

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

CITY OF PALMDALE, CALIFORNIA



For the Fiscal Year Ended

June 30, 2010

Prepared By

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Assistant Director of Finance*

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Budget Manager*

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City of Palmdale
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2010

TABLE OF CONTENTS

Page No.

I. INTRODUCTORY SECTION

Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
Organization Chart - City of Palmdale	x
Elected and Administrative Officers	xi
Location Map	xii

II. FINANCIAL SECTION

Independent Auditors' Report	1
Managements' Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	15
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements	
Governmental Fund Financial Statements	19
Balance Sheet	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	22
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Budgetary Comparison Statements - Major General and Special Revenue Funds	27
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - CRA Housing Development Special Revenue Fund	29
Fiduciary Fund Financial Statement	31
Statement of Fiduciary Net Assets - Fiduciary Funds	32
Statement of Changes in Fiduciary Net Assets	32
Notes to the Financial Statements	33
REQUIRED SUPPLEMENTARY INFORMATION	85
Schedule of Funding Progress - Public Employees Retirement System	86
Schedule of Funding Progress - Other Post Employment Defined Benefit Plan (OPEB)	86

City of Palmdale
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2010

TABLE OF CONTENTS

	<u>Page No.</u>
SUPPLEMENTAL SECTION, CONTINUED	
Non-Major Governmental Funds	87
Fund Descriptions	87
Combining Statements - Fund Financial Statements	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	92
Budgetary Comparison Schedules	97
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Special Revenue Funds:	
Air Quality Improvement	98
Community Development Block Grant	99
Drainage	100
Drainage Benefit Assessment Funds	101
Federal Funds	102
Federal Home Program	103
Federal Jobs Program	104
Fire Facilities Impact Special Revenue Fund	105
Gas Tax	106
Housing Authority Mobile Home Parks Special Revenue Fund	107
Housing Authority	108
Landscape Maintenance	109
Library	110
Local Transportation - Article 3	111
Local Transportation - Article 8	112
Measure R	113
Miscellaneous Grants/Developer Contributions	114
Park Assessments	115
Park Development	116
Proposition A	117
Proposition C	118
Public Facilities Fund	119
Public Safety	120
South Antelope Valley Emergency Services	121
Sewer Maintenance Assessment District	122
Sewer Upgrade	123
State Grants	124
Street Lighting Assessment District	125
Traffic Impact	126
Water Park	127
Debt Service Funds:	
CRA Project Area No. 1	128
CRA Project Area No. 2A	129
CRA Housing	130
Palmdale Civic Authority	131

City of Palmdale
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2010

TABLE OF CONTENTS

Page No.

SUPPLEMENTAL SECTION, CONTINUED

Agency Funds	133
Combining Statement - Agency Funds	
Statement of Fiduciary Net Assets	134
Statement of Changes in Fiduciary Net Assets - Agency Funds:	
Assessment and Community Facilities Districts Agency Fund	135
	136

III. STATISTICAL SECTION

Introduction	137
Financial Trends	
Net Assets by Component	138
Changes in Net Assets	139
Fund Balances, Governmental Funds	140
Changes in Fund Balances, Governmental Funds	141
Revenue Capacity	
General Governmental Tax Revenues by Source	143
Assessed Value and Estimated Actual Value of Taxable Property	144
Direct and Overlapping Property Tax Rates	145
Principal Property Tax Payers	146
City Property Tax Levies and Collections	147
CRA Area 2A Tax Increment Levies and Collections	148
CRA Area 1 Tax Increment Levies and Collections	149
Debt Capacity	
Ratios of Outstanding Debt by Type	150
Ratio of General Bonded Debt Outstanding	151
Direct and Overlapping Governmental Activities Debt	152
Legal Debt Margin Information	153
Project Area 1 & 1A Pledged - Revenue Coverage	154
Project Area 2A Pledged - Revenue Coverage	155
Project Area 2A (20% Set Aside) Pledged Revenue Coverage	156
Demographic and Economic Information	
Demographic and Economic Statistics	157
Principal Employers - Antelope Valley	158
Operating Information	
Full-time Equivalent City Government Employees by Function/Program	159
Operating Indicators by Function/Program	160
Capital Asset Statistics by Function/Program	161

INTRODUCTORY
SECTION



CITY OF PALMDALE, CALIFORNIA

Year Ended June 30, 2010



PALMDALE

a place to call home

December 15, 2010

Honorable Mayor, Members of the City Council,
and Citizens of the City of Palmdale:

Accepted practice recommends that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants 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. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Palmdale for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City of Palmdale. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Palmdale has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Palmdale's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Palmdale's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Palmdale's financial statements have been audited by Vavrinek, Trine, Day, & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Palmdale for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examination on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

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communication accessibility

upon 72 hours' notice and request.

Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Palmdale's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Palmdale was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Palmdale's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Palmdale's MD&A can be found immediately following the report of the independent auditors.

Palmdale History

Today's Palmdale has its roots in two small, early communities: Harold (Alpine Station) and Palmenthal. Harold was a natural location for a community because it was at the crossroads of the two major routes on the Valley floor, the Southern Pacific Railroad tracks and Fort Tejon Road (now Barrel Springs Road). In the late 1890s Harold was reduced to a few residents when the railroad decided to build a larger station for its booster engines. Booster engines were needed to get the train over the San Gabriel Mountains, and they needed to be started on flat land. Harold was not flat, and so the new station was built a short distance north of Harold, at what is now central Palmdale.

Palmenthal came to be in 1886 when between 50 and 60 families of Swiss and German descent were moving westward from the Midwest to California. As the settlers came to the Antelope Valley and saw our Joshua trees, they mistook them for palm trees. The families settled about three miles southeast of the present Civic Center and called their new town Palmenthal. The 1890s were a decade of boom and bust spurred on by the lure of cheap land and good living. In 1899 the community relocated to the heart of present-day Palmdale, and changed its name to Palmdale. So this is how Palmdale came to be. Palmenthal and Harold both came to be abandoned, and both settlements relocated to the center of the new city of Palmdale by the new Southern Pacific railroad station.

The Primary Government

The City of Palmdale was incorporated on August 24, 1962 and became a charter City in November 2009. The City is located 60 miles north of Los Angeles and is situated in the high desert at an elevation of 2,600 feet with an average mean temperature of 72 degrees Fahrenheit. Palmdale is an upper-middle class community, with a median household income of \$74,596 in 2009, which is comparable to Los Angeles at \$67,300. Palmdale residents enjoy a comfortable hometown feel with a strong family orientation, excellent education system and abundant opportunities in a safe environment.

There are eighty-eight cities in Los Angeles County with a total population of 10.4 million. Palmdale is the sixth largest and one of the fastest growing cities in the county. The City

currently occupies a land area of 104 square miles and serves a population of 152,622. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Palmdale operates under the council/manager form of government. The five member City Council consists of an elected Mayor who serves a two-year term and four other members who are elected at large to overlapping four-year terms. The Mayor Pro Tem is selected from among the City Council members. The City Manager serves at the pleasure of the City Council and administers the City's affairs and carries out policies established by the City Council. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and city attorney. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing various department heads. The City provides the following municipal services:

Municipal Services

Building Services
Economic Development
Engineering
Finance
Library
Parks, Recreation, and Cultural
Human Resources
Planning and Zoning
Public Safety
Public Works

The annual budget serves as the foundation for the City of Palmdale's financial planning and control. All departments of the City of Palmdale are required to submit requests for appropriation to the city manager on or before March 31 each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the council for review prior to May 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than July 1. The appropriated budget is by fund, function, and department. Department heads may make transfers of appropriations within a department.

The accompanying Comprehensive Annual Financial Report includes the financial activities of the City of Palmdale, the primary government, and its component units, which are the Community Redevelopment Agency of the City of Palmdale, the Palmdale Civic Authority, the Housing Authority of the City of Palmdale, and the Industrial Development Authority of the City of Palmdale. Financial information for the City and these component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate session, serve as the governing board of the Community Redevelopment Agency, the Palmdale Civic Authority, the Housing Authority, and the Industrial Development Authority and, as such, these entities are presented on a blended basis.

The Community Redevelopment Agency of the City of Palmdale (the Agency) was established in March 1975, pursuant to provisions of the State of California Health and Safety Code. The Agency is subject to the financial accountability of the City Council of the City of Palmdale, California (City) and accordingly, is a component unit of the City although it is a separate legal entity. The Agency's primary purpose is to eliminate blighted areas within the City by encouraging development of residential, commercial, industrial, recreational, and public facilities. The Agency receives incremental property tax revenue on property within its project areas over a based assessed valuation on the date the project was established. The funds of the Agency have been included in the governmental activities in the financial statements.

The Palmdale Civic Authority (the Authority) was originally created under a joint powers agreement between the City of Palmdale (City) and the Community Redevelopment Agency of the City of Palmdale (Agency) in May 1976, for the purpose of financing public improvements in the City. The Authority is financially accountable to the City and, accordingly, is a component unit of the City although it is a separate legal entity. Assets of the Authority, after providing for all debts and obligations, are to be transferred to the City upon final payment of the loans. The funds of the Authority have been included in the governmental activities in the financial statements.

Housing Authority of the City of Palmdale (the Housing Authority) was established in April 1997, pursuant to provisions of the State of California Housing Authorities Law. The Housing Authority is subject to the financial accountability of the City Council of the City of Palmdale, California (the City) and, accordingly is a component unit of the City although it is a separate legal entity. The Housing Authority's primary purpose is to address the shortage of multi-family housing in the City of Palmdale with respect to which long-term affordability for low-income persons is ensured as the result of recorded agreements or covenants. The funds of the Housing Authority have been included in the governmental activities in the financial statements.

Industrial Development Authority of the City of Palmdale (the IDA) was established in February 1995, and is authorized to issue bonds pursuant to the provisions of the California Industrial Financing Act (constituting Sections 91500 et seq. of the California Government Code, the "Law") for the purpose of providing financing for the acquisition, construction, and equipping of industrial facilities. The funds of the IDA have been included in the governmental activities in the financial statements.

Factors Affecting Financial Condition

The U.S. economy is slowly emerging from the longest and deepest economic downturn since the 1930s. Although the recession has technically ended, a long period of weak growth – hardly warranting use of the term “recovery” – is expected moving forward. States and local governments across the nation have suffered the impact of dramatic revenue declines and the recessionary effects continue to persist. Consumer spending which typically accounts for approximately 70% of the economy remains weak due to high unemployment levels, low consumer sentiment, stagnant wages, and weak housing prices. Building activity in both the residential and commercial sectors has slowed and the continuing decline in property values, as well as foreclosure rates, continue to cause concern.

The economic downturn and its continuing effects have had the greatest impact on the General Fund, which relies heavily on sales tax, property tax, and development revenue to finance those services typically associated with local government – public safety, library, recreation, parks, building, planning, engineering and general administration. As a result, the City has pursued a comprehensive balancing strategy to mitigate the impacts of both declining revenues and rising costs. Over the past three fiscal years and into 2010-11, the City has taken expenditure measures that have resulted in savings of over \$45 million or approximately \$11 million annually. These measures included, but were not limited to, personnel, benefit, and operating reductions; suspension of non-essential programs; and delaying capital improvement expenditures. In addition, the City has implemented various revenue enhancements including a voter approved hotel tax increase, administration fees for internal services to special funding sources, and fee increases to provide a more appropriate level of cost recovery on City services and programs. Our main objective in this process was to deal directly and honestly with the current economic environment, while minimizing service level impacts to the public, especially in public safety.

Palmdale has achieved many major accomplishments during these difficult times as a result of the dedication and hard work of our staff and the strong leadership provided by our elected officials and city management.

Development has continued in the 746-acre Palmdale Trade and Commerce Center. A new 7-story, 150-suite Embassy Suites Hotel opened at the beginning of 2010. On an adjacent property, the City continues efforts to develop a 77,160 square foot conference center immediately west of the Embassy Suites, with design nearly complete and entitlements expected by late 2010. Over 218,000-square-feet of Class A medical and professional office building space is currently available for lease or purchase in the Trade & Commerce Center, with another 85,000 square feet nearby.

The Palmdale Regional Medical Center, encompassing nearly 380,000 square feet and breathtaking views, opened in December 2010. The hospital is located in the foothills overlooking the Trade and Commerce Center and has the largest emergency room in the Antelope Valley. The housing portion of the complex, called Summer Terrace, opened in 2009 and includes 80 units of affordable senior housing. Adjacent to the hospital is a 60,000 square foot medical office building that is currently leasing space and which also opened in mid-2009. A second 60,000 square foot medical office building is entitled and will begin construction after the first one is fully leased. The City provided the land and funded the off-site infrastructure, including roadways, traffic signals, streetlights, storm drainage, sanitary sewers, water and other utilities for the project.

New businesses that opened during fiscal year 2009-2010 include Patton Steel, e-Solar, DeVry University, Sierra Medical Group, Community Therapies, Ashley's Furniture, Michael Anthony Spa, San Angelo's Spa, Pars Persian restaurant, Mana Asian restaurant, Gino's Italian restaurant, Shakey's Pizza, Round Table Pizza, Applebee's restaurant, Sonora Steakhouse, Nadia's Cakes, and La Casa Rustica. In addition, the Redevelopment Agency has penned a deal to provide funds to help rehab a vacant department store at the Antelope Valley Mall that will be home to Macy's department store by the fall of 2010.

The street resurfacing/sealing program for fiscal year 2009-10 was funded by the American Recovery and Reinvestment Act (ARRA), which provided \$4,324,000 to pave 70 miles of roadway at 14 locations throughout the City.

The 120-acre Fairway Business Park is considered the premier business park in the Antelope Valley. Prominent businesses such as Delta Scientific Corporation, U.S. Pole Company and FedEx Ground Distribution Center were recently joined by Patton Steel and e-Solar. Over 443,000-square-feet of building space is occupied in the business park, with over 277,000-square-feet of industrial/commercial building space available for purchase or lease. Eight lots remain available in the Park, totaling nearly 35 acres.

The U.S. Air Force Plant 42 is one of the largest regional employers and a major force in the local economy. The City continues to be diligent in its lobbying efforts to keep jobs in Palmdale while realizing that it is unable to control decisions made by the federal government, which largely funds numerous aerospace programs at Plant 42.

NASA Dryden manages an Aircraft Operations Facility at Site 9 at U.S. Air Force Plant 42. Five specialized science platform aircraft are housed at the facility, including the DC-8 Airborne Laboratory, the Stratospheric Observatory for Infrared Astronomy (SOFIA), two ER-2 high-altitude aircraft and a Gulfstream-III multi-role cooperative research platform. An estimated 200 Dryden civil service and contractor staff are working at the facility. In addition, visiting scientists from around the world are based at the site while their experiments or missions are in progress.

The Palmdale Institute of Technology building is home to the AERO Institute. The AERO Institute represents a unique collaboration with the NASA Dryden Flight Research Center, the California Space Grant Foundation and the City of Palmdale. The Institute offers college-credit courses in business and multiple engineering disciplines from public and private colleges and universities around the country. The Palmdale site also offers workshops and materials for educators teaching kindergarten through twelfth grade and is home to the NASA Exploratorium, a hands-on science exhibit.

Long Term Financial Planning

Safe, affordable, reliable power is vital to keeping businesses here and attracting new jobs. Recognizing the need for improvements and additions to the electrical infrastructure in southern California, the City has been pursuing development of a 500-megawatt natural gas powered plant and a 50-megawatt solar plant. Inland Energy has been engaged by the City to obtain all necessary entitlements for the project. In approximately four years, the City hopes to provide enough power to serve more than 400,000 homes in southern California. Due to Palmdale's unique location in the high desert and close proximity to readily accessible transmission lines flowing into the Los Angeles basin, the Palmdale power plant will be a vital component in meeting the energy needs of the Los Angeles and Inland Empire regions.

Transportation and traffic improvements also play a key role in Palmdale's and the Antelope Valley's development. Many key projects will take place this fiscal year following years of planning and working to compile funding from numerous sources including federal, state and local.

The Tierra Subida Avenue Improvement Project will serve the transportation and traffic flow needs of the Palmdale Regional Medical Center. The project will widen the street from Avenue Q-8 to Rayburn Road. Because much of the work is adjacent to property owned by the Los Angeles County Waterworks District, the City and County will enter into a cooperative agreement for funding to complete the design of this project. Work will commence in Fall 2010 and should be completed in early fiscal year 2011-12.

The safety and capacity improvements to Rancho Vista Boulevard between Division Street and 15th Street East will commence with Phase 1 in fiscal year 2010-11. Phase 1 includes signalization and improvements to the 10th Street East intersection of Rancho Vista Boulevard. Phase 2, scheduled to start construction in fiscal year 2011-12, will make improvements to the 3rd Street East and 8th Street East intersections of Rancho Vista Boulevard. Phase 3, scheduled to start construction in Fiscal Year 2013-14, will be a grade separation to take Rancho Vista Boulevard under Sierra Highway and the railroad tracks. The final Phase faces significant financial hurdles however.

The City will spend approximately \$1.7 million this year to complete the design and installation of four new traffic signals. This will bring the total number of city-owned signals to 92 and the total number of city-maintained signals to 143. Additionally, the City has allocated approximately \$370,000 in ARRA funding for a traffic signal synchronization project. The project will synchronize 49 signals among five major corridors (Rancho Vista Boulevard, 10th Street West, Palmdale Boulevard, Avenue R and Avenue S) along with upgrading the existing Citywide Centralized Traffic Signal Software and replacing 84 traffic signal controllers.

The City applied for and received a State Route to School (SR2S) grant to install two signals and street improvements at Golden Poppy Elementary School located on Rockie Lane south of Avenue R, east of 60th Street East. The matching funds required by the CalTrans grant were provided by an ARRA grant. Design and right of way acquisition will be completed by the end of Fiscal Year 2010-11 and construction thereafter.

Because 20th Street West is a major north/south arterial serving the west side of Palmdale, the crossing at Amargosa Creek is critical to provide another link between commercial development in the Trade and Commerce Center and the residential areas of Anaverde and Ritter Ranch. Design work will be completed in early Fiscal Year 2010-11.

The Wright Brothers Court housing project represents the first step in the development of affordable and market rate housing specific to the needs of commuting workforce households, and is responsive to State demands for "Transit Village" type housing developments. This project will address the existing blight and deterioration in the area bounded by East Avenue Q and the Transportation Center, and 6th Street East to 4th Street East. By eliminating blight in this area and developing new affordable housing targeted for first time home buyers and working class renters, the Housing Division will increase the City's supply of affordable housing and create a pleasant and beautiful extension to the Transportation Center. The proposed development will provide workforce housing as well as affordable housing opportunities for low to moderate income households in the City of Palmdale by constructing a 121-unit town home development and a twin tower 156-unit multi-family rental housing development with related amenities and parking. This project is expected to break ground in November 2010, with resident occupancy in the spring of 2012.

Work will continue this year on infrastructure improvements for the final two phases of the Courson Connection Project east of Poncitlan Square. Whispering Palms, the first of four phases of affordable senior apartment buildings opened in mid-2008 with 75 units for very low and low-income seniors. The second phase of apartments, Palo Verde Terrace, a 78-unit affordable senior rental housing project, began construction in 2008 and opened in late 2009. The City expects to complete two subsequent phases of about 75 units each by 2012. A new 14,900-square-foot Senior Center began construction in mid-2008 and opened in July 2010.

