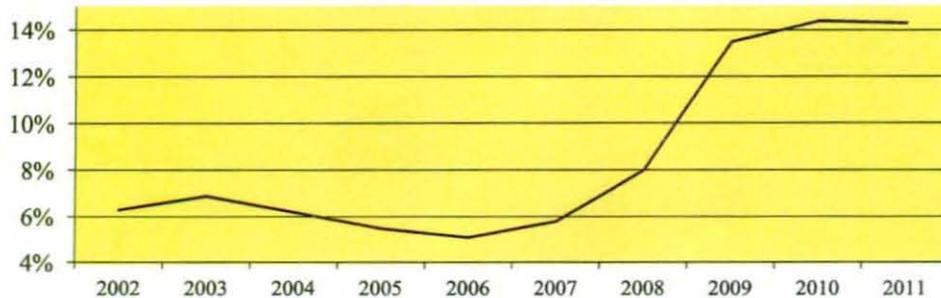
Demographic and Economic Statistics Last Ten Calendar Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ²	Unemployment Rate ³
2002	14,345	897,322,785	62,553	6.3%
2003	14,965	961,950,200	64,280	6.9%
2004	15,518	1,024,901,828	66,046	6.2%
2005	16,416	1,103,450,688	67,218	5.5%
2006	16,672	1,179,277,248	70,734	5.1%
2007	16,944	1,233,269,040	72,785	5.8%
2008	16,975	1,330,568,400	78,384	8.0%
2009	17,180	1,327,784,200	77,287	13.5%
2010	17,008	1,390,591,088	81,761	14.4%
2011	17,218	1,191,451,164	69,198	14.3%

City Population



County Unemployment Rate



Sources: (1) California State Department of Finance
 (2) U.S. Census Bureau
 (3) U.S. Bureau of Labor Statistics (for Riverside County)

CITY OF RANCHO MIRAGE

Principal Employers

2010				
Employer	Number of Employees	Primary Description	Rank	Percent of Total Principal Employment
Eisenhower Medical Center	2,480	Hospital / Clinics	1	44.02%
Agua Caliente Resort & Casino	1,300	Casino	2	23.07%
Westin Mission Resort and Villas	470	Hotel	3	8.34%
Rancho Las Palmas Resort & Spa	500	Hotel	4	8.87%
The Home Depot	149	Home Improvement Store	5	2.64%
Cheesecake Factory	180	Restaurant	6	3.19%
Mission Hills Country Club	211	Country Club	7	3.75%
PF Changs	75	Restaurant	8	1.33%
Betty Ford Center	269	Rehabilitation Center	9	4.77%

Source: City of Rancho Mirage

Data not available for prior years.

Total Employment - Labor Force of Principal Employers	5634
Top 10 percentage	100.00%

CITY OF RANCHO MIRAGE

**Full-time and Part-time City Employees
By Function
Last Ten Fiscal Years**

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund										
City Clerk	1.00	5.00	6.00	6.00	5.00	6.00	6.00	6.00	4.00	4.00
City Manager/Management Services	6.00	7.00	7.00	8.00	11.00	12.00	12.00	12.00	10.00	11.00
City Attorney ¹	2.00	2.00	-	-	-	-	-	-	-	-
Administration	5.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Finance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Information Services	4.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	7.00	2.00
Planning	8.50	8.50	9.50	9.00	9.00	9.00	8.00	8.00	4.00	7.00
Building	5.50	6.00	6.00	6.50	5.00	5.00	5.00	5.00	5.50	4.00
Code Compliance	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	5.50	6.00
Engineering	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00
Street Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.00
Buildings & Grounds	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Emergency Services	-	-	-	-	1.00	1.00	1.00	1.00	-	-
General Government	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Tourism & Marketing	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Economic Development	-	-	-	-	-	-	-	-	-	1.00
GENERAL FUND SUB-TOTAL	59.00	59.50	59.50	60.50	63.00	66.00	66.00	66.00	63.50	60.00
Parkland Fund	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Library Fund	7.00	8.00	8.00	8.00	11.00	11.00	15.00	15.00	14.00	13.00
Library Fund (full-time equivalents) ²	6.60	7.40	7.92	8.25	4.92	14.61	15.23	17.91	12.79	12.61
Redevelopment Agency	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00
Housing Authority	4.00	4.50	4.50	4.50	4.00	4.00	4.00	4.00	4.00	4.00
TOTAL	79.60	83.40	83.92	85.25	86.92	99.61	104.23	106.91	97.29	92.61

¹ Attorney services have been contracted out since FY 2004

² The Library utilizes several part-time employees whose hours, when combined, constitute full-time equivalents

Note: Police and fire services are provided by the County of Riverside.