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Award and Acknowledgements

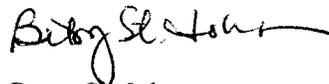
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmdale for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the Excellence in Operational Budgeting Award from CSMFO and the Distinguished Budget Presentation Award from GFOA for the fiscal year 2009-10 Budget.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, City Council members, and the City Manager for their support for maintaining the highest standards of professionalism in the management of the City of Palmdale's finances.

Respectfully submitted,



Betsy St. John
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palmdale
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

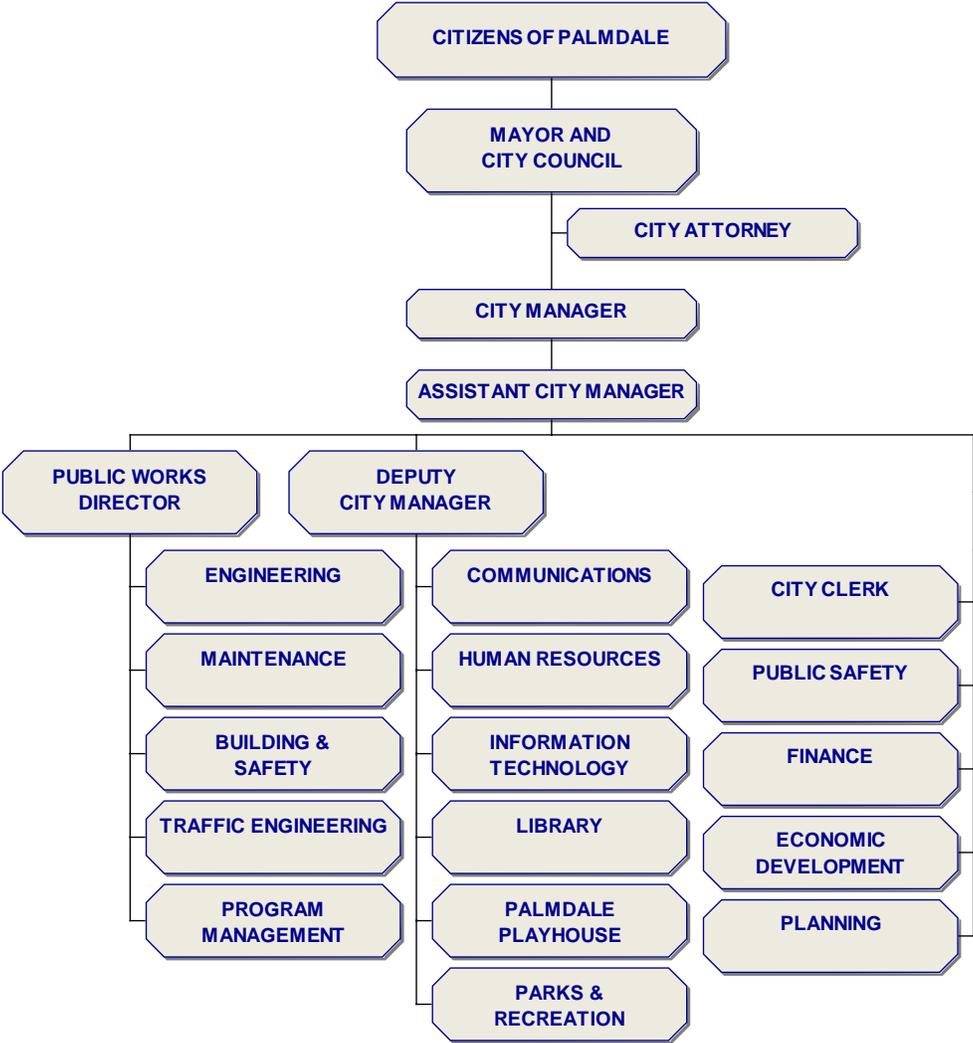
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Palmdale Organizational Chart



City Officials

Year Ended June 30, 2010

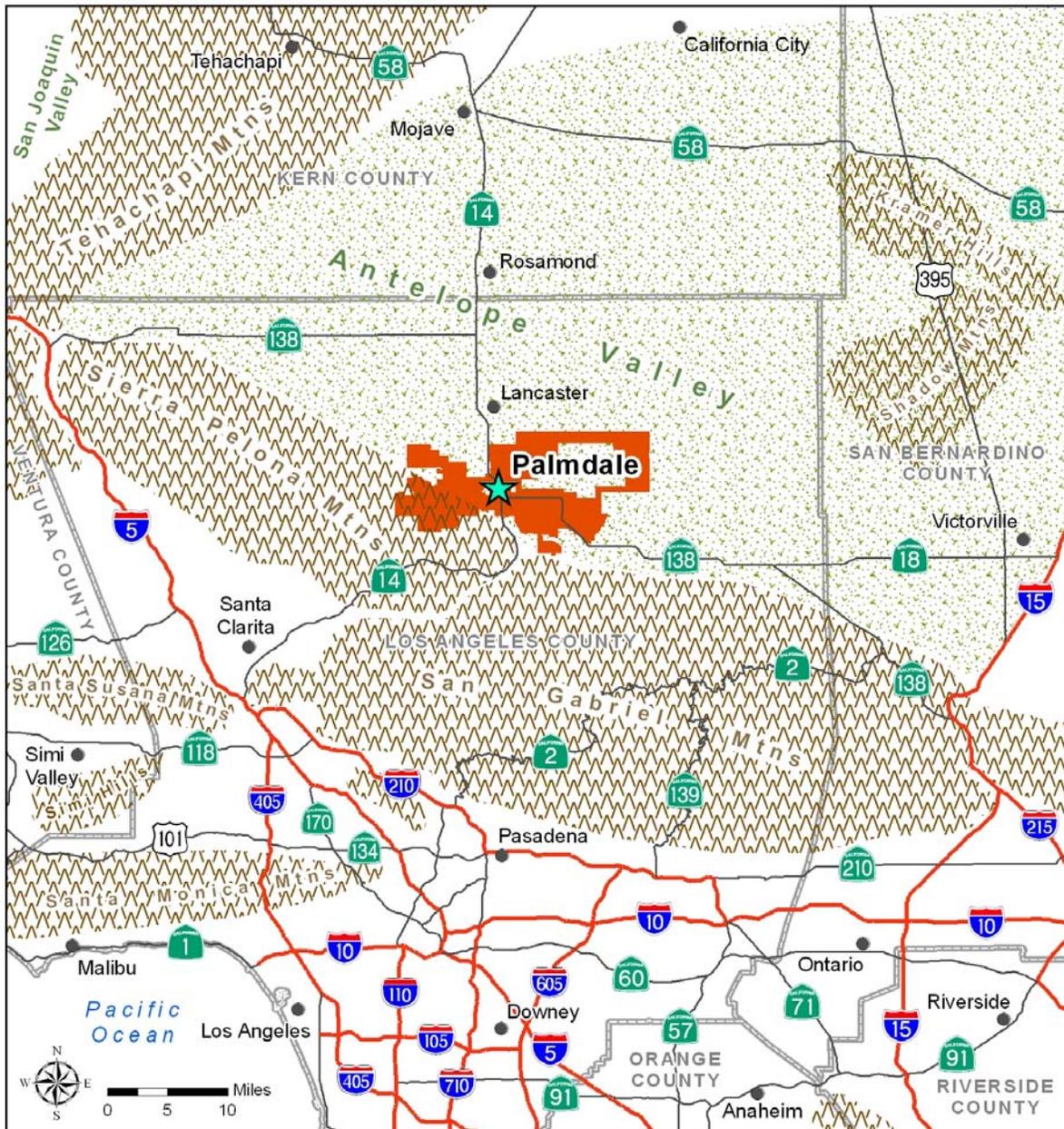
City Council

James C. Ledford, Jr.	Mayor
Tom Lackey	Mayor Pro Tem
Laura Bettencourt	Councilmember
Mike Dispenza	Councilmember
Steven D. Hofbauer	Councilmember

Administration and Department Heads

Stephen H. Williams	City Manager
Laurie Lile	Assistant City Manager
Nancy Quelland	Deputy City Manager
Matthew Ditzhazy	City Attorney
Betsy St. John	Finance/City Treasurer
Mike Mischel	Public Works
Anne Ambrose	Public Safety and Community Relations

LOCATION MAP



Map of the Antelope Valley

The beautiful Antelope Valley, situated at the northern tip of Los Angeles County, is bounded by the Tehachapi Mountains in Kern County to the north, the Angeles National Forest and Santa Clarita Valley to the west, the San Gabriel Mountains to the south, and a long expanse of high desert stretching all the way to Victorville, in San Bernardino County, to the east. The City of Palmdale, encompassing 104 square miles, sits at the southern end of the Antelope Valley at an elevation of 2,600 feet.

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FINANCIAL
SECTION



CITY OF PALMDALE, CALIFORNIA

Year Ended June 30, 2010



INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council of
The City of Palmdale

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palmdale, California (the City), as of and for the year ended June 30, 2010, which collectively comprise the City of Palmdale's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Palmdale'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 statements 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 Palmdale, California, as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 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's discussion and analysis on pages 3 through 13 and the required supplemental information on page 86 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, and combining individual non-major fund statements and schedules, and statistical section as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining, individual non-major fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the 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.

Vawter, Tami, Day, Co., LLP

Rancho Cucamonga, California
December 15, 2010

City of Palmdale

Management's Discussion and Analysis

As management of the City of Palmdale, we offer readers of the City of Palmdale's financial statements this narrative overview and analysis of the financial activities of the City of Palmdale for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through xii of this report.

Financial Highlights

- The assets of the City of Palmdale exceeded its liabilities at the close of the most recent fiscal year by \$731,360,888 (net assets). Of this amount \$9,229,647 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$1,553,956. Details are discussed on page 7.
- As of the close of the current fiscal year, the City of Palmdale's governmental funds reported combined ending fund balances of \$162,126,554, a decrease of \$15,607,039 in comparison with the prior year. Approximately 54.3 percent or \$88,103,106 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$18,112,832, or 27.4 percent of total general fund expenditures.
- The City of Palmdale's total debt decreased by \$4,782,455 or 19.2 percent during the current fiscal year. The decrease is primarily due to regular scheduled annual debt payments. Details are discussed at Note 11.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Palmdale's basic financial statements. The City of Palmdale's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Palmdale's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Palmdale's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Palmdale is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Palmdale

Both of the government-wide financial statements distinguish functions of the City of Palmdale that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Palmdale include general government, public safety, public services, community development, cultural and recreational, health and welfare, and interest on debt. The City does not have any business-type activities.

The government-wide financial statements include not only the City of Palmdale as the primary government, but also a legally separate Community Redevelopment Agency of the City of Palmdale, the Palmdale Civic Authority, the Housing Authority of the City of Palmdale, and the Industrial Development Authority of the City of Palmdale. Financial information for these component units is reported on a blended basis. The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palmdale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Palmdale can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Palmdale maintains 42 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Community Redevelopment Agency (CRA) Housing Development Special Revenue fund, the CRA Project Area No. 1 Debt Service and Capital Projects funds, the CRA Project Area No. 2A Debt Service and Capital Projects funds, the CRA Housing Debt Service fund, and the Palmdale Civic Authority Debt Service and Capital Projects funds, all of which are considered to be major funds. Data from the remaining 33 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 87-95.

The City of Palmdale adopts an annual appropriated budget for its General fund, and its CRA Housing Development Special Revenue funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 19-30.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statement because the

City of Palmdale

resources of those funds are not available to support the City of Palmdale's own programs. The basic fiduciary fund financial statement can be found on pages 31-32 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-84 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Palmdale, assets exceeded liabilities by \$731,360,888 as of June 30, 2010.

The City of Palmdale's investment in capital assets, net of related debt reflects a balance of \$575,275,003. Pursuant to GASB Statement 34, the City has recorded infrastructure assets acquired prior to the City's implementation year of June 30, 2002. Investment in capital assets is defined as land, buildings, machinery and equipment, infrastructure, and construction in progress, less any related debt used to acquire these assets that is still outstanding. The City of Palmdale uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Palmdale's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Palmdale's Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Current and Other Assets	\$ 197,459,696	\$ 207,882,065
Capital Assets	<u>807,335,873</u>	<u>803,771,915</u>
Total Assets	<u>1,004,795,569</u>	<u>1,011,653,980</u>
Long-Term Liabilities Outstanding	235,153,359	240,470,669
Other Liabilities	<u>38,281,322</u>	<u>38,268,467</u>
Total Liabilities	<u>273,434,681</u>	<u>278,739,136</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	575,275,003	576,227,953
Restricted	146,856,238	138,882,700
Unrestricted	<u>9,229,647</u>	<u>17,804,191</u>
Total Net Assets	<u>\$ 731,360,888</u>	<u>\$ 732,914,844</u>

The City of Palmdale's restricted net assets of \$146,856,238 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$9,229,647 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Palmdale is able to report positive balances in all three categories of net assets for its governmental activities.

City of Palmdale

City of Palmdale's Changes in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 32,435,510	\$ 28,671,230
Operating Grants and Contributions	7,454,967	7,223,053
Capital Grants and Contributions	34,558,609	48,552,845
General Revenues:		
Tax Increment	43,025,101	48,020,519
Property Taxes	16,593,602	20,237,674
Sales Taxes	14,104,937	14,448,749
Other Taxes	7,690,327	7,012,002
Unrestricted Investment Earnings	137,085	2,064,949
Land Sale Proceeds	310,632	-
Other	<u>803,398</u>	<u>744,262</u>
Total Revenues	<u>157,114,168</u>	<u>176,975,283</u>
Expenses:		
General Government	30,120,518	19,185,451
Public Safety	21,998,235	27,202,602
Public Services	43,942,305	42,531,740
Community Development	34,169,400	39,966,752
Cultural and Recreation	13,652,211	16,894,235
Health and Welfare	2,004,790	1,240,971
Interest on Long-Term Debt	<u>12,780,665</u>	<u>12,868,534</u>
Total Expenses	<u>158,668,124</u>	<u>159,890,285</u>
Increase (Decrease) in Net Assets	(1,553,956)	17,084,998
Net Assets – Beginning of Year (as restated)	<u>732,914,844</u>	<u>715,829,846</u>
Net Assets – End of Year	<u>\$ 731,360,888</u>	<u>\$ 732,914,844</u>

City of Palmdale

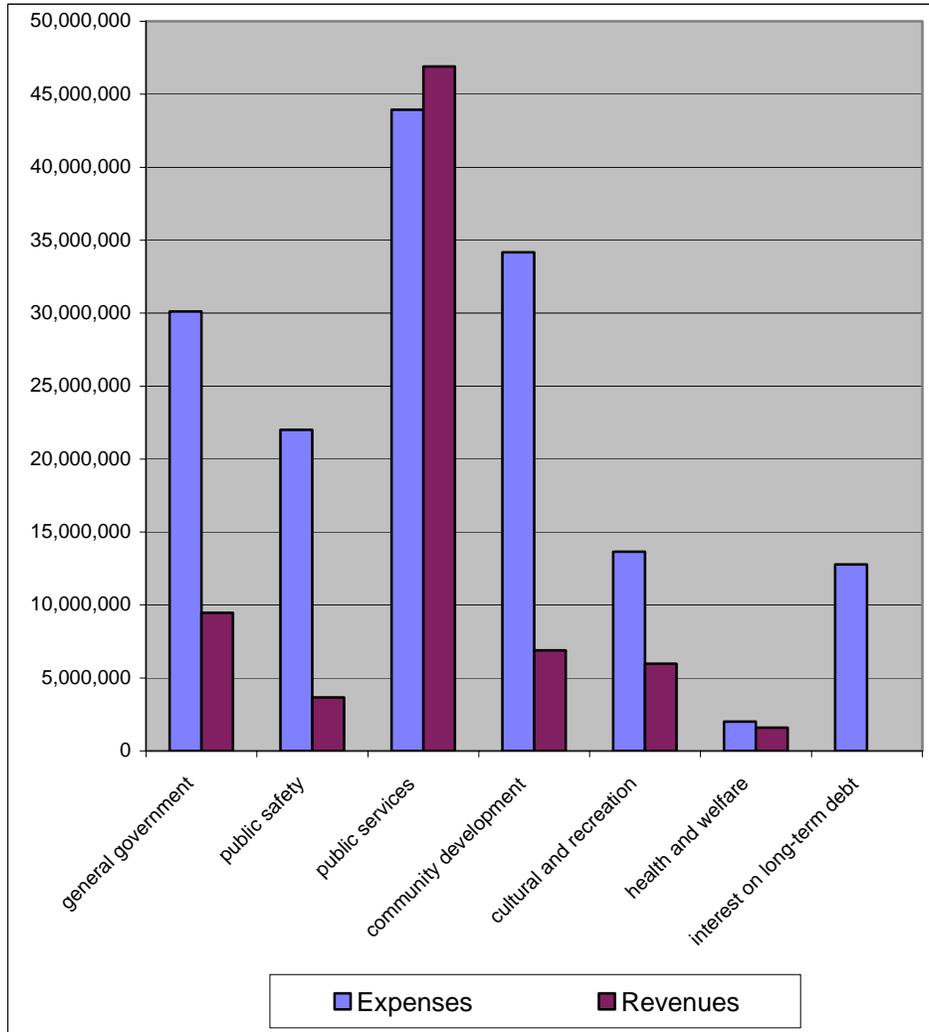
Governmental Activities. Governmental activities decreased the City of Palmdale's net assets by \$1,553,956, or .2 percent, during the current fiscal year. Key elements of the governmental activities net asset increase are as follows:

- Charges for Services increased by \$3,764,280, or 13.1 percent, primarily as a result of the City assuming responsibility for the operation and maintenance of the City sewer system beginning July 1, 2009 and receiving increased Sewer assessment fees by \$2,711,642. Other increases include healthcare contributions for the self-funded healthcare fund and increased administration fees offset by decreases in Parking and Motor Vehicle Fines and Plan Inspection Fees.
- Operating grants and contributions increased by \$231,914, or 3.2 percent, as a result increases in WIA Grant, CDBG Recovery Grant and changes in recognizing Deferred Revenue in the current year offset by decreases in interest earnings, sponsorships, Traffic Congestion Revenue, County Park Operating Maintenance Grant and Federal Home Program Grant.
- Capital grants and contributions decreased by \$13,994,236, or 28.8 percent, primarily as a result of the decreases in donations in capital assets by \$11,708,516 from the completion of developer infrastructure improvements on large capital projects transferred to the City during FY2009-10 as compared to FY2008-09. Other revenue decreases include decreases in development impact fees by \$1,885,670, interest earning allocated to Grants by \$843,417, Developer Contributions by \$873,609, and special sales tax revenues by \$498,552. The decreases were offset by increases in Federal, State and County Grants by \$1,194,972.
- Tax increment revenue decreased by \$4,995,418, or 10.4 percent, as a result of the decline of 2009-10 assessed values by 14.9 percent as compared to the assessed values in FY2008-09.
- Property Taxes decreased by \$3,644,072, or 18.0 percent due to the decline in FY2009-10 taxable assessed values by 14.9 percent as compared to the assessed values in FY2008-09.
- Sales and Use Taxes decreased by \$343,812, or 2.4 percent as a result of the economic downturn, increased fuel costs and residents having less disposable income for spending at the City businesses.
- Unrestricted Investment Earnings decreased by \$1,927,864 or 93.4 percent as a result of LAIF twelve-month average earnings decreasing from 2.19 percent to an average of .65 percent and a general decrease in fair value of investments.
- General Government expenses increased by \$10,935,067, or 57.0 percent primarily due to the result of the payment made to the Supplemental Educational Revenue Augmentation Fund (SERAF) of \$11,605,102.
- Public Safety expenses decreased by \$5,204,367, or 19.1 percent primarily as a result of one-time expensing non-City owned capital improvements for two new fire stations completed during FY2008-09 of \$4,317,720. Also, further decreases are the result of the reduction of workforce in the Public Safety Departments.
- Public Service expenses increased by \$1,410,565, or 3.3 percent primarily as a result of the City assuming responsibility for the operation and maintenance of the City sewer system beginning July 1, 2009.

City of Palmdale

- Community Development expenses decreased by \$5,797,352 or 14.5 percent due to a decrease in the expensing of non-City owned capital improvements made in prior year .
- Cultural and Recreation expenses decreased by \$3,242,024 or 19.2 percent due to a reduction of workforce and programs offered under the Parks and Recreation Departments, Library Departments and Playhouse

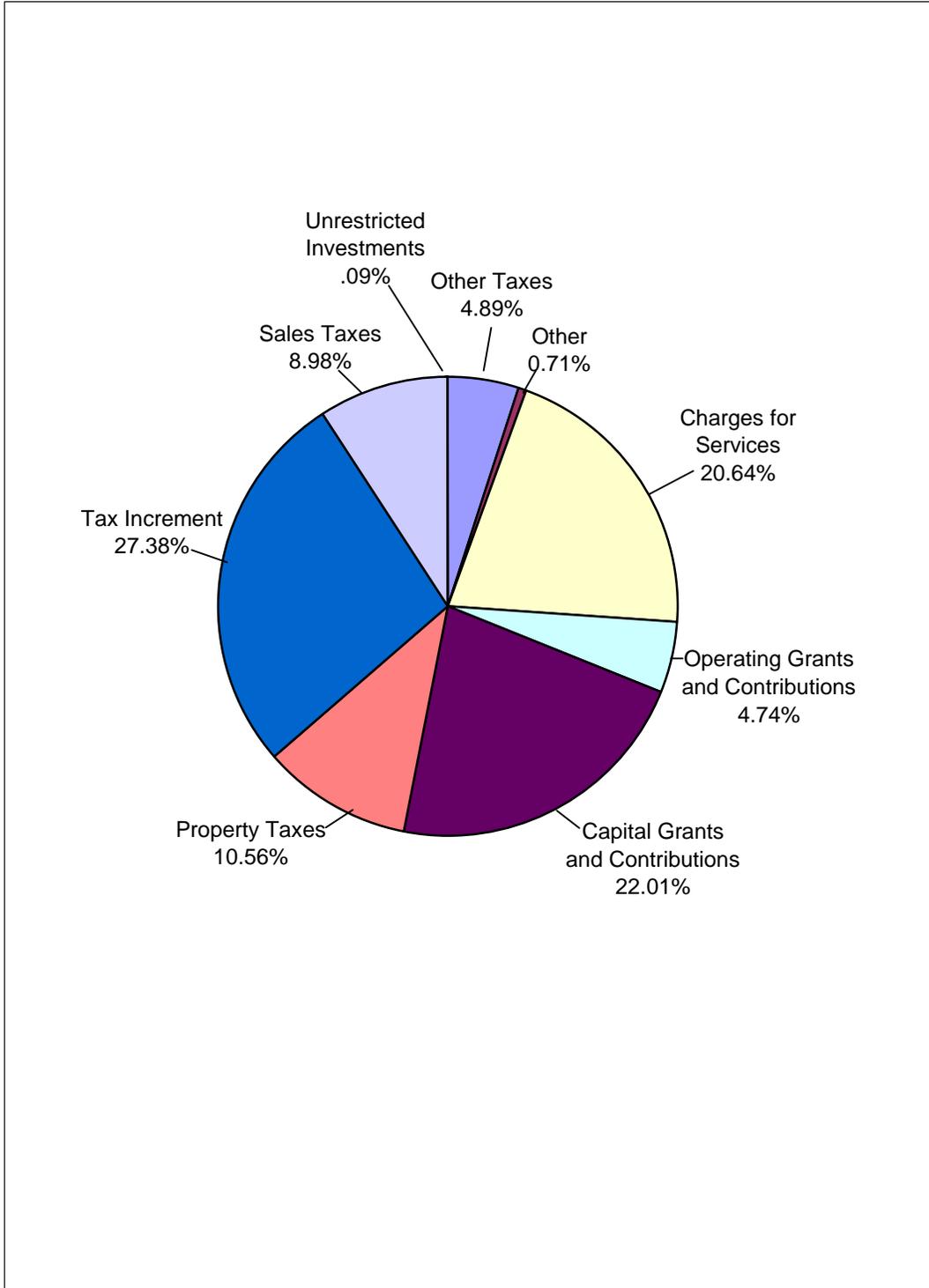
Expenses and Revenues-Governmental Activities



For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

City of Palmdale

Revenues by Source-Governmental Activities



Capital grants and contributions totaled \$34,558,609. Of this amount approximately 92.5 percent or \$31,963,272 were program revenues of the public services governmental activity. This is particularly noteworthy, since the effect of this funding source is to show positive net governmental activities of \$2,953,678 for public services in the government-wide statement of activities and changes in net assets.

City of Palmdale

Financial Analysis of the Government's Funds

As noted earlier, the City of Palmdale uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the City of Palmdale's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Palmdale's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Palmdale's governmental funds reported combined ending fund balances of \$162,126,554 a decrease of \$15,607,039 in comparison with the prior year. Approximately 54.0 percent of this total amount, or \$87,626,032, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows:

- \$16,685,673 for advances
- \$23,284,281 for notes and liens
- \$4,801,361 to pay debt service
- \$22,814,960 for land/permit held for resale
- \$3,076,264 for encumbrances
- \$3,837,983 for a variety of restricted purposes

The general fund is the chief operating fund of the City of Palmdale. At the end of the current fiscal year, unreserved fund balance of the general fund was \$18,112,832, while total fund balance reached \$23,476,666. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 27.4 percent of total general fund expenditures, while total fund balance represents 35.5 percent of that same amount.

The fund balance of the City of Palmdale's general fund decreased by \$4,658,836 during the current fiscal year. Key factors in the decline are as follows:

- Decreases in Sales Tax, and decreases in Property Tax Revenues as the result of decline in economy and assessed property values.

The CRA Housing Development Fund accounts for 20 percent of the total CRA property tax increment revenues received. The total fund balance of the CRA Housing Development fund was \$47,665,887. Of this amount \$9,108,190 constitutes unreserved fund balance that was available for spending on low and moderate income housing programs and projects. The remainder of the fund balance is reserved for restricted investments, payment of advances and notes, land held for resale, and encumbrances. The CRA Housing Development fund balance increased by \$3,575,715 during the current fiscal year.

City of Palmdale

The CRA Project Area No. 1 Debt Service Fund has a negative fund balance of \$751,613. The net decrease in fund balance during the current year was \$2,326,223, primarily resulting from the payment made to the Supplemental Educational Revenue Augmentation Fund (SERAF) of \$2,533,394.

The CRA Project Area No. 2A Debt Service Fund has a negative fund balance of \$7,290,058. The net decrease in fund balance during the current year was \$9,056,253, primarily resulting from the payment made to the Supplemental Educational Revenue Augmentation Fund (SERAF) of \$9,071,708.

The CRA Housing Debt Service Fund has a fund balance of \$872,065 all of which is reserved for payment on bonded debt of mobile home parks and low/moderate income housing set-aside projects. The net increase in fund balance during the current year was \$296,653, primarily resulting from an increase of funding received from the Mobile Home Parks.

The Palmdale Civic Authority Debt Service Fund has a fund balance of \$3,929,296, all of which is reserved for payment on certificates of participation issued to finance public improvements in the City. The net decrease in fund balance during the current year was \$13,249, primarily resulting from the increases in debt service payments.

The CRA Project Area No. 1 Capital Projects Fund has a fund balance of \$11,916,531, of which \$1,783,691 is available for ongoing capital projects and the remainder is reserved for land held for resale and encumbrances. The net decrease in fund balance during the current year was \$1,125,492, primarily due to decreased funding received from the Area No. 1 Debt Service Fund.

The CRA Project Area No. 2A Capital Projects Fund has a fund balance of \$9,712,222, of which \$887,722 is available for ongoing capital projects and the remainder is reserved for land held for resale payment of notes and encumbrances. The net decrease in fund balance during the current year was \$1,192,664, primarily due to increased capital expenditures related to the Conference Center, Courson Connection, and Library Remodeling projects.

The Palmdale Civic Authority Capital Projects Fund has a fund balance of \$671,082, of which \$671,082 is available for ongoing park facilities and street improvement projects and the remainder is reserved for encumbrances. The net decrease in fund balance during the current year in the capital projects funds was \$296,526, resulting from financing the Signal and Street project through trustee held bond proceeds restricted for this purpose.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an increase of appropriations by \$3,440,090. The primary reason for the increase is the result of additional litigation cost and capital outlay anticipated.

Differences between the final amended budget and actual resulted in a \$4,034,692 decrease in appropriations and can be briefly summarized as follows:

- \$660,114 decrease in general governmental activities.
- \$362,524 decrease in public safety contracts.
- \$1,826,317 decrease in public services.
- \$843,959 decrease in cultural and recreational programs.
- \$37,172 decrease in health and welfare services.
- \$308,950 decrease in capital projects.
- \$4,344 increase in debt service payments.

City of Palmdale

The decrease is due to not only expenditures coming in less than anticipated but also the result of activities that were budgeted but not completed during the current fiscal year.

Capital Asset and Debt Administration

Capital Assets. The City of Palmdale's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$807,335,873 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the City of Palmdale's investment in capital assets for the current fiscal year was .85 percent.

City of Palmdale's Capital Assets (Net of Depreciation)

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Land and Improvements	\$ 119,523,152	\$ 118,734,041
Buildings and Structures	45,864,112	47,002,197
Machinery and Equipment	2,953,232	3,944,111
Infrastructure	625,208,997	620,600,634
Construction in Progress	<u>13,786,380</u>	<u>10,219,231</u>
	<u>\$ 807,335,873</u>	<u>\$ 800,500,214</u>

Major capital asset events during the current fiscal year included the following:

- Sewer lines contributed by Developers in the amount of \$1,813,194.
- Conference Center cost in the amount of \$1,703,148.
- Various storm drain and basin repair and mitigation improvements contributed by Developers in the amount of \$2,553,507.
- Completion of various traffic signal improvement projects in the amount of \$765,810.

Additional information on the City of Palmdale's capital assets can be found on page 54, Note 9.

Long-Term Debt. At the end of the current fiscal year, the City of Palmdale had total bonded debt outstanding of \$199,372,293. The Tax Allocation Bonds and the Revenue Bonds are secured by pledges of sales taxes and/or incremental property taxes generated in the Community Redevelopment Agency project areas. Certificates of Participation require the City to pay a semi-annual base rental to the Palmdale Civic Authority (PCA). The rentals will be used by the PCA to pay debt service as the Certificates of Participation come due.

City of Palmdale

City of Palmdale's Outstanding Bonded Debt Tax Allocation and Revenue Bonds and Certificates of Participation

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Tax Allocation Bonds	\$ 90,607,264	\$ 91,490,186
Revenue Bonds	28,987,709	30,498,952
Certificates of Participation	82,045,000	83,525,000
Deferred Loss on Refinancing	(2,907,728)	(3,075,812)
Bond Premiums	<u>640,048</u>	<u>731,291</u>
Total	<u>\$ 199,372,293</u>	<u>\$ 203,169,617</u>

The remainder of the City of Palmdale's debt of \$45,174,191 was comprised of \$3,720,250 in compensated absences, \$1,817,457 in self-insurance liability claims, \$1,411,759 in capital leases payable for equipment purchases and \$38,224,725 in notes payable, primarily for Fairway Business Park land acquisition, developer infrastructure and a Section 108 HUD Loan.

The City of Palmdale's total debt decreased by \$4,782,455 or 1.9 percent, during the current fiscal year. The decrease is primarily due to regular scheduled annual debt payments. Additional information on the City of Palmdale's debt can be found on pages 55-73, Note 10 and Note 11.

Economic Factors and Next Year's Budgets and Rates

As of June 30, 2010, unreserved fund balance in the general fund is \$18,112,832. The City has appropriated \$227,360 of this amount for spending in the fiscal year 2010-11, annual budget.

Additionally, the City took into consideration the following factors in preparing the budget for the 2010-11 fiscal year:

- Property tax declines from homeowner appeals of property values.
- Continued slowdown in housing development.
- Continued sales tax decreases as the result of less disposable income available to City residents to spend at City retail stores.
- The unemployment rate for the City is currently 15.1 percent, compared to a rate of 13.9 percent a year ago. This compares to the state's average unemployment rate of 12.6 percent and the national average rate of 9.7 percent.
- Inflationary trends in the region compare favorably to national indices.
- City funds impacted by State budget actions.

Requests for Information

This financial report is designed to provide a general overview of the City of Palmdale's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, requests for any of the separately issued component unit financial statements or additional financial information should be addressed to the City of Palmdale, Office of the Finance Director, 38300 Sierra Highway, Suite D, Palmdale, California, 93550.

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Government-Wide Financial Statements

City of Palmdale
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets:	
Cash	\$ 142,686
Investments	95,766,521
Accounts Receivable	12,112,745
Interest Receivable	968,342
Property Taxes Receivable	3,079,140
Due from Other Governmental Units	1,589,741
Net OPEB Asset	949,048
Notes and Liens	23,284,281
Deposits and Prepaids	567,132
Deferred Charges - Cost of Issuance	4,517,588
Land Held for Resale	14,537,616
Permit Held for Resale	8,277,344
Restricted Assets:	
Cash and Investments	31,651,221
Interest Receivable	16,291
Capital Assets:	
Not Being Depreciated:	
Land and Improvements	119,523,152
Construction in Progress	13,786,380
Being Depreciated, Net of Accumulated Depreciation:	
Buildings and Structures	45,864,112
Machinery, Equipment and Other Improvements	2,953,232
Infrastructure	625,208,997
Total Assets	1,004,795,569
Liabilities:	
Accounts Payable	7,269,073
Accrued Salaries & Employee Benefits	1,248,155
Due to Bank - Overnight Sweep	2,891,253
Due to Other Governmental Units	4,363,467
Deposits	8,664,939
Accrued Interest Payable	4,263,962
Unearned Revenue	187,348
Noncurrent Liabilities:	
Due Within One Year	9,393,125
Due in More than One Year	235,153,359
Total Liabilities	273,434,681
Net Assets:	
Invested in Capital Assets, Net of Related Debt	575,275,003
Restricted for:	
Public Safety	2,713,114
Public Services	50,856,410
Community Development	74,594,268
Cultural & Recreational	12,650,207
Health & Welfare	34,987
Debt Service	6,007,252
Unrestricted	9,229,647
Total Net Assets	\$ 731,360,888

See Accompanying Notes to the Financial Statements

City of Palmdale
Statement of Activities
For the Year Ended June 30, 2010

	Program Revenues				Net Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 30,120,518	\$ 8,553,972	\$ 905,419	\$ -	\$ (20,661,127)
Public Safety	21,998,235	2,915,485	509,429	232,287	(18,341,034)
Public Services	43,942,305	11,845,911	3,086,800	31,963,272	2,953,678
Community Development	34,169,400	4,272,836	1,272,374	1,338,720	(27,285,470)
Cultural and Recreational	13,652,211	4,549,359	391,796	1,024,330	(7,686,726)
Health and Welfare	2,004,790	297,947	1,289,149	-	(417,694)
Interest on Long-Term Debt	12,780,665	-	-	-	(12,780,665)
Total Governmental Activities	\$ 158,668,124	32,435,510	7,454,967	34,558,609	(84,219,038)

General Revenues:

Taxes:	
Tax Increment	43,025,101
Property Taxes	16,593,602
Sales and Use Taxes	14,104,937
Unrestricted Motor Vehicle in Lieu	444,842
Franchise Taxes	3,795,048
Transient Occupancy Taxes	2,581,658
Property Transfer Tax	439,863
Business License Taxes	428,916
Unrestricted Investment Earnings	137,085
Other	803,398
Land Sale Proceeds	310,632
Total General Revenues	82,665,082
 Change in Net Assets	 (1,553,956)
 Net Assets - Beginning of Year (as restated)	 <u>732,914,844</u>
 Net Assets - End of Year	 <u>\$ 731,360,888</u>

See Accompanying Notes to the Financial Statements

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Governmental Fund Financial Statements

The General Fund is the City's primary operating fund and has been classified as a major fund. It accounts for all financial resources of the general government that are not already required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds:

CRA Housing Development Fund

This fund accounts for the transfer of the 20 percent set aside funds from CRA property tax increments, as well as expenditures related to low and moderate income housing needs.

Debt Service Funds are used to account for the accumulation of resources for and the payment made for principal and interest on bonded debt and other long-term obligations. The following funds have been classified as major funds:

CRA Project Area No. 1 Fund

This fund is used to account for resources accumulated and payments made for principal and interest on bonded debt and other long-term obligations of the Agency and Authority that are secured by Project Area Project Area No. 1 tax increment revenues.

CRA Project Area No. 2A Fund This fund is used to account for resources accumulated and payments made for the principal and interest on bonded debt and other long-term obligations of the Agency and Authority that are secured by No. 2A sales tax and/or tax increment revenues.

CRA Housing Fund

This fund accounts for resources accumulated and payments made for principal and interest on bonded debt of mobile home parks and on low/moderate income housing set-aside projects.

Palmdale Civic Authority Fund This fund accounts for resources accumulated and payments made for principal and interest certificates of participation issued to construct the civic center complex.

Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities. The following funds have been classified as major funds:

CRA Project Area No. 1 Fund This fund is used to account for all capital projects of Project Area No. 1.

Palmdale Civic Authority Fund This fund is used to account for construction projects funded through issuance of Certificates of Participation. Current projects include new park facilities and street improvements.

CRA Project Area No. 2A Fund This fund is used to account for all capital projects of Project Area No. 2A

City of Palmdale
Balance Sheet
Governmental Funds
June 30, 2010

Assets	Special Revenue Fund		Debt Service Funds	
	General	CRA Housing Development	CRA Project Area No. 1	CRA Project Area No. 2A
Assets:				
Cash	\$ 133,406	-	-	-
Investments	23,496,747	8,521,487	181,462	5,206,387
Receivables:				
Accounts and Interest Receivable	2,609,393	357,215	235,425	1,074,016
Property Taxes Receivable	207,811	-	495,279	1,187,522
Due from Other Funds	5,934,839	1,366,197	-	-
Advances Due from Fiduciary Funds	-	-	-	-
Due from Other Governmental Units	1,005,882	-	-	-
Notes and Liens	46,404	17,937,051	-	-
Advances Due from Other Funds	36,302	15,734,541	-	330,971
Deposits and Prepaids	246,532	-	-	-
Restricted Assets:				
Investments	-	1,923,436	1,583,840	1,671,751
Interest Receivable	-	-	653	530
Land Held for Resale	-	2,859,089	-	-
Permit Held for Resale	3,534,951	-	-	-
Total Assets	37,252,267	48,699,016	2,496,659	9,471,177
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	5,465,931	294,813	-	311,200
Due to Bank - Overnight Sweep	662,534	292,082	5,074	145,592
Due to Other Funds	129,603	58,869	338,438	1,343,221
Accrued Self Insurance Liability	470,042	-	-	-
Accrued Compensated Absences	177,146	80,308	-	-
Advances Due to Other Funds	-	-	2,888,932	10,578,997
Advances Due To Other Gov't Units	-	-	15,828	4,347,639
Deposits	5,228,844	3	-	34,586
Deferred Revenue	1,641,501	307,054	-	-
Total Liabilities	13,775,601	1,033,129	3,248,272	16,761,235
Fund Balances:				
Reserved for Restricted Investments	-	1,923,436	-	-
Reserved for Advances	36,302	15,734,541	-	330,971
Reserved for Notes and Liens	46,404	17,937,051	-	-
Reserved for Deposits and Prepaids	246,532	-	-	-
Reserved for Debt Service	-	-	-	-
Reserved for Encumbrances	152,230	103,580	-	-
Reserved for Self Insured Liability Claims	1,347,415	-	-	-
Reserved for Land Held for Resale	-	2,859,089	-	-
Reserved for Permit Held for Resale	3,534,951	-	-	-
Unreserved, Reported in:				
General Fund	18,112,832	-	-	-
Debt Service Funds	-	-	(751,613)	(7,621,029)
Special Revenue Funds	-	9,108,190	-	-
Capital Projects Funds	-	-	-	-
Total Fund Balances	23,476,666	47,665,887	(751,613)	(7,290,058)
Total Liabilities and Fund Balances	\$ 37,252,267	48,699,016	2,496,659	9,471,177

See Accompanying Notes to the Financial Statements

Debt Service Funds		Capital Projects Funds			Other	Total
CRA Housing	Palmdale Civic Authority	CRA Project Area No. 1	CRA Project Area No. 2A	Palmdale Civic Authority	Governmental Funds	Governmental Funds
-	-	-	-	-	9,280	142,686
832,759	19,730	486,846	2,992,723	50,420	53,977,960	95,766,521
62,021	48	-	-	123	8,742,846	13,081,087
-	-	-	-	-	1,188,528	3,079,140
572	-	-	-	-	903,139	8,204,747
-	-	-	-	-	583,859	583,859
-	-	-	-	-	-	1,005,882
-	-	-	719,707	-	4,581,119	23,284,281
-	-	-	-	-	-	16,101,814
-	-	-	173,383	-	147,217	567,132
-	-	-	-	-	-	-
-	3,895,240	1,332,932	-	621,939	20,622,083	31,651,221
-	14,830	22	-	10	246	16,291
-	-	10,126,800	1,546,727	-	5,000	14,537,616
-	-	-	4,742,393	-	-	8,277,344
<u>895,352</u>	<u>3,929,848</u>	<u>11,946,600</u>	<u>10,174,933</u>	<u>672,492</u>	<u>90,761,277</u>	<u>216,299,621</u>
-	-	6,455	379,022	-	2,059,807	8,517,228
23,287	552	13,614	83,689	1,410	1,663,419	2,891,253
-	-	-	-	-	6,334,616	8,204,747
-	-	-	-	-	-	470,042
-	-	-	-	-	107,485	364,939
-	-	-	-	-	2,633,885	16,101,814
-	-	-	-	-	-	4,363,467
-	-	10,000	-	-	3,391,506	8,664,939
-	-	-	-	-	2,646,083	4,594,638
<u>23,287</u>	<u>552</u>	<u>30,069</u>	<u>462,711</u>	<u>1,410</u>	<u>18,836,801</u>	<u>54,173,067</u>
-	-	-	-	-	-	1,923,436
-	-	-	-	-	583,859	16,685,673
-	-	-	719,707	-	4,581,119	23,284,281
-	-	-	173,383	-	147,217	567,132
872,065	3,929,296	-	-	-	-	4,801,361
-	-	6,040	1,642,290	-	1,172,124	3,076,264
-	-	-	-	-	-	1,347,415
-	-	10,126,800	1,546,727	-	5,000	14,537,616
-	-	-	4,742,393	-	-	8,277,344
-	-	-	-	-	-	18,112,832
-	-	-	-	-	-	(8,372,642)
-	-	-	-	-	45,551,453	54,659,643
-	-	1,783,691	887,722	671,082	19,883,704	23,226,199
<u>872,065</u>	<u>3,929,296</u>	<u>11,916,531</u>	<u>9,712,222</u>	<u>671,082</u>	<u>71,924,476</u>	<u>162,126,554</u>
<u>895,352</u>	<u>3,929,848</u>	<u>11,946,600</u>	<u>10,174,933</u>	<u>672,492</u>	<u>90,761,277</u>	<u>216,299,621</u>

City of Palmdale
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2010

Total Fund Balances - Total Governmental Funds (page 21) \$ 162,126,554

Amounts reported for Governmental Activities in the Statement of Net Assets (page 16) are different because:

Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Governmental Capital Assets	\$ 1,140,863,390	
Less Accumulated Depreciation	<u>(333,527,517)</u>	807,335,873

Deferred Charge for Issuance Costs are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. 4,517,588

Net OPEB Asset contribution in excess of the ARC are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. 949,048

Accounts receivable not available to pay for current-period expenditures are deferred in the funds 4,407,290

Current Portions of Interest Due on Long-Term Debt do not require current financial resources and therefore are not reported as a liability in the Governmental Funds Balance Sheet.

Interest Payable	(4,263,962)
------------------	-------------

Long-Term Liabilities are not due and payable in the current period and therefore are not reported as a liability in the Governmental Funds Balance Sheet.

Compensated Absences	\$ 3,355,311	
Claims Payable	1,347,415	
Capital Leases Payable	1,411,759	
Notes Payable	38,224,725	
Bonds & Certificates of Participation Payable	201,639,973	
Less Deferred Loss on Refinance	(2,907,728)	
Plus Issuance Premiums	<u>640,048</u>	<u>(243,711,503)</u>

Net Assets of Governmental Activities (page 16) \$ 731,360,888

See Accompanying Notes to the Financial Statements

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City of Palmdale
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Fund		Debt Service Funds	
	General	CRA Housing Development	CRA Project Area No. 1	CRA Project Area No. 2A
Revenues:				
Property Taxes	\$ 16,593,602	-	7,981,001	35,044,100
Sales and Use Taxes	4,887,975	-	1,631,170	7,585,792
Other Taxes	7,594,427	-	-	-
Subventions and Grants	171,125	-	-	-
Park Development Fees	-	-	-	-
Licenses and Permits	1,925,096	-	-	-
Motor Vehicle License Fees	444,842	-	-	-
Fines and Forfeitures	435,623	-	-	-
Special Assessments	102	-	-	-
Use of Property	467,511	1,828	-	-
Charges for Current Services	7,134,867	120,343	-	-
Sewer Upgrade Fees	-	-	-	-
Traffic Impact Fees	-	-	-	-
Facilities Impact Fees	-	-	-	-
Interest	113,968	188,074	31,568	91,687
Net Decrease in the Fair Value of Investments:	(85,260)	(46,552)	(1,355)	(29,913)
Developer Contributions	-	-	-	-
State Contributions	-	-	-	-
County Contributions	-	-	-	-
Other	3,857,938	104	-	-
Total Revenues	43,541,816	263,797	9,642,384	42,691,666
Expenditures:				
Current:				
General Government	18,396,016	-	-	-
Public Safety	21,898,106	-	-	-
Public Services	11,216,663	-	-	-
Community Development	-	4,024,998	2,637,889	9,496,478
Cultural and Recreational	9,950,801	-	-	-
Health and Welfare	713,928	-	-	-
Intergovernmental - Tax Sharing	-	-	258,021	20,848,209
Capital Outlay	2,409,840	233,313	-	-
Debt service:				
Principal	1,510,052	-	1,648,125	1,580,050
Interest	121,082	-	2,905,610	3,042,784
Cost of Issuance	-	-	-	-
Total Expenditures	66,216,488	4,258,311	7,449,645	34,967,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,674,672)	(3,994,514)	2,192,739	7,724,145
Other Financing Sources (Uses):				
Land Sale Proceeds	-	310,632	-	-
Issuance of Notes	2,200,000	-	-	-
Transfers In	23,615,095	8,605,020	28,746	131,884
Transfers Out	(7,799,259)	(1,345,423)	(4,547,708)	(16,912,282)
Total Other Financing Sources (Uses)	18,015,836	7,570,229	(4,518,962)	(16,780,398)
Net Change in Fund Balances	(4,658,836)	3,575,715	(2,326,223)	(9,056,253)
Fund Balances - Beginning of Year (as restated)	28,135,502	44,090,172	1,574,610	1,766,195
Fund Balances - End of Year	\$ 23,476,666	47,665,887	(751,613)	(7,290,058)

See Accompanying Notes to the Financial Statements

Debt Service Funds		Capital Projects Funds			Other	Total
CRA Housing	Palmdale Civic Authority	CRA Project Area No. 1	CRA Project Area No. 2A	Palmdale Civic Authority	Governmental Funds	Governmental Funds
-	-	-	-	-	-	59,618,703
-	-	-	-	-	-	14,104,937
-	-	-	-	-	2,465,611	10,060,038
-	-	-	-	-	15,796,911	15,968,036
-	-	-	-	-	855,392	855,392
-	-	-	-	-	17,349	1,942,445
-	-	-	-	-	-	444,842
-	-	-	-	-	591,922	1,027,545
-	-	-	-	-	13,375,323	13,375,425
-	-	-	6,000	-	4,210,200	4,685,539
-	-	-	-	-	738,915	7,994,125
-	-	-	-	-	3,344	3,344
-	-	-	-	-	476,969	476,969
-	-	-	-	-	367,978	367,978
13,453	45,537	544	17,648	687	473,345	976,511
(2,929)	(70)	(167)	(1,637)	(195)	(227,394)	(395,472)
-	-	-	-	-	143,520	143,520
-	-	-	-	-	36,358	36,358
-	-	-	-	-	116,815	116,815
-	-	-	-	-	347,647	4,205,689
10,524	45,467	377	22,011	492	39,790,205	136,008,739
-	-	-	-	-	82,173	18,478,189
-	-	-	-	-	-	21,898,106
-	-	-	-	-	9,245,928	20,462,591
-	-	1,943,901	571,071	-	5,081,013	23,755,350
-	-	-	-	-	2,946,646	12,897,447
-	-	-	-	-	1,303,647	2,017,575
-	-	-	-	-	-	21,106,230
-	-	2,737	2,853,694	297,018	8,456,869	14,253,471
660,000	1,480,000	-	-	-	322,258	7,200,485
1,209,649	4,430,890	-	-	-	343,227	12,053,242
-	3,724	-	-	-	-	3,724
1,869,649	5,914,614	1,946,638	3,424,765	297,018	27,781,761	154,126,410
(1,859,125)	(5,869,147)	(1,946,261)	(3,402,754)	(296,526)	12,008,444	(18,117,671)
-	-	-	-	-	-	310,632
-	-	-	-	-	-	2,200,000
2,155,778	5,884,644	961,961	3,352,461	-	4,383,275	49,118,864
-	(28,746)	(141,192)	(1,142,371)	-	(17,201,883)	(49,118,864)
2,155,778	5,855,898	820,769	2,210,090	-	(12,818,608)	2,510,632
296,653	(13,249)	(1,125,492)	(1,192,664)	(296,526)	(810,164)	(15,607,039)
575,412	3,942,545	13,042,023	10,904,886	967,608	72,734,640	177,733,593
872,065	3,929,296	11,916,531	9,712,222	671,082	71,924,476	162,126,554

City of Palmdale
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities and Changes in Net Assets
 For the Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds (page 25) \$ (15,607,039)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets (page 17) are different because:

Governmental Funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Asset Additions - Current Year	\$ 31,875,546	
Less Depreciation Expense	<u>(25,039,887)</u>	6,835,659

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Grant Revenues Earned, but not received within the 60-day Accrual Period		1,584,778
Deferred Interest Revenue Earned but not received within the 60-day Accrual Period		<u>247,082</u>

Long-Term Debt Proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Principal repayments of long-term debt and escrow agent payments are expenditures/uses in the Governmental Funds, but they reduce long-term liabilities in the Government-Wide Statement of Net Assets. Also issuance costs and premiums are recognized in the current period in the Governmental Funds, whereas these amounts are deferred and amortized in the Government-Wide Statement of Activities. This is the amount by which repayments exceeded proceeds.

Debt Issued or Incurred:		
Self Insurance Liability Claims Payable	\$ (20,553)	
Notes Payable	(2,200,000)	
Principal Repayments:		
Capital Leases	919,892	
Notes Payable	1,890,592	
Bonds & Certificates of Participation Payable	<u>4,390,000</u>	4,979,931

Some Expenses reported in the Government-Wide Statement of Activities and Changes in Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Compensated Absences	\$ 424,653	
Accrued OPEB Obligations	980,033	
Accrued Interest on Debt	(185,453)	
Accreted Interest on Bonds	(515,835)	
Amortization of Deferred Loss	(168,084)	
Amortization of Issuance Costs	(220,924)	
Amortization of Bond Premiums	<u>91,243</u>	<u>405,633</u>

Change in Net Assets of Governmental Activities (page 17) \$ (1,553,956)

See Accompanying Notes to the Financial Statements

Budgetary Comparison Statements

City of Palmdale
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 16,436,190	16,469,080	16,593,602	124,522
Sales and Use Taxes	4,218,000	4,869,000	4,887,975	18,975
Other Taxes	7,134,400	6,979,130	7,594,427	615,297
Subventions and Grants	7,500	25,000	171,125	146,125
Licenses and Permits	1,725,920	1,590,280	1,925,096	334,816
Motor Vehicle License Fees	250,000	250,000	444,842	194,842
Fines and Forfeitures	398,500	398,810	435,623	36,813
Special Assessments	300	20	102	82
Use of Property	331,860	442,710	467,511	24,801
Charges for Current Services	7,280,660	7,232,040	7,134,867	(97,173)
Interest	423,760	260,500	113,968	(146,532)
Net Decrease in the Fair Value of Investments	-	-	(85,260)	(85,260)
Other	4,159,520	3,187,320	3,857,938	670,618
Total Revenues	42,366,610	41,703,890	43,541,816	1,837,926
Expenditures:				
Current:				
General Government	18,575,920	19,056,130	18,396,016	660,114
Public Safety	23,012,970	22,260,630	21,898,106	362,524
Public Services	11,880,930	13,042,980	11,216,663	1,826,317
Cultural and Recreational	10,584,390	10,794,760	9,950,801	843,959
Health and Welfare	620,000	751,100	713,928	37,172
Capital Outlay	776,000	2,718,790	2,409,840	308,950
Debt Service:				
Principal	1,237,680	1,505,710	1,510,052	(4,342)
Interest	123,200	121,080	121,082	(2)
Total Expenditures	66,811,090	70,251,180	66,216,488	4,034,692
Excess (Deficiency) of Revenues: Over (Under) Expenditures	(24,444,480)	(28,547,290)	(22,674,672)	5,872,618
Other Financing Sources (Uses):				
Issuance of Notes Payable	-	2,200,000	2,200,000	-
Transfers In	24,401,380	24,542,760	23,615,095	(927,665)
Transfers Out	(7,968,030)	(8,261,750)	(7,799,259)	462,491
Total Other Financing Sources (Uses)	16,433,350	18,481,010	18,015,836	(465,174)
Net Change in Fund Balance	(8,011,130)	(10,066,280)	(4,658,836)	5,407,444
Fund Balance - Beginning of Year	28,135,502	28,135,502	28,135,502	-
Fund Balance - End of Year	\$ 20,124,372	18,069,222	23,476,666	5,407,444

See Accompanying Notes to the Financial Statements

City of Palmdale
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
CRA Housing Development Special Revenue Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Use of Property	\$ 15,000	1,830	1,828	(2)
Charges for Current Services	112,830	107,340	120,343	13,003
Interest	343,610	507,620	188,074	(319,546)
Net Decrease in the Fair Value of Investments	-	-	(46,552)	(46,552)
Other	-	40	104	64
Total Revenues	471,440	616,830	263,797	(353,033)
Expenditures:				
Current:				
Community Development	8,451,180	15,550,320	4,024,998	11,525,322
Capital Outlay	-	515,140	233,313	281,827
Total Expenditures	8,451,180	16,065,460	4,258,311	11,807,149
Excess (Deficiency) of Revenues: Over (Under) Expenditures				
	(7,979,740)	(15,448,630)	(3,994,514)	11,454,116
Other Financing Sources (Uses):				
Land Sale Proceeds	-	-	310,632	310,632
Transfers In	8,605,480	10,762,400	8,605,020	(2,157,380)
Transfers Out	(625,740)	(13,364,600)	(1,345,423)	12,019,177
Total Other Financing Sources (Uses)	7,979,740	(2,602,200)	7,570,229	10,172,429
Net Change in Fund Balance	-	(18,050,830)	3,575,715	21,626,545
Fund Balance - Beginning of Year	44,090,172	44,090,172	44,090,172	-
Fund Balance - End of Year	<u>\$ 44,090,172</u>	<u>26,039,342</u>	<u>47,665,887</u>	<u>21,626,545</u>

See Accompanying Notes to the Financial Statements

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Fiduciary Fund Financial Statement

The City's Fiduciary Funds are Agency Funds and Retiree Health Premium Trust Funds. Agency Funds and Retiree Health Premium Trust Funds are used to account for assets held by the City as an agency for other governmental units, private organizations, individuals and/or other funds.

Assessment and Community Facilities Districts Fund

This fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds, which are administered by, but are not the liability of, the City.

Retiree Health Premium Trust Funds

This fund is used to account for the receipt of City funds held in trust to provide Eligible Retirees with a supplement to reduce their premiums for participating in the City's Health Plan.

City of Palmdale
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Agency Funds	OPEB Trust Funds	Total
Assets:			
Investments	\$ 122,469		\$ 122,469
Receivables:			
Accounts and Interest Receivable	117,485		117,485
Property Taxes Receivable	112,449		112,449
Restricted Assets:			
Cash and cash equivalents		1,221,476	1,221,476
Investments	16,887,878	3,423,665	20,311,543
Interest Receivable	678		678
Total Assets	17,240,959	4,645,141	21,886,100
Liabilities:			
Accounts Payable	56,336	-	56,336
Due to Bank - Overnight Sweep	36,814	-	36,814
Due to Other Governmental Units	583,859	-	583,859
Deposits	152,595	-	152,595
Payable to Bond Holders	16,411,355	-	16,411,355
Total Liabilities	17,240,959	-	17,240,959
Net Assets:			
Assets Held in Trust for OPEB	-	4,645,141	4,645,141
Total Net Assets	-	4,645,141	4,645,141
Total Liabilities and Net Assets	\$ 17,240,959	\$ 4,645,141	\$ 21,886,100

See Accompanying Notes to the Financial Statements

City of Palmdale
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2010

	OPEB Trust Funds
Additions:	
Contributions to Retiree Medical Trust	\$ 1,387,076
Investment and interest income	81,886
Net Gains	3,811
Total Additions	1,472,773
Deductions:	
Benefits paid to participants	51,640
Total Deductions	51,640
Change in Net Assets held in Trust	1,421,133
Net Assets Held in Trust for OPEB at July 1, 2009	3,224,008
Net Assets Held in Trust for OPEB at June 30, 2010	\$ 4,645,141

See Accompanying Notes to the Financial Statements

NOTES TO THE
FINANCIAL STATEMENTS



CITY OF PALMDALE, CALIFORNIA

Year Ended June 30, 2010

City of Palmdale
Table of Contents to the
Notes to the Financial Statements
For the Year Ended June 30, 2010

Note	Page No.
1. Summary of Significant Accounting Policies.....	36
Description of the Reporting Entity.....	36
Financial Statement Presentation, Basis of Accounting and Measurement Focus.....	37
Budgets and Budgetary Accounting.....	39
Excess of Expenditures over Appropriation.....	40
Cash and Investments.....	40
Trust Fund Investments.....	40
Short-Term Interfund Receivables and Payables.....	40
Advances Between Funds.....	40
Prepaid Items.....	40
Land Held for Resale.....	40
Permit Held for Resale.....	40
Restricted Assets.....	41
Capital Assets.....	41
Compensated Absences.....	41
Long-Term Obligations.....	42
Fund Equity.....	42
Deficit Fund Equity.....	42
Expenditures Exceeding Appropriations.....	43
Property Taxes.....	43
Use of Estimates.....	43
Implemented Accounting Pronouncements.....	43
2. Cash and Investments.....	43
Investments Authorized by the California Code and the City of Palmdale’s Investment Policy.....	44
Investment Authorized by the Debt Agreements.....	45
Disclosures Related to Interest Rate Risk.....	45
Disclosures Relating to Credit Risk.....	46
Concentration of Credit Risk.....	46
Custodial Credit Risk.....	46
Investment in State Investment Pool.....	47
Disclosures by Reporting Unit.....	47
3. Interfund Transfers	48
4. Interfund Assets/Liabilities.....	49
5. Unreserved Fund Balance.....	51

City of Palmdale
Table of Contents to the
Notes to the Financial Statements, Continued
For the Year Ended June 30, 2010

Note	Page No.
6. Joint Ventures.....	51
7. Risk Management.....	52
8. Deferred Revenue.....	53
9. Capital Assets.....	54
10. Capital Leases.....	55
Xerox Document Center Amendment 13 Lease.....	55
Xerox Document Center Amendment 14 Lease.....	55
Xerox Document Center Amendment 17 Lease.....	55
MUNIS Lease.....	55
Equipment and Vehicle Lease.....	56
11. Long Term Debt.....	56
Notes Payable.....	56
Palmdale Plaza Note Payable (\$1,450,000).....	56
Fairway Business Park Note Payable (\$28,018,309).....	56
Dillard’s Infrastructure Note Payable (\$1,851,038).....	56
Walmart Infrastructure Note Payable (\$2,500,000).....	57
Sam’s Club Note Payable (\$1,740,000).....	57
Amargosa Commons Infrastruture Note Payable (\$1,300,000).....	57
Hoprock Infrastructure Note Payable (2,200,000).....	58
Section 108 HUD Note Payable (\$1,000,000).....	58
HOME Loan Note Payable.....	58
Tax Allocation Bonds.....	59
1998 Tax Allocation Bonds Payable (\$30,625,000).....	59
1999 Tax Allocation Bonds Payable (\$2,722,056).....	59
2002 Tax Allocation Bonds Payable (\$5,329,748).....	60
2003 Tax Allocation Bonds Payable (\$5,965,000).....	61
2003 Tax Allocation Bonds Payable (\$7,250,000).....	61
2004 Tax Allocation Bonds Payable (\$18,535,000).....	62
2004 Tax Allocation Bonds Payable (\$6,090,000).....	63
2005 Tax Allocation Bonds Payable (\$14,115,000).....	63
2005 Tax Allocation Bonds Payable (\$2,805,000).....	64

City of Palmdale
Table of Contents to the
Notes to the Financial Statements, Continued
For the Year Ended June 30, 2010

Note	Page No.
11. Long Term Debt (Continued)	
Revenue Bonds.....	64
1993 Revenue Bonds Payable (\$24,276,124).....	66
1994 Revenue Bonds Payable (\$44,999,493).....	65
1997 Revenue Bonds Payable (\$10,890,000).....	66
2003 Revenue Bonds Payable (\$19,220,000).....	66
2009 Revenue Bonds Payable (\$6,380,000).....	67
Certificates of Participation.....	68
1999 Certificates of Participation Payable (\$12,310,000).....	68
2002 Certificates of Participation Payable (\$43,215,000).....	69
2004 Certificates of Participation Payable (\$13,455,000).....	70
2007 Certificates of Participation Payable (\$19,960,000).....	71
Prior Year Defeasance of Debt.....	72
Changes in Long-Term Liabilities.....	72
12. Special Assessment Districts and Community Facilities District Bonds.....	73
Bonds Outstanding.....	74
Defaults in Payment of Debt Service on Bonds Outstanding.....	75
13. Residential Mortgage Revenue Bond Programs.....	76
14. Restatement of Beginning Net Assets.....	76
15. Retirement Plans.....	77
Public Employees' Retirement System.....	77
Public Agency Retirement Systems.....	78
16. Other Post-Employment Benefits.....	78
17. Permit Held for Resale.....	81
18. Commitments and Contingencies.....	82
19. Subsequent Events.....	83
20. New Accounting Pronouncements.....	83

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

(1) Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of Palmdale (the City) was incorporated on August 24, 1962, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: library, cultural and recreational, public improvements, planning and zoning, building and safety, street maintenance and general administrative services. The City contracts with the County of Los Angeles to provide law enforcement, animal control, limited street maintenance for snow and hazardous materials removal, and emergency services. Fire service is provided by a separate County Fire Protection District and is not under the City's jurisdiction.

As required by GAAP, the accompanying comprehensive annual financial report includes the financial activities of the City of Palmdale, the primary government, and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for a component unit if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City.

Included within the financial reporting of the City of Palmdale are the Community Redevelopment Agency of the City of Palmdale (Agency), the Palmdale Civic Authority (Authority), the Industrial Development Authority (IDA), and the Housing Authority of the City of Palmdale (Housing Authority). The City Council of the City of Palmdale serves as the governing board of each of these entities, and executive management activities for these entities are conducted by City Staff. As such, these entities are presented on a blended basis.

Separate component unit financial statements are issued for the Agency, the Authority and the Housing Authority and may be obtained from the City's Finance Department, 38300 Sierra Highway, Suite D, Palmdale, CA 93550.

The Community Redevelopment Agency of the City of Palmdale was established March 25, 1975, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law" with the City Council serving as the Agency's governing board. The Agency was formed for the purpose of eliminating blighted areas within the City by encouraging development of residential, commercial, industrial, recreational and public facilities. City Staff provides management assistance to the Agency, which is funded by property tax increment revenue and the use of debt. The activity of the Agency is reported in the Special Revenue, Debt Service and Capital Projects Funds.

The Palmdale Civic Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on May 1, 1976, between the City and the Agency for the purpose of acting as a vehicle for financing various projects of the City and the Agency.

The Authority is a distinct legal entity separate and apart from the City and the Agency, and its debts and obligations are not debts or obligations of the City or the Agency. The City Council acts as the governing body of the Authority by serving as its board members. The activity of the Authority is reported in the Debt Service and Capital Projects Funds.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The Industrial Development Authority was organized under Section 91500 et seq. of the California Government Code on February 8, 1995, for the purpose of financing industrial development in the City. The IDA works with manufacturers and industrial companies to develop new industrial sites in Palmdale. The IDA is a distinct legal entity separate and apart from the City and the Agency, and its debts and obligations are not debts or obligations of the City or the Agency. The City Council acts as the governing body of the IDA by serving as its board members.

The Housing Authority of the City of Palmdale was established on April 9, 1997, pursuant to the State of California Health and Safety Code, Section 34200, entitled "Housing Authorities Law". The Housing Authority was formed for the purpose of working with mobile home parks located in the City. The Housing Authority is a distinct legal entity separate and apart from the City and the Agency, and its debts and obligations are not debts or obligations of the City or the Agency. The City Council acts as the governing body of the Housing Authority by serving as its board members. The activity of the Housing Authority is reported in the Special Revenue and Debt Service Funds.

The financial statements of the City of Palmdale have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

B. Financial Statement Presentation, Basis of Accounting and Measurement Focus

The accounts of the City are organized 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/expenses, as appropriate. 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 to be controlled.

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are reported separately from business-type activities and, likewise, the primary government is reported separately from discretely presented component units. The City of Palmdale has no business-type activities or discretely presented component units. Interfund activity, including payables and receivables, have been eliminated in the Statement of Activities and the Statement of Net Assets as prescribed by GASB Statement No. 34.

Interfund Services provided are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide presentation.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Government-Wide Financial Statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the City's assets and liabilities (including capital assets, infrastructure assets and long-term liabilities) are reported in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major funds individually and non-major funds in the aggregate. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements.

Governmental Fund Financial Statements are presented using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Those revenues susceptible to accrual are incremental property taxes, franchise taxes, special assessments, licenses, interest and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other revenue items are recorded when received in cash.

The City has presented all major funds that qualified as major funds which included the General Fund, the CRA Housing Development Special Revenue Fund, the CRA Project Area No. 2A Debt Service Fund, and the Palmdale Civic Authority Capital Project Fund. In addition, the City electively added, as major funds, the CRA Project Area No. 1 Debt Service and Capital Projects Funds, the CRA Housing Debt Service Fund, the Palmdale Civic Authority Debt Service Fund, and the CRA Project Area No. 2A Capital Projects Fund because the City believes the financial position and activities of these funds are significant to the City as a

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

whole. Specific fund descriptions can be found on page 19 for all major funds. Summarization of all non-major governmental funds is presented under the Other Governmental Funds column. The individual fund statements and descriptions of these funds can be found on pages 87-95.

Fiduciary Fund Financial Statements

Fiduciary funds are used to account for assets held in a trustee or agency capacity and cannot be used to support the City's own programs. Trust funds are accounted for using the accrual basis of accounting while the Agency funds report only assets and liabilities and therefore, do not have a measurement focus; however, agency funds use the accrual basis of accounting to recognized assets and liabilities.

The Trust funds are used to account for Other Post Employment Benefits. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital project funds, which adopt project-length budgets.

The budget process begins in January when budget request forms are distributed to each department. These requests are assembled by the Finance Department and are presented to the City Manager in March. Budget meetings are then held with each department. The proposed budget is presented to the government's Council on or before May 31 of each year. The Council holds a public hearing in June and must adopt a final budget by July 1 of each fiscal year. If Council continues the public hearing and/or adoption of the budget beyond June 30, the Finance Department is required to obtain written authorization for the continuation of spending for the new fiscal year at a public meeting of the Council prior to July 1.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level. The category level includes salaries and benefits, training and meetings, operating expenditures, contingency, debt service and capital outlay. Supplemental appropriations during the year must be approved by the City Council if they are over \$25,000 or between funds, except for personnel matters and the associated costs. The City Manager can approve budget transfers up to \$25,000 within a fund. Supplemental appropriations were made during the year and are reflected in the budgeted numbers contained in the accompanying financial statements. Unexpended appropriations at year-end may be added to the subsequent year's adopted budget by the Director of Finance with the approval of the City Manager per Council Resolution 92-120, Section 5.

A separate unaudited budgetary report comparing budget to actual at the category level has been issued for the General Fund, Special Revenue Funds, and Debt Service Funds. This budgetary report is available from the City's Finance Department, 38300 Sierra Highway, Suite D, Palmdale, California 93550.

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts and other commitments) outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

D. Excess of Expenditures over Appropriations

For the year ended June 30, 2010, expenditures exceeded appropriations in the Palmdale Civic Authority Debt Service Fund under the Debt Service Expenditure level of budgetary control by \$14. The expenditures were funded by greater than anticipated revenue.

E. Cash and Investments

Cash includes amounts in demand deposits and petty cash on hand. Investments include amounts in U.S. Treasury and Agency Securities, Repurchase Agreements, the Local Agency Investment Fund, money market funds and investment agreements. The U.S. Treasury and Agency Securities were adjusted to fair value based on market prices on June 30, 2010. The Local Agency Investment Fund is reported at the carrying value because the fair value was not materially different. Amounts invested in money market funds and investment agreements are reported at fair value or guaranteed amounts per investment agreement, which is equal to cost as of June 30, 2010.

F. Trust Fund Investments

Investments held in Trust for OPEB are reported at fair value, which are valued based on published market prices.

G. Short-Term Interfund Receivable and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” in the balance sheet.

H. Advances Between Funds

Non-current portions of interfund loans receivable, reported as advances from other funds, are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Prepaid Items

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

J. Land Held for Resale

Project land held for resale is capitalized in the General Fund, special revenue funds and the capital projects funds at the lower of acquisition cost or estimated resale value. Fund balances are reserved in amounts equal to the carrying value of land held for resale since such assets are not available to finance the City’s current operations.

K. Permit Held for Resale

Project costs associated with a permit held for resale are capitalized in the General Fund and the capital projects funds at the lower of acquisition cost or estimated resale value. Fund balances are reserved in amounts equal to the carrying value of permit held for resale since such assets are not available to finance the City’s current operations.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

L. Restricted Assets

Restricted assets represent unexpended proceeds, interest thereon and bond reserve amounts related to bond anticipation notes, revenue bonds, tax allocation bonds and certificates of participation. The bond resolutions and indentures require that the bond reserves be maintained in amounts equal to the maximum amount of principal and interest to be paid in any single future fiscal year for each issue.

The debt service funds and the CRA Housing Development special revenue fund report restricted assets for resources set aside for current and future principal and interest payments on the bonds. The capital projects funds report restricted assets for proceeds of bond issuances, and interest thereon, which are restricted for use in construction. In cases where capital construction is being financed partially by restricted bond proceeds and partially from the City's own resources, the City typically uses restricted assets first as appropriate opportunities arise, but reserves the right to selectively defer the use of bond proceeds to future projects.

M. Capital Assets

Capital assets, which include property, plant, equipment and public domain infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the applicable governmental columns in the Government-Wide Financial Statements. Capital assets and Intangible assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and \$125,000 respectively and an estimated useful life in excess of two years. Such assets are recorded at cost where historical costs are available and at an estimated original cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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 balance sheet. The range of lives used for depreciation purposes for each capital asset class are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and Structures	50
Improvements Other than Buildings	5-10
Machinery and Equipment	5-15
Infrastructure	20-50

The retroactive historical value of the City's infrastructure assets (roads, bridges, sewers and traffic signals that were completed prior to July 1, 2001) has been included in the Government-Wide Financial Statements, as of June 30, 2010. The City's infrastructure assets are recorded at historical cost or at estimated historical cost in the Government-Wide Financial Statements as required by GASB Statement No. 34. All current year additions to infrastructure assets are depreciated.

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and administrative leave, and compensatory and floating holiday time. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation and administrative leave,

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

compensatory and floating holiday time, and associated employer-related salary costs are accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in governmental fund only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the general fund, special revenue funds and the CRA redevelopment capital projects fund.

O. Long-Term Obligations

In the Government-Wide Financial Statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums/discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Fund Equity

In the Fund Financial Statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Q. Deficit Fund Equity

The following funds had a deficit undesignated fund balance at June 30, 2010 in the amount indicated:

Major Debt Service Funds	
CRA Project Area 1	\$ 751,613
CRA Project Area 2	\$ 7,290,058

Management anticipates that these deficits will be resolved in future years from the collection of tax increment revenues.

Non-major Special Revenue Funds:	
Community Development Block Grant	\$ 169,978
Federal Grants Fund	\$ 1,552,726
Misc. Grants/Developer Contributions	\$ 158,714
Public Facilities Fund	\$ 225,878
State Grants Fund	\$ 114,268

Management anticipates that these deficits will be resolved in future years as the funds are either collected from impact fees or outstanding reimbursable grants are received.

Housing Authority Mobile Home Park Fund	\$ 1,737,671
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Management anticipates that this deficit will be resolved in the following fiscal year as additional operating revenues become available through increased occupancy levels at the three mobile home parks.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

R. Expenditures Exceeding Appropriations

For the year ended June 30, 2010, the City did not have expenditures exceeding appropriations in the program/function (the legal level of budgetary control) in any of the funds.

S. Property Taxes

With the passage of Assembly Bill No. 1197, the City of Palmdale, previously a “no property tax” city, began to receive property taxes in fiscal year 1989-90. In addition, the Agency receives incremental property taxes on property within its project areas over a base-assessed valuation on the date the project area was established. The duties of assessing and collecting property taxes are performed by the Los Angeles County Assessor and Tax Collector, respectively. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on January 1 preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date.

Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Implemented Accounting Pronouncements

During fiscal year 2009-2010, the City adopted the provisions of GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The implementation did not have any significant impact on the City’s financial statements.

During fiscal year 2009-2010, the City adopted the provisions of GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The implementation did not have any significant impact on the City’s financial statements.

(2) Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

Statement of net assets:	
Cash	\$ 142,686
Cash overdraft	(2,891,253)
Investments	95,766,521
Restricted cash and investments	<u>31,651,221</u>
	<u>124,669,175</u>
Fiduciary funds:	
Cash overdraft	(36,814)
Investments	122,469
Restricted cash and investments	<u>21,533,019</u>
	<u>21,618,674</u>
 Total cash and investments	 <u>\$ 146,287,849</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 15,658
Cash overdraft	(2,928,067)
Deposits with financial institutions	127,028
Investments:	
Pooled	\$ 104,695,245
Held by trustees	<u>44,377,985</u>
	<u>149,073,230</u>
 Total cash and investments	 <u>\$ 146,287,849</u>

A. Investments Authorized by the California Government Code and the City of Palmdale's Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	2%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	15%	10%
Money Market Mutual Funds	N/A	20%	10%

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio*</u>	<u>Investment in One Issuer</u>
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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

The City of Palmdale's investment policy also authorizes Demand Deposits of up to \$2,000,000 (and \$2,500,000 in the aggregate) with Bank of America or Wells Fargo Bank.

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt (see Note 11) rather than the general provisions of the California Government Code. Certificates of Participation and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

C. 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. The Investment Policy of the City of Palmdale, Sections 4.1 and 4.2, provide guidelines for managing risk. One of the ways that the City of Palmdale manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
U.S. Treasury Notes	\$ 1,905,647	\$ 1,905,647	\$ -	\$ -
Repurchase Agreements	5,479,134	5,479,134	-	-
Federal Agency Securities	20,144,020	10,121,020	10,023,000	-
Money Market Funds	282,934	282,934	-	-
State Investment Pool	76,883,510	76,883,510	-	-
Held By Trustees:				
Money Market Funds	38,404,699	38,404,699	-	-

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Mutual Funds	3,423,665	3,423,665		
Investment Agreements	2,415,811	-	-	2,415,811
State Investment Pool	<u>133,810</u>	<u>133,810</u>	-	-
Total	<u>\$ 149,073,230</u>	<u>\$ 136,634,419</u>	<u>\$ -</u>	<u>\$ 10,023,000</u>

D. 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 of Palmdale's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Not Required To Be Rated</u>	<u>NR/A1</u>	<u>A+/Aa2</u>	<u>AAA/Aaa</u>
U. S. Treasuries	\$ 1,905,647	N/A	\$ 1,905,647	\$ -	\$ -	
Repurchase agreement	5,479,134	N/A	-	-	-	\$ 5,479,134
Federal agency securities	20,144,020	N/A	-	-	-	20,144,020
Money market funds	282,934	A	-	-	-	282,934
State investment pool	76,883,510	N/A	76,883,510	-	-	-
Held by bond trustees:						
Money market funds	38,404,699	A	-	-	-	38,404,699
Mutual Funds	3,423,665	N/A	3,423,665	-	-	-
Investment agreements	2,415,811	N/A	-	956,951	660,000	798,860
State investment pool	<u>133,810</u>	N/A	<u>133,810</u>	-	-	-
Total	<u>\$149,073,230</u>		<u>\$ 82,346,632</u>	<u>\$ 956,951</u>	<u>\$ 660,000</u>	<u>\$ 65,109,647</u>

The State Investment Pool is the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. This pool is not rated.

E. Concentration of Credit Risk

The investment policy of the City of Palmdale contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Reportable investments in any one issuer that represent 5% or more of the total City of Palmdale's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mtg Assoc	Federal agency securities	\$12,059,460

F. 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 of Palmdale's investment policy do not contain legal or policy requirements

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$1,080,002 of the City of Palmdale's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts, but not in the name of the City. As of June 30, 2010, City of Palmdale investments in the following investment types were held by the safekeeping department of the broker-dealer (counterparty) used by the City of Palmdale to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Federal agency securities	\$20,144,020

G. Investment in State Investment Pool

The City of Palmdale is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City of Palmdale's investment in this pool is reported in the accompanying financial statements at amounts based upon the City of Palmdale'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.

H. Disclosures by Reporting Unit

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, major fund, non-major in the aggregate, etc.) are as follows:

\$798,860 of investments (including amounts held by bond trustees) reported in the Palmdale Civic Authority Fund (a major fund of the City) are held in the form of guaranteed investment contracts issued by IXIS Funding, with a rating of AAA/Aaa. The investment agreement matures on September 1, 2029.

\$660,000 of investments (including amounts held by bond trustees) reported in the CRA Project Area 1 Debt Service Fund (a major fund of the City) are held in the form of guaranteed investment contracts as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Maturity</u>	<u>Rating</u>
Societe Generale	Investment Agreement	\$660,000	06/25/2023	A+/Aa2

\$956,951 of investments (including amounts held by bond trustees) reported in the CRA Project Area 2A Debt Service Fund (a major fund of the City) are held in the form of a guaranteed investment contract issued by Bayerische Landesbank, with a rating of NR/A1. The investment agreements mature on July 1, 2015.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

(3) Interfund Transfers - Interfund transfers for the year ended June 30, 2010 were as follows:

<u>Transfer To:</u>	<u>Transfer From:</u>	<u>Amount</u>
Major Funds:		
General Fund	CRA Housing Development	\$ 98,801
	CRA Project Area 1 Debt Service	1,631,170
	CRA Project Area 2A Debt Service	7,585,792
	Non-Major Funds	<u>14,299,332</u>
		23,615,095
Housing Development	CRA Project Area 1 Debt Service	1,596,200
	CRA Project Area 2A Debt Service	<u>7,008,820</u>
		8,605,020
CRA Project Area No. 1 Debt Svc	PCA Debt Service	28,746
CRA Project Area No. 2A Debt Svc	CRA Project Area 1 Debt Service	131,884
CRA Housing Debt Service	CRA Housing Development	513,148
	Non-Major Funds	<u>1,642,630</u>
		2,155,778
Palmdale Civic Authority Debt Service	General Fund	5,658,151
	CRA Project Area 1 Debt Service	<u>226,493</u>
		5,884,644
CRA Project Area No. 1 Capital	CRA Project Area 1 Debt Service	961,961
CRA Project Area No. 2A Capital	CRA Project Area 2A Debt Service	2,317,670
	Non-Major Funds	<u>1,034,791</u>
		3,352,461
Non-Major Funds	Non-Major Funds	225,130
	General Fund	2,141,108
	CRA Housing Development	733,474
	CRA Project Area 1 Capital	141,192
	CRA Project Area 2A Capital	<u>1,142,371</u>
		4,383,275
Total Interfund Transfers		<u>\$ 49,118,864</u>

Recurring transfers of all sales tax revenue generated in the redevelopment project areas were made to the General Fund in the amounts of \$1,631,170 and \$7,585,792 from CRA Project Area No. 1 and 2A debt service funds, respectively.

Remaining transfers resulted from the following transactions:

- 1) Moving revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
- 2) Moving receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments come due.
- 3) Using unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

(4) Interfund Assets/Liabilities

A. Due From/To Other Funds for the year ended June 30, 2010 were as follows:

<u>Payable To:</u>	<u>Payable From:</u>	<u>Amount</u>
Major Funds:		
General Fund	CRA Housing Development	\$ 58,869
	CRA Project Area 1 Debt Service	235,425
	CRA Project Area 2A Debt Service	791,351
	Non-Major Funds	<u>4,849,194</u>
		<u>5,934,839</u>
CRA Housing Development	CRA Project Area 1 Debt Service	103,013
	CRA Project Area 2A Debt Service	551,870
	Non-Major Funds	<u>711,314</u>
		<u>1,366,197</u>
CRA Housing Debt Service	Non-Major Funds	<u>572</u>
Non-Major Funds:	Non-Major Funds	773,536
	General Fund	<u>129,603</u>
		<u>903,139</u>
Total Due From/To Other Funds		<u>\$ 8,204,747</u>

All balances resulted from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

B. Advances Due From/To Drainage Funds at June 30, 2010

Beginning in fiscal year ending June 30, 1993, advances were made from the Amargosa, Portal Ridge, and Pearland Drainage funds to cover shortfalls in funding in the Anaverde Drainage Funds. Government Code Section 66006 stipulates that developer impact fees shall be kept in a separate fund and earn interest until expended for the purpose for which the fee was originally collected. In accordance with this Government Code Section, interest has been accrued on a monthly basis with a rate equal to the monthly LAIF rate since the inception of the advances.

The Drainage funds financial statements are presented as one combined statement within this report. Due to this presentation the advances have been eliminated.

	<u>Receivable</u>	<u>Payable</u>
Amargosa Drainage	\$ 783,103	\$ -
Anaverde Drainage	-	7,708,224
Portal Ridge Drainage	288,900	-
Pearland Drainage	<u>6,636,221</u>	-
	<u>\$ 7,708,224</u>	<u>\$ 7,708,224</u>

The total fund equity of the individual funds is as follows:

	<u>Fund Equity</u>
Amargosa Drainage	\$ 3,108,633
Anaverde Drainage	(9,664,338)
Portal Ridge Drainage	323,594
Pearland Drainage	14,285,061
Littlerock Drainage	<u>117,770</u>
	<u>\$ 8,170,720</u>

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

An annual AB1600 report is issued each year. This report contains additional data on the individual Drainage funds. A copy of this report can be obtained from the City of Palmdale, Finance Department, 38300 Sierra Highway, Suite D, Palmdale, California 93550.

C. Advances Due From/To Other Funds at June 30, 2010

	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General Funds	\$ 36,302	\$ -
Special Revenue Funds:		
CRA Housing Development Fund	15,734,541	-
Debt Service Funds:		
CRA Project Area No. 1 Fund	-	2,888,932
CRA Project Area No. 2A Fund	<u>330,971</u>	<u>10,578,997</u>
Sub-Total Major Funds	<u>16,101,814</u>	<u>13,467,929</u>
	<u>Receivable</u>	<u>Payable</u>
Non-Major Funds:		
Special Revenue Funds:		
Housing Authority Mobile Home Parks Fund	<u>-</u>	<u>2,633,885</u>
Total Major and Non-Major Funds	<u>16,101,814</u>	<u>16,101,814</u>
Grand Total All Funds	<u>\$ 16,101,814</u>	<u>\$ 16,101,814</u>

In fiscal years 2004-2005 and 2005-2006, the State required the Community Redevelopment Agency (CRA) to shift tax increment of \$3,725,654 to the Education Revenue Augmentation Fund (ERAF). To assist in funding this shift, the CRA Housing Development fund advanced \$355,538 and \$1,507,289 (50% of the total requirement) to CRA Project Area No. 1 and 2A Debt Service funds, respectively. ERAF legislation requires that the loan be repaid within 10 years from the date the funds were advanced. Accordingly, the 2004-2005 advance of \$939,215 and the 2005-2006 advance of \$923,612 will be repaid by May 2015 and May 2016, respectively.

In fiscal year 2009-10, the State required the Community Redevelopment Agency (CRA) to shift tax increment of \$11,605,102 to the Supplemental Education Revenue Augmentation Fund (SERAF). To assist in funding this shift, the CRA Housing Development fund advanced \$2,533,394 and \$9,071,708 (100% of the total requirement) to CRA Project Area No. 1 and 2A Debt Service funds, respectively. SERAF legislation requires that the loan be repaid within 5 years from the date the funds were advanced. Accordingly, the 2009-2010 advance of \$11,605,102 will be repaid by June 2015.

The Housing Authority has advances due to the CRA Housing Development fund (\$2,266,612), CRA, Area 2A debt service fund (\$330,971) and the City's General fund (\$36,302) resulting from the acquisition and operation of three mobile home parks purchased during fiscal year 2002-2003. Upon acquisition, the Housing Authority assumed the prior park owner's liabilities which were payable to the CRA and City under the terms of an operating agreement. The operating agreement establishes priorities for the use of revenues from operation of the parks, and provides for repayment of the advances from net income once expenses, debt service, operating, and capital reserve requirements are met. In the interim, additional liabilities for debt service shortfalls and program/project management fees will continue to accrue to the long-term advances due the CRA Housing Development fund, and in-lieu property taxes will also continue to accrue to the long-term advances due both the CRA Area 2A debt service fund and the City's general fund. These advances will be repaid when net income is sufficient under the operating agreement.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The CFD/Assessment Districts Capital Project Fund advanced \$583,859 to the CFD/Assessment Districts Agency Fund to cover legal fees and other costs related to delinquency and foreclosure actions in Assessment Districts 88-1 and 90-2. The advance will be repaid upon successful foreclosure action with funds received from the new property owner.

(5) Unreserved Fund Balance

The Unreserved Fund Balances at June 30, 2010 were designated as follows:

	General Fund	Special Revenue Funds	Capital Projects Funds	Total
Major Funds:				
Unreserved, designated for:				
Continuing Appropriations	\$ 227,360	\$ 8,241,800	\$ 603,650	\$ 9,072,810
Compensated Absences	2,218,618	127,707	-	2,346,325
Capital Projects	-	542,960	2,738,845	3,281,805
Unreserved, Undesignated				
Reported in:				
General Fund	15,666,584	-	-	15,666,584
Special Revenue	-	195,723	-	195,723
Total Major Funds	18,112,832	9,108,190	3,342,495	30,563,517
Non Major Funds				
Unreserved, designated for:				
Continuing Appropriations	-	4,678,500	5,600,660	10,279,160
Compensated Absences	-	867,299	141,688	1,008,987
Capital Projects	-	-	14,137,742	14,137,742
Land Acquisition	-	-	3,614	3,614
Unreserved, Reported in:				
Special Revenue Funds	-	40,005,654	-	40,005,654
Total Non-Major Funds	-	45,551,453	19,883,704	65,435,157
Total Unreserved Fund Balance	\$ 18,112,832	\$ 54,659,643	\$ 23,226,199	\$ 95,998,674

(6) Joint Ventures

A. Antelope Valley Transit Authority

The City of Palmdale is a member of the Antelope Valley Transit Authority (Authority), a joint powers authority of the County of Los Angeles and the cities of Palmdale and Lancaster. The Authority was formed to provide public transit service to Palmdale and Lancaster. The governing board consists of one person from each member agency. Each member has one vote.

Subsequent to the Certificate of Participation issue, the Authority entered into a "Reimbursement Agreement" with the County of Los Angeles to repay the obligation incurred by the County on their behalf.

As of June 30, 2009, (unaudited) Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 43,032,172</u>
Liabilities	1,879,622
Fund Equity	<u>41,152,550</u>
Total Liabilities and Fund Equity	<u>43,032,172</u>
Revenues	23,658,195
Expenses	<u>20,672,033</u>
Changes in Fund Equity	<u>\$ 2,986,162</u>

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The Authority is funded in part by revenues allocated to the City and redirected to the Authority and in part by a shared formula based on the level of service provided to the jurisdiction.

Separate financial statements of the Authority are available from the Authority office located at 1031 W. Avenue L-12, Lancaster, California 93534.

B. Orange Line Development Authority

The City of Palmdale terminated their participation as a member of the Orange Line Development Authority (Authority), a joint powers authority effective April 3, 2010. The Authority is comprised of fourteen Los Angeles County and Orange County Cities and was established August 11, 2004 (later amended January 10, 2005) to examine the feasibility of and plan a high-speed rail corridor between Los Angeles and Orange County. Known as the Orangeline, the proposed elevated maglev (magnetic levitation) train would run through Palmdale, Union Station and/or the Staples Center area in Downtown Los Angeles through the southeast portion of Los Angeles County toward central Orange County. The governing board consists of one person from each member agency. Each member has one vote.

(7) Risk Management

The City is self insured and exposed to various risk of loss related to general liability and health, dental and vision needs of employees. Under the City's risk management program, the City retains the risk for general liability claims for the first \$250,000 per occurrence and carries excess general liability and automobile insurance with total policy limits of \$26,000,000. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The City transitioned to a self-insurance health plan in January 2009 and purchases stop loss coverage for the health benefits program for health claims in excess of \$150,000 per covered person with policy limits of \$1,850,000 per covered person. The City retains the risk for dental and vision claims. Carl Warner and Company, a third-party claims administrator, administers the general liability program. The health, dental and vision claims are administered by Sheffield, Olson & McQueen, Inc. a third-party claims administrators. Both administrators are experts in their respective fields.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk. Charges to the General Fund and other funds are determined from an analysis of claims costs, and are recorded as expenditures or expenses in the various funds and revenues in the self-insured funds.

During fiscal year 2009-2010, \$161,445 was paid in general liability claims and \$218,150 was paid in liability administrative costs. At June 30, 2010, \$1,454,200 was accrued for general liability claims in the Government-Wide Financial Statements. The portion estimated to be due within one year is \$106,785 and is calculated based on settlements paid during a sixty day period subsequent to fiscal year end. These accruals, based on the results of an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims.

During fiscal year 2009-2010, \$2,932,628 was paid in health claims and \$48,629 was paid in health administrative costs. At June 30, 2010, \$301,769 was accrued for health liability claims in the Government-Wide Financial Statements. The accruals, based on the results of an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims.

During fiscal year 2009-2010, \$376,105 was paid in dental and vision claims and \$18,335 was paid in dental and vision administrative costs. At June 30, 2010, \$61,488 was accrued for dental and vision claims in the Government-Wide Financial Statements. The accruals, based on the results of

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims.

The total liability is calculated considering the effects of inflation, recent favorable claim settlement trends including frequency and amount of pay-outs, anticipated future investment earnings on funds held to pay losses and other economic and social factors.

It is the City's practice to obtain a full actuarial study annually to perform an analysis of the City's potential liability for the City's retained risk portions of the various self-insurance programs. The amounts recorded as liabilities represent estimates of amounts to be paid for reported claims, as well as incurred but not reported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2010, are dependent on future developments, the City's management believes that the aggregate accrual is adequate to cover such losses. The liabilities for general liability claims are reported using a discount rate of 3.0% while a 5.0% margin was added to the estimated health, dental and vision claims for potential adverse deviation. The estimates do not include any additional provision for administrative expenses associated with adjudicating or processing the unpaid claims.

Changes in the balances of the City's claims liabilities for the current and prior fiscal years are as follows:

	<u>General Liability</u>	<u>Medical Benefits</u>	<u>Dental and Vision Claims</u>	<u>Total</u>
Balance, June 30, 2008	\$ 1,121,602	\$ -	\$ -	\$ 1,121,602
Claims Incurred	423,344	762,969	382,271	1,568,584
Claims Paid	(145,976)	(489,994)	(311,881)	(947,851)
Balance, June 30, 2009	<u>1,398,970</u>	<u>272,975</u>	<u>70,390</u>	<u>1,742,335</u>
Claims Incurred	216,675	2,961,422	367,203	3,545,300
Claims Paid	(161,445)	(2,932,628)	(376,105)	(3,470,178)
Balance, June 30, 2010	<u>\$ 1,454,200</u>	<u>\$ 301,769</u>	<u>\$ 61,488</u>	<u>\$ 1,817,457</u>

*Dental/Vision claims liabilities are included in the General Liability balances prior to June 30, 2008.

(8) Deferred Revenue

Unearned Revenue - Governmental funds report deferred revenue on the balance sheet in connection with resources that have been received, but not yet earned. Accordingly, this type of deferred revenue is also reported on the Statement of Net Assets. At the end of the current fiscal year, the components of deferred unearned revenue were as follows:

General Fund:	
Fees received for recreational programs not yet held	\$ 98,582
Fees received for facility rental not yet used	32,672
Fees received for business licenses paid in advance	2,681
Park Development Special Revenue Fund:	
Park fee credit vouchers issued on home not yet constructed	<u>53,413</u>
Total Deferred Unearned Revenue for Governmental Funds	<u>\$ 187,348</u>

Unavailable Revenue - Governmental funds also report deferred revenue on the balance sheet in connection with resources that that have been earned, but are not yet available to finance

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

expenditures of the current fiscal period. This type of deferred revenue is unique to governmental funds, since it is tied to the modified accrual basis of accounting. Accordingly, these deferred unavailable revenues are not reported on the Statement of Net Assets. At the end of the current fiscal year, the components of unavailable deferred revenue resulting from grant revenue not received with the 60-day accrual period were as follows:

Major Funds:	
General Fund	\$ 1,507,566
CRA Housing	307,054
Non-Major Special Revenue Funds:	
CDBG Fund	183,931
Federal Funds Fund	1,552,766
Federal Home Program Fund	410,187
Misc Grants/Developer Contributions	158,714
Parks Development Fund	161,000
Proposition C Fund	14,054
State Grants Fund	<u>112,018</u>
Total Deferred Unavailable Revenue for Governmental Funds	<u>\$ 4,407,290</u>

(9) Capital Assets

Capital Assets of the City for the year ended June 30, 2010, consisted of the following:

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Improvements	\$ 118,734,041	789,111	-	\$ 119,523,152
Construction in Progress	<u>10,219,231</u>	<u>10,810,275</u>	<u>(7,243,126)</u>	<u>13,786,380</u>
Total Capital Assets, Not Being Depreciated	<u>128,953,272</u>	<u>11,599,386</u>	<u>(7,243,126)</u>	<u>133,309,532</u>
Capital Assets, Being Depreciated				
Buildings and Structures	56,608,635	-	-	56,608,635
Improvements Other than Buildings	91,349	-	-	91,349
Machinery and Equipment	13,389,255	355,892	-	13,745,147
Infrastructure	<u>909,945,333</u>	<u>27,163,394</u>	-	<u>937,108,727</u>
Total Capital Assets, Being Depreciated	<u>980,034,572</u>	<u>27,519,286</u>	-	<u>1,007,553,858</u>
Less Accumulated Depreciation for:				
Buildings and Structures	9,606,438	1,138,085	-	10,744,523
Improvements Other than Buildings	68,902	3,848	-	72,750
Machinery and Equipment	9,467,591	1,342,923	-	10,810,514
Infrastructure	<u>289,344,699</u>	<u>22,555,031</u>	-	<u>311,899,730</u>
Total Accumulated Depreciation	<u>308,487,630</u>	<u>25,039,887</u>	-	<u>333,527,517</u>
Total Capital Assets, Being Depreciated, Net	<u>671,546,942</u>	<u>2,479,399</u>	-	<u>674,026,341</u>
Total Capital Assets, Net	<u>\$ 800,500,214</u>	<u>14,078,785</u>	<u>(7,243,126)</u>	<u>\$ 807,335,873</u>

For the year ended June 30, 2010, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$ 777,172
Cultural & Recreational	1,090,070
Community Development	40,909
Health & Welfare	4,038
Public Safety	101,055
Public Services	<u>23,026,643</u>
Total Depreciation Expense	<u>\$ 25,039,887</u>

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

(10) Capital Leases

Xerox Document Center Amendment 13 Lease - On February 1, 2006, the City entered into a five year lease-purchase agreement with Xerox Corporation to finance the acquisition of a Xerox DC430S for the Water park. Interest on the lease is payable monthly at 8.50% per annum. Lease payments for the year ended June 30, 2010, amounted to \$2,246. At the end of the lease, there is a one dollar buy out cost.

<u>Year Ending</u>	<u>Amount</u>
2011	\$ <u>1,310</u>
Total minimum lease payments	1,310
Less: amount representing interest	<u>(36)</u>
Present value of minimum lease payments	<u>\$ 1,274</u>

Xerox Document Center Amendment 14 Lease - On May 1, 2006, the City entered into a five year lease-purchase agreement with Xerox Corporation to finance the acquisition of Xerox Copiers for the Playhouse, Parks & Recreation, and Administration departments. Interest on the lease is payable monthly at 8.50% per annum. Lease payments for the year ended June 30, 2010, amounted to \$23,189. At the end of the lease, there is a one dollar buy out cost.

<u>Year Ending</u>	<u>Amount</u>
2011	\$ <u>21,256</u>
Total minimum lease payments	21,256
Less: amount representing interest	<u>(876)</u>
Present value of minimum lease payments	<u>\$ 20,380</u>

Xerox Document Center Amendment 17 Lease - On October 1, 2006, the City entered into a five year lease-purchase agreement with Xerox Corporation to finance the acquisition of Xerox Copiers for the Public Works and Records Center departments. Interest on the lease is payable monthly at 11.50% per annum. Lease payments for the year ended June 30, 2010, amounted to \$5,908. At the end of the lease, there is a one dollar buy out cost.

<u>Year Ending</u>	<u>Amount</u>
2011	\$ 5,908
2012	<u>1,477</u>
Total minimum lease payments	7,385
Less: amount representing interest	<u>(537)</u>
Present value of minimum lease payments	<u>\$ 6,848</u>

Munis Lease - On July 1, 2005, the City and Agency entered into a five year, four month lease-purchase agreement with ACS Information Management Solutions to finance the acquisition of the Munis Financial System. Interest on the lease is payable monthly at 3.00% per annum. Lease payments for the year ended June 30, 2010, amounted to \$301,905. At the end of the lease, there is a one dollar buy out cost.

<u>Year Ending</u>	<u>Amount</u>
2011	\$ <u>123,539</u>
Total minimum lease payments	123,539
Less: amount representing interest	<u>(853)</u>
Present value of minimum lease payments	<u>\$ 122,686</u>

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

Equipment and Vehicle Lease – On June 18, 2008, the City and Agency entered into a four year lease purchase agreement with California First National Bank to finance the acquisition of various Public Works trucks and sweepers, Park equipment, and computer related hardware and Library software. Interest on the lease is payable semi-annual at 3.18% per annum. Lease payments for the year ended June 30, 2010, amounted to \$730,593. At the end of the lease, there is a one dollar buy out cost.

<u>Year Ending</u>	<u>Amount</u>
2011	\$ 712,774
2012	510,358
2013	<u>153,971</u>
Total minimum lease payments	1,377,103
Less: amount representing interest	<u>(116,532)</u>
Present value of minimum lease payments	<u>\$ 1,260,571</u>

(11) Long-Term Debt

A. Notes Payable

Palmdale Plaza Note Payable - On July 9, 1997, the City issued a Promissory Note to the Agency for \$1,450,000 for the purchase of approximately 9.5 acres of Agency land (formerly known as Palmdale Plaza). The note bears interest at zero percent per annum.

Principal is payable annually on June 30th each year until paid in full on June 30, 2012.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 100,000	-	100,000
2012	<u>50,000</u>	-	<u>50,000</u>
Totals	<u>\$ 150,000</u>	<u>-</u>	<u>150,000</u>

Fairway Business Park Note Payable - The Agency issued a Promissory Note for the purchase of 120 acres of industrial property known as the Fairway Business Park. On May 16, 2007, the Agency approved a Settlement Agreement and Mutual General Release, which provided for the Agency to pay a settlement amount of \$23,043,000 for the property and \$4,975,309 for accrued, unpaid interest. Interest on the note is payable semi-annually on March 1 and September 1, beginning May 18, 2007. Principal installments are payable September 1 and March 1 of each year from 2008 through 2026. The note bears a fixed interest rate of 7.50% per annum. The value of the note as of June 30, 2010, is \$27,966,608.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 939,837	2,080,198	3,020,035
2012	1,011,646	2,008,389	3,020,035
2013	1,088,942	1,931,093	3,020,035
2014	1,172,145	1,847,890	3,020,035
2015	1,261,704	1,758,331	3,020,035
2016-2020	7,910,567	7,189,608	15,100,175
2021-2025	11,431,117	3,669,058	15,100,175
2026	<u>3,150,650</u>	<u>184,104</u>	<u>3,334,754</u>
Totals	<u>\$ 27,966,608</u>	<u>20,668,671</u>	<u>48,365,279</u>

Dillard's Infrastructure Note Payable - The Agency entered into a Third Implementation Agreement to a Disposition and Development Agreement to reimburse the developer for improvements relating to the construction of a Dillard's department store. The agreement

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

provides for a maximum reimbursement of \$1,851,038 to Dillard's for costs of the public infrastructure improvements necessary for the site. The Agency has pledged a percent of sales tax revenues generated from Dillard's department store to repay the Note. The amount to be reimbursed quarterly is based upon 50 percent of the sales tax revenue actually received by the Agency, generated by the sales occurring at the Dillard's department store as reported by the latest quarterly report. Reimbursement payments are due 30 days after the Agency receives notice stating the amount of sales tax revenue generated by sales occurring during such calendar quarter. The reimbursement payments made for the current year were \$105,050 and the balance remaining to be paid from pledged future revenues total \$791,222 as of June 30, 2010.

Wal-Mart Infrastructure Note Payable - The City entered into an Amendment to Improvement Reimbursement Agreement to reimburse the developer for offsite public improvements constructed at 47th Street East and Avenue S. The agreement provides for the reimbursement amount to be \$2,500,000 for the portion of the cost of the improvements that relates to the benefit the public derives from the improvements. All other costs and expenses incurred by the developer in construction of the improvements will be and remain the sole obligation of the developer. The Agency has pledged a percent of sales tax revenues generated from stores on the property to repay the Note. After an initial payment of \$500,000, reimbursement payments will be in an amount equal to 50% of the sales tax revenue actually received by the City, generated by the sales occurring at the Wal-Mart, WalGreens, and Big Five stores on the property as reported by the latest quarterly report. Should the state alter the 1% amount of taxable sales due to the City, the percentage used for reimbursement payments will be adjusted to reflect the 1% amount normally received by the City. Reimbursement payments are due 30 days after the City receives notice stating the amount of sales tax revenue generated by sales occurring during such calendar quarter. The reimbursement payments made for the current year were \$44,739 and the note was paid in full during Fiscal Year 2009-10.

Sam's Club Infrastructure Note Payable - The City entered into an Improvement Reimbursement Agreement to reimburse the developer for the installation of public improvements for the development at the corner of 10th Street West and Avenue O-8. The agreement provides for the reimbursement amount to be \$1,714,000 for the installation of the improvements that are to the benefit of the general public. The Agency has pledged a percent of sales tax revenues generated from Sam's Club to repay the Note. After an initial payment of \$125,000, reimbursement payments will be in an amount equal to 50% of the sales tax revenue actually received by the City, generated by the sales of the retail development on the property as reported in the latest quarterly report. Should the state alter the 1% amount of taxable sales due to the City, the percentage used for reimbursement payments will be adjusted to reflect the 1% amount normally received by the City. Reimbursement payments are due 30 days after the City receives notice stating the amount of sales tax revenue generated by sales occurring during such calendar quarter. The reimbursement payments made for the current year were \$201,680 and the note was paid in full during Fiscal Year 2009-10.

Amargosa Commons Infrastructure Note Payable - The City entered into a Public Works Agreement to reimburse the developer of the Amargosa Commons project for the installation of regional drainage facilities. The agreement provides for the City to reimburse the developer an amount not to exceed \$1,300,000 for costs associated in improving the Amargosa Creek through the developer's property. The Agency has pledged a percent of sales tax revenues generated from retail sites on the property to repay the Note. The City will make payments to the developer on an annual basis, for up to ten years, with the first payment due in May of 2005. Each payment will be in an amount equal to 50% of the sales tax revenue actually received by the City during the year preceding the payment date as its share of sales tax

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

revenue generated by retail sales occurring at the site. Should the state alter the 1% amount of taxable sales due to the City, the percentage used for reimbursement payments will be adjusted to reflect the 1% amount normally received by the City. The reimbursement payments made for the current year were \$52,893 and the note was paid in full during Fiscal Year 2009-10.

Hoprock Infrastructure Note Payable - The City entered into an Improvement Reimbursement Agreement to reimburse the developer for the installation of public improvements for the development at the corner of 47th Street East and Avenue R. The agreement provides for the reimbursement amount to be \$2,200,000 for the installation of the improvements that are to the benefit of the general public. The Agency has pledged a percent of sales tax revenues generated from retail sites on the property to repay the Note. Each reimbursement payment will be in an amount equal to 50% of the sales tax revenue actually received by the City, generated by the sales of the retail development on the property as reported in the latest quarterly report. Reimbursement payments are due 30 days after the City receives notice stating the amount of sales tax revenue generated by sales occurring during such calendar quarter. The reimbursement payments made for the current year were \$315,105 and the balance remaining to be paid from pledged future revenues total \$1,884,895 as of June 30, 2010.

Section 108 HUD Note Payable – On January 11, 2006, the City issued a Variable Fixed Rate Note by entering into the Department of Housing and Urban Development Contract for Loan Guarantee Assistance under Section 108 of the Housing and Urban Development Act of 1974. The City has received advanced proceeds of \$5,000,000 and will use the proceeds for property acquisition, relocation, and demolition costs associated with the development of the proposed Senior Center. Interest on the note is equal to .2% above the applicable London Interbank Offered (LIBOR) and is payable semi annually on February 1, August 1, and beginning February 1, 2006. Principal installments are payable August 1 of each year from 2006 through 2025. The payment schedule detailed below uses a blended interest rate ranging from 4.63% to 5.37% due to the note’s variable interest rate. The value of the note as of June 30, 2010 is \$4,582,000.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 199,000	214,952	413,952
2012	204,000	207,852	411,852
2013	213,000	199,864	412,864
2014	222,000	191,023	413,023
2015	233,000	181,455	414,455
2016-2020	1,341,000	720,048	2,061,048
2021-2025	1,734,000	356,166	2,090,166
2026	<u>436,000</u>	<u>11,704</u>	<u>447,704</u>
Totals	<u>\$ 4,582,000</u>	<u>2,083,064</u>	<u>6,665,064</u>

HOME Loan Note Payable – In December of 2005, the City entered into an agreement with the Department of Housing and Community Development for the State of California HOME Investment Partnerships Program (HOME) to help approve the construction loan closing for the Courson Connection project. The City has received advanced proceeds of \$2,850,000 from

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

HOME and has passed through those funds to the developer, Courson Senior Partners LP, for construction of the 75 units of Senior Housing in the Courson Connection Project. The repayment of the loan will be over a 55-year term through residual receipts from the Project. As of June 30, 2010, no residual receipts from the project have been received from the developer. Interest on the note is equal to 3%. The value of the note as of June 30, 2010 is \$2,850,000 with \$311,938 of unpaid, accrued interest.

B. Tax Allocation Bonds

1998 Tax Allocation Bonds Payable (\$30,625,000) - On September 22, 1998, the Agency issued \$30,625,000 of 1998 Tax Allocation Refunding Bonds (1998 Bonds). Interest on the 1998 Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 3.75% to 5.00% per annum. Principal installments are payable September 1 of each year from 2000 to 2034.

The 1998 Bonds maturing September 1, 2028, and September 1, 2034, are subject to mandatory sinking fund redemption beginning September 1, 2009, and September 1, 2029, respectively, in the amount of principal and accrued interest. The 1998 Bonds maturing on or after September 1, 2009, may be redeemed on or after September 1, 2008, at decreasing premiums of 2% in 2008 to 1% in 2010 and at par thereafter.

The proceeds of the 1998 Bonds were used to advance refund in part the Agency's obligations with respect to the 1994 Revenue Bonds. The Agency has pledged sales tax and incremental property tax generated in Project Area No. 2A to pay principal and interest with respect to the 1998 Bonds as they become due. Principal and interest paid for the current year was \$1,960,125. Net sales tax and incremental property tax totaled \$14,354,795 for the year. At year-end, pledged future revenues totaled \$48,657,875 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 585,000	1,376,625	1,961,625
2012	615,000	1,346,625	1,961,625
2013	640,000	1,315,250	1,955,250
2014	675,000	1,282,375	1,957,375
2015	710,000	1,247,750	1,957,750
2016-2020	4,110,000	5,656,500	9,766,500
2021-2025	5,250,000	4,491,500	9,741,500
2026-2030	6,695,000	3,006,375	9,701,375
2031-2035	<u>8,545,000</u>	<u>1,109,875</u>	<u>9,654,875</u>
Totals	<u>\$ 27,825,000</u>	<u>20,832,875</u>	<u>48,657,875</u>

1999 Tax Allocation Bonds Payable (\$2,722,056) - On March 30, 1999, the Agency issued \$2,722,056 of 1999 Subordinate Lien Tax Allocation Bonds (1999 Bonds). The 1999 Bonds constitute convertible capital appreciation bonds. Interest on the 1999 Bonds will accrete at a rate of 4.25% per annum on June 1 and December 1 to and including December 1, 2004, (the Conversion Date) and will not be payable during such period but will increase the Accreted Value of the 1999 Bonds to an amount equal to their Final Compounded Amount on the Conversion Date. From and after the Conversion Date, interest on the 1999 Bonds is payable semi-annually on June 1 and December 1 at 5.5% per annum. Principal installments are payable December 1 of each year from 2005 to 2029.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The 1999 Bonds maturing on or after December 1, 2005, are subject to mandatory sinking fund redemption beginning December 1, 2005, in the amount of principal and accrued interest. The 1999 Bonds maturing on or after December 1, 2014, may be redeemed on or after December 1, 2014, at decreasing premiums of 2% in 2014 to 1% in 2016 and at par thereafter.

The proceeds of the 1999 Bonds were used to finance redevelopment activities in or of benefit to Project Area No. 2A. The Agency pledged incremental property tax generated in Project Area No. 2A to pay principal and interest with respect to the 1999 Bonds as they become due. Principal and interest paid for the current year was \$256,738. Net incremental property tax totaled \$6,769,003 for the year. At year-end, pledged future revenues totaled \$5,065,775 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 90,000	166,925	256,925
2012	95,000	161,838	256,838
2013	100,000	156,475	256,475
2014	105,000	150,838	255,838
2015	110,000	144,925	254,925
2016-2020	645,000	624,937	1,269,937
2021-2025	835,000	421,987	1,256,987
2026-2030	<u>1,100,000</u>	<u>157,850</u>	<u>1,257,850</u>
Totals	<u>\$ 3,080,000</u>	<u>1,985,775</u>	<u>5,065,775</u>

2002 Tax Allocation Bonds Payable (\$5,329,748) - On August 20, 2002, the Agency issued \$5,329,748 of 2002 Subordinate Lien Tax Allocation Bonds (2002 Bonds). The 2002 Bonds constitute capital appreciation bonds that are not subject to redemption prior to their respective stated maturities. Interest on the 2002 Bonds compound at rates ranging from 4.88% to 5.68% per annum on June 1 and December 1, commencing December 1, 2002, and will be payable solely at maturity or upon earlier redemption of the respective Bonds. The Bonds will mature and be payable December 1 of each year from 2016 through 2032.

The proceeds of the 2002 Bonds were used to finance redevelopment activities in or of benefit to Project Area No. 2A.

The Agency has pledged incremental property tax generated in Project Area No. 2A to pay principal and interest with respect to the 2002 Bonds as they become due. No principal or interest was paid for the current year. Net sales tax and incremental property tax totaled \$6,769,003 for the year. At year-end, pledged future revenues totaled \$17,255,000 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016-2020	2,613,744	1,256,256	3,870,000

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-2025	2,500,434	2,349,566	4,850,000
2026-2030	1,854,969	2,995,031	4,850,000
2031-2033	<u>1,113,117</u>	<u>2,571,883</u>	<u>3,685,000</u>
Totals	<u>\$ 8,082,264</u>	<u>9,172,736</u>	<u>17,255,000</u>

2003 Tax Allocation Bonds Payable (\$5,965,000) - On December 9, 2003, the Agency issued \$5,965,000 of 2003 Series C Tax Allocation Refunding Bonds (2003 Series C Bonds). Interest on the 2003 Series C Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 4.75% per annum. Principal installments are payable September 1 of each year from 2004 to 2028.

The 2003 Series C Bonds maturing on September 1, 2028, are subject to mandatory sinking fund redemption in the amount of principal and accrued interest. The 2003 Series C Bonds maturing on or after September 1, 2008, may be redeemed on or after September 1, 2007, at decreasing premiums of 2% in 2008 to 1% in 2009 and at par thereafter.

The proceeds of the 2003 Series C Bonds were used to fully advance refund the Agency's 1997 Series B Taxable Tax Allocation Bonds. The Agency has pledged tax increment (20% Set Aside) arising from Project Area No. 2A to repay the principal and interest on the bonds. Principal and interest paid for the current year was \$379,185. Net incremental property tax (20% Set-Aside) totaled \$7,000,526 for the year. At year-end, pledged future revenues totaled \$7,656,788 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 170,000	209,160	379,160
2012	175,000	203,985	378,985
2013	175,000	198,516	373,516
2014	180,000	192,523	372,523
2015	180,000	186,043	366,043
2016-2020	995,000	817,927	1,812,927
2021-2025	1,070,000	600,650	1,670,650
2026-2029	<u>2,030,000</u>	<u>272,984</u>	<u>2,302,984</u>
Totals	<u>\$ 4,975,000</u>	<u>2,681,788</u>	<u>7,656,788</u>

2003 Tax Allocation Bonds Payable (\$7,250,000) - On December 9, 2003, the Agency issued \$7,250,000 of 2003 Series D Tax Allocation Bonds (2003 Series D Bonds). Interest on the 2003 Series D Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 4.90% per annum. Principal installments are payable September 1 of each year from 2004 to 2032.

The 2003 Series D Bonds maturing on September 1, 2018, September 1, 2023, September 1, 2028, and September 1, 2032, are subject to mandatory sinking fund redemption in the amount of principal and accrued interest. The 2003 Series D Bonds maturing on or after September 1, 2012, may be redeemed on or after September 1, 2011, at decreasing premiums of 2% in 2012 to 1% in 2013 and at par thereafter.

The proceeds of the 2003 Series D Bonds were used to finance housing activities of the Agency. The Agency has pledged tax increment (20% Set Aside) arising from Project Area No. 2A to repay the principal and interest on the bonds. Principal and interest paid for the current year was \$370,158. Net incremental property tax (20% Set-Aside) totaled \$7,000,526

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

for the year. At year-end, pledged future revenues totaled \$14,044,134 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 25,000	344,423	369,423
2012	30,000	343,545	373,545
2013	30,000	342,428	372,428
2014	30,000	341,168	371,168
2015	35,000	339,802	374,802
2016-2020	180,000	1,676,797	1,856,797
2021-2025	215,000	1,633,594	1,848,594
2026-2030	1,695,000	1,541,225	3,236,225
2031-2033	<u>4,875,000</u>	<u>366,152</u>	<u>5,241,152</u>
Totals	<u>\$ 7,115,000</u>	<u>6,929,134</u>	<u>14,044,134</u>

2004 Tax Allocation Bonds Payable (\$18,535,000) - On June 8, 2004, the Agency issued \$18,535,000 of 2004 Series A Tax Allocation Refunding Bonds (2004 Series A Bonds). Interest on the 2004 Series A Bonds is payable semi-annually on March 1 and September 1 at a fixed rate of 5.00% per annum. Principal installments are payable September 1 of each year from 2005 to 2007 and from 2010 to 2034.

The 2004 Series A Bonds maturing September 1, 2028, and September 1, 2034, are subject to mandatory sinking fund redemption beginning September 1, 2023, and September 1, 2029, respectively, in the amount of principal and accrued interest. The 2004 Series A Bonds maturing on or after September 1, 2015, may be redeemed on or after September 1, 2014, at decreasing premiums of 2% in 2015 to 1.5% in 2016 to 1% in 2017 to 0.5% in 2018 and at par thereafter.

The proceeds of the 2004 Series A Bonds were used to prepay a portion of a loan made in 1994 by the Palmdale Civic Authority to the Agency. The Agency has pledged sales tax and incremental property tax generated in Project Area No. 2A to pay principal and interest with respect to the 2004 Series A Bonds as they become due. Principal and interest paid for the current year was \$913,500. Net sales tax and incremental property tax totaled \$14,354,795 for the year. At year-end, pledged future revenues totaled \$32,685,000 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 75,000	911,625	986,625
2012	280,000	902,750	1,182,750
2013	290,000	888,500	1,178,500
2014	300,000	873,750	1,173,750
2015	310,000	858,500	1,168,500
2016-2020	2,670,000	3,953,750	6,623,750
2021-2025	3,675,000	3,144,875	6,819,875
2026-2030	4,690,000	2,104,250	6,794,250
2031-2035	<u>5,980,000</u>	<u>777,000</u>	<u>6,757,000</u>
Totals	<u>\$ 18,270,000</u>	<u>14,415,000</u>	<u>32,685,000</u>

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

2004 Tax Allocation Bonds Payable (\$6,090,000) - On October 7, 2004, the Agency issued \$6,090,000 of 2004 Subordinate Lien Tax Allocation Bonds (2004 Bonds). Interest on the 2004 Bonds is payable semi-annually on June 1 and December 1 at rates ranging from 3.00% to 4.75% per annum. Principal installments are payable December 1 of each year from 2011 to 2033.

The 2004 Bonds maturing on December 1, 2024, December 1, 2027, December 1, 2029, and December 1, 2033, are subject to mandatory sinking fund redemption in the amount of principal and accrued interest. The 2004 Bonds maturing on or after December 1, 2015, may be redeemed on or after December 1, 2014, in the amount of principal and accrued interest.

The proceeds of the 2004 Bonds were used to finance redevelopment activities of the Agency. The Agency has pledged incremental property tax generated in Project Area No. 2A to pay principal and interest on the bonds as they become due. Interest only paid for the current year was \$275,105. Net incremental property tax totaled \$6,769,003 for the year. At year-end, pledged future revenues totaled \$10,693,813 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	275,105	275,105
2012	145,000	272,930	417,930
2013	145,000	268,508	413,508
2014	155,000	263,780	418,780
2015	160,000	258,580	418,580
2016-2020	805,000	1,204,560	2,009,560
2021-2025	1,000,000	1,003,000	2,003,000
2026-2030	1,235,000	733,756	1,968,756
2031-2034	<u>2,445,000</u>	<u>323,594</u>	<u>2,768,594</u>
Totals	<u>\$ 6,090,000</u>	<u>4,603,813</u>	<u>10,693,813</u>

2005 Tax Allocation Bonds Payable (\$14,115,000) - On August 16, 2005, the Agency issued \$14,115,000 of 2005 Series E Tax Allocation Refunding Bonds (2005 Series E Bonds). Interest on the 2005 Series E Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 3.00% to 4.50% per annum. Principal installments are payable September 1 of each year from 2006 to 2027.

The 2005 Series E Bonds maturing on September 1, 2027, are subject to mandatory sinking fund redemption in the amount of principal and accrued interest. The 2005 Series E Bonds maturing on or after September 1, 2016, may be redeemed on or after September 1, 2015, at par together with accrued interest, without premium.

The proceeds of the 2005 Series E Bonds were used to fully advance refund the Agency's 1997 Series A Tax Allocation Bonds. The Agency has pledged tax increment (20% Set Aside) arising from Project Area No. 2A to repay the principal and interest on the bonds. Principal and interest paid for the current year was \$977,316. Net incremental property tax (20% Set-Aside) totaled \$7,000,526 for the year. At year-end, pledged future revenues totaled \$17,906,618 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 455,000	515,404	970,404

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	475,000	494,479	969,479
2013	500,000	472,541	972,541
2014	525,000	452,104	977,104
2015	550,000	430,541	980,541
2016-2020	3,120,000	1,801,546	4,921,546
2021-2025	3,960,000	1,076,519	5,036,519
2026-2028	<u>2,885,000</u>	<u>193,484</u>	<u>3,078,484</u>
Totals	<u>\$ 12,470,000</u>	<u>5,436,618</u>	<u>17,906,618</u>

2005 Tax Allocation Bonds Payable (\$2,805,000) - On August 16, 2005, the Agency issued \$2,805,000 of 2005 Series F Tax Allocation Bonds (2005 Series F Bonds). Interest on the 2005 Series F Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 3.00% to 4.50% per annum. Principal installments are payable September 1 of each year from 2006 to 2033.

The 2005 Series F Bonds maturing on September 1, 2029, and September 1, 2033, are subject to mandatory sinking fund redemption in the amount of principal and accrued interest. The 2005 Series F Bonds maturing on or after September 1, 2016, may be redeemed on or after September 1, 2015, at par together with accrued interest, without premium.

The proceeds of the 2005 Series F Bonds were used to finance housing activities of the Agency. The Agency has pledged tax increment (20% Set Aside) arising from Project Area No. 2A to repay the principal and interest on the bonds. Principal and interest paid for the current year was \$142,990. Net incremental property tax (20% Set-Aside) totaled \$7,000,526 for the year. At year-end, pledged future revenues totaled \$5,027,594 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 35,000	117,073	152,073
2012	35,000	115,961	150,961
2013	35,000	114,802	149,802
2014	35,000	113,599	148,599
2015	35,000	112,356	147,356
2016-2020	205,000	539,258	744,258
2021-2025	250,000	493,032	743,032
2026-2030	220,000	434,188	654,188
2031-2034	<u>1,850,000</u>	<u>287,325</u>	<u>2,137,325</u>
Totals	<u>\$ 2,700,000</u>	<u>2,327,594</u>	<u>5,027,594</u>

D. Revenue Bonds

1993 Revenue Bonds Payable (\$24,276,124) - On July 15, 1993, the Authority issued \$24,276,124 of 1993 Revenue Bonds (1993 Bonds) which were loaned to the Agency for use in Project Area No. 1 to finance redevelopment activities in or of benefit to the project area, to pay and prepay certain assessment lien obligations of real property owned by the Agency, to advance refund in part the Agency's obligations with respect to the 1987 refunding Certificate of Participation and to fully advance refund the Agency's Redevelopment Project Area No. 1 1977 Tax Allocation Bonds.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The liability for the 1993 Revenue Bonds was partially in-substance defeased in May 2003 in the amount of \$19,675,000 by the Authority's 2003 Revenue Bond. Subsequently, on July 1, 2004, these refunded 1993 Revenue Bonds were called and redeemed at a premium of \$383,000.

The remaining 1993 Bonds maturing on July 1, 2008, 2009 and 2010 in the initial aggregate principal amount of \$806,124 constitute capital appreciation bonds that are not subject to optional redemption prior to their respective stated maturities. Interest on the Capital Appreciation Bonds compounds on January 1 and July 1, commencing January 1, 1994, and the principal and accreted value on the Capital Appreciation Bonds is payable at maturity or upon earlier redemption.

The loan agreement between the Authority and the Agency requires the Agency to pay the Authority under the same terms as the 1993 Bonds were issued. The Agency has pledged incremental property tax generated in Project Area No. 1 to repay the Authority, which will in turn, pay principal and interest with respect to the 1993 Bonds as they become due. Principal only paid for the current year was \$660,000. Net incremental property tax revenues totaled \$6,037,482 for the year. At year-end, pledged future revenues totaled \$660,000 which was the amount of principal and interest remaining on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ <u>660,000</u>	<u>-</u>	<u>660,000</u>
Totals	<u>\$ 660,000</u>	<u>-</u>	<u>660,000</u>

1994 Revenue Bonds Payable (\$44,999,493) - On June 29, 1994, the Authority issued \$44,999,493 of 1994 Revenue Bonds (1994 Bonds). Interest on the 1994 Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 4.80% to 6.60% per annum. Principal installments are payable September 1 of each year from 2000 through 2034.

The liability for the 1994 Revenue Bonds was partially in-substance defeased in June 2004 in the amount of \$17,230,000 by the Agency's 2004 Tax Allocation Series A Bonds. Subsequently, on September 1, 2004, these refunded 1994 Revenue Bonds were called and redeemed at a premium of \$340,300.

The remaining 1994 Bonds maturing on September 1, 2007 through 2015 in the initial aggregate principal amount of \$1,469,493 constitute capital appreciation bonds that are not subject to optional redemption prior to their respective stated maturities. Interest on the Capital Appreciation Bonds compounds on March 1 and September 1, commencing March 1, 1995, and the principal and accreted value on the Capital Appreciation Bonds is payable at maturity or upon earlier redemption.

The proceeds of the 1994 Bonds were loaned to the Agency for use in Project Area No. 2A to finance redevelopment activities in or of benefit to the project area and to fully advance refund the Agency's Redevelopment Project Area No. 3 1985 Tax Allocation Bonds and Project Area No. 4 1989 Revenue Bonds, Series A. The loan agreement between the Authority and the Agency requires the Agency to pay the Authority under the same terms as the 1994 Bonds were issued. The Agency has pledged sales tax and incremental property tax generated in Project Area No. 2A to repay the Authority, which will in turn, pay principal and interest with respect to the 1994 Bonds as they become due. Principal only paid for the current year was \$180,000. Net sales tax and incremental property tax totaled \$14,354,795 for the year. At year-end,

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

pledged future revenues totaled \$1,012,709 which was the amount of the remaining principal on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 183,191	-	183,191
2012	176,983	-	176,983
2013	170,703	-	170,703
2014	168,488	-	168,488
2015	158,035	-	158,035
2016	<u>155,309</u>	<u>-</u>	<u>155,309</u>
Totals	<u>\$ 1,012,709</u>	<u>-</u>	<u>1,012,709</u>

1997 Revenue Bonds Payable (\$10,890,000) - On May 28, 1997, the Authority issued \$10,890,000 of 1997 Revenue Bonds, Series A (1997 Series A Bonds). Interest on the 1997 Series A Bonds is payable semi-annually on January 1 and July 1 at rates ranging from 4.00% to 5.60% per annum. Principal installments are payable July 1 of each year from 1998 through 2015.

The 1997 Series A Term Bonds maturing on July 1, 2012, and July 1, 2015, are subject to mandatory sinking fund redemption beginning July 1, 2011, and July 1, 2013, respectively, in the amount of principal. The 1997 Series A Bonds maturing on or after July 1, 2008, may be redeemed on or after July 1, 2007, at decreasing premiums of 2.00% in 2007 to 1.00% in 2008 and at par thereafter.

The proceeds of the 1997 Series A Bonds were loaned to the Agency to refinance the 1987 Refunding Certificates of Participation. Repayment agreements between the Authority and the Agency require the Agency to pay the Authority under the same terms as the 1997 Series A Bonds were issued. The Agency has pledged incremental property tax and sales tax generated in Project Area No. 2A, but reserves the option under the repayment agreement to use incremental property tax generated in Project Area No. 1, to repay the Authority, which will in turn, pay principal and interest with respect to the 1997 Series A Bonds as they become due. Principal and interest paid for the current year was \$932,316. Net sales tax and incremental property tax totaled \$14,354,795 for the year. At year-end, pledged future revenues totaled \$5,575,658 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 690,000	242,001	932,001
2012	730,000	204,098	934,098
2013	765,000	163,919	928,919
2014	805,000	120,820	925,820
2015	850,000	74,480	924,480
2016	<u>905,000</u>	<u>25,340</u>	<u>930,340</u>
Totals	<u>\$ 4,745,000</u>	<u>830,658</u>	<u>5,575,658</u>

2003 Revenue Bonds Payable (\$19,220,000) - On May 13, 2003, the Authority issued \$19,220,000 of 2003 Revenue Bonds, Series A (2003 Series A Bonds). Interest on the 2003 Series A Bonds is payable semi-annually on January 1 and July 1 at rates ranging from 2.00% to 5.00% per annum. Principal installments are payable July 1 of each year from 2004 through 2025.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The 2003 Series A Bonds maturing on or after July 1, 2014, may be redeemed on or after July 1, 2013, in the amount of principal and accrued interest. The 2003 Series A Term Bonds maturing on July 1, 2025, are subject to mandatory sinking fund redemption on July 1, 2023, and on July 1 in each year thereafter to and including July 1, 2025, in the amount of principal and accrued interest.

The proceeds of the 2003 Series A Bonds were loaned to the Agency to advance refund a portion of the 1993 Revenue Bonds. Repayment agreements between the Authority and the Agency require the Agency to pay the Authority under the same terms as the 2003 Series A Bonds were issued. The Agency has pledged incremental property tax generated in Project Area No. 1 to repay the Authority, which will in turn, pay principal and interest with respect to the 2003 Series A Bonds as they become due. Principal and interest paid for the current year was \$873,700. Net incremental property tax totaled \$6,037,482 for the year. At year-end, pledged future revenues totaled \$23,495,263 which was the amount of the remaining principal and interest on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 115,000	755,106	870,106
2012	780,000	737,638	1,517,638
2013	810,000	705,838	1,515,838
2014	845,000	672,737	1,517,737
2015	875,000	638,338	1,513,338
2016-2020	4,985,000	2,573,356	7,558,356
2021-2025	6,320,000	1,185,750	7,505,750
2026	<u>1,460,000</u>	<u>36,500</u>	<u>1,496,500</u>
Totals	<u>\$ 16,190,000</u>	<u>7,305,263</u>	<u>23,495,263</u>

2009 Revenue Bonds Payable (\$6,380,000) - On June 5, 2009, the Authority issued \$6,380,000 of 2009 Revenue Bonds, Series A (2009 Series A Bonds). Interest on the 2009 Series A Bonds is payable semi-annually on January 1 and July 1 at rates ranging from 3.625% to 6.00% per annum. Principal installments are payable July 1 of each year from 2010 through 2027.

The 2009 Series A Bonds maturing on or after July 1, 2020, may be redeemed on or after July 1, 2019, in the amount of principal and accrued interest. The 2009 Series A Term Bonds maturing on July 1, 2027, are subject to mandatory sinking fund redemption on July 1, 2021, and on July 1 in each year thereafter to and including July 1, 2027, in the amount of principal and accrued interest.

The proceeds of the 2009 Series A Bonds were loaned to the Agency to advance refund the 2003 Bond Anticipation Notes. Repayment agreements between the Authority and the Agency require the Agency to pay the Authority under the terms of the Second Supplement to Loan Agreement No. A-2501. The Agency has pledged incremental property tax generated in Project Area No. 1 to repay the Authority, which will in turn, pay principal and interest with respect to the 2009 Series A Bonds as they become due. Interest only paid for the current year was \$207,370. Net incremental property tax totaled \$6,037,482 for the year. At year-end, pledged future revenues totaled \$11,506,655 which was the amount of the remaining principal and interest on the Bonds.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 90,000	360,145	450,145
2012	125,000	354,770	479,770
2013	130,000	349,289	479,289
2014	135,000	344,317	479,317
2015	140,000	338,726	478,726
2016-2020	795,000	1,587,613	2,382,613
2021-2025	1,040,000	1,339,245	2,379,245
2026-2028	<u>3,925,000</u>	<u>452,550</u>	<u>4,377,550</u>
Totals	<u>\$ 6,380,000</u>	<u>5,126,655</u>	<u>11,506,655</u>

E. Certificates of Participation

1999 Certificates of Participation Payable (\$12,310,000) - On March 17, 1999, the Authority issued \$12,310,000 of Certificates of Participation (1999 Certificates). Interest on the 1999 Certificates is payable semi-annually on March 1 and September 1 at rates ranging