Source: City of Rancho Mirage



CITY OF RANCHO MIRAGE

**Operating Indicators by Function
Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
Public Works:				
Permits issued:				
Grading	158	173	131	112
Encroachment	257	291	292	236
Pool drainage	-	-	-	-
Transportation	-	9	80	101
Miscellaneous	187	196	74	56
Maintenance of:				
Miles of streets	73.5	74.0	73.5	73.5
Miles of bike paths	19.9	20.9	21.3	21.9
Number of major intersections	25	26	26	26
Number of traffic signals & safety lighting	42	47	48	50
Number of traffic signs	2,036	2,051	2,074	2,091
Number of street lights	172	192	196	198
Parks and Recreation:				
Number of parks	5.0	5.0	5.0	5.0
Total acreage	12.6	12.6	12.6	12.6
Library				
Items checked out	318,053	348,021	368,626	378,363
Patron visits to the library	211,210	221,513	235,905	236,571
Reference questions	44,966	44,613	44,711	45,318
Holds/reserves placed	NA	5,357	22,943	25,746
Total website pageviews-not consistently recorded	15,397	21,874	966,986	602,116
Library cardholders as of June	17,172	17,113	19,094	19,518
Community Development				
Number of building permits issued	2,090	2,232	2,445	2,387
Estimated valuation of building permits issued	199,039,605	203,571,320	232,925,182	165,034,703

NA = Not available

Source: City of Rancho Mirage

Fiscal Year

2006	2007	2008	2009	2010	2011
91	80	48	30	20	20
223	240	195	193	114	156
5	18	73	28	20	35
99	89	114	80	62	62
58	23	11	15	28	39
73.5	73.8	73.8	73.8	74.0	74.0
21.9	22.3	22.9	23.0	23.6	24.6
26	26	26	26	26	26
54	52	52	60	60	61
2,099	2,113	2,132	2,140	2,172	3,702
202	206	208	208	208	208
5.0	5.0	5.0	5.0	5.0	5.0
12.6	12.6	12.6	12.6	12.6	12.6
389,729	481,604	615,016	641,346	622,148	599,379
279,769	320,551	349,768	367,785	358,165	314,049
55,362	63,299	74,067	83,279	88,023	85,158
30,611	40,395	47,347	52,426	52,583	74,719
364,092	660,143	1,061,113	1,211,457	808,119	342,144
24,250	29,520	35,749	41,053	37,498	34,977
1,525	1,193	1,427	1,127	1,104	1,057
91,031,942	128,161,385	96,054,794	44,351,780	47,973,671	32,614,403

CITY OF RANCHO MIRAGE

**Capital Asset Statistics
By Function
Last Ten Fiscal Years**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Works:										
Miles of Public Streets	73.5	74.0	73.5	73.5	73.5	73.8	73.8	73.8	74.0	74
Miles of Public Bike Paths	19.9	20.9	21.3	21.9	21.9	22.3	22.9	23.0	23.6	25
Number of Major Intersections	25	26	26	26	26	26	26	26	26	26
Number of Traffic Signals and Safety Lighting	42	47	48	50	54	52	52	60	60	61
Number of traffic signs	2,036	2,051	2,074	2,091	2,099	2,113	2,132	2,140	2,172	3,702
Number of street lights	172	192	196	198	202	206	208	208	208	208
Parks and Recreation:										
Number of Parks	5	5	5	5	5	5	5	5	5	5
Total Acreage	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Buildings:										
Civic Center	1	1	1	1	1	1	1	1	1	1
Civic Center Annex	-	-	-	-	-	-	-	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Corporation Yard	1	1	1	1	1	1	1	1	1	1
Housing Authority										
Age-Restricted Housing	1	1	1	2	3	3	3	4	4	4

Source: City of Rancho Mirage



In our efforts to protect our natural resources, as of January 4, 2012, the City of Rancho Mirage has planted 2,380 trees in American Forests Global ReLeaf projects.



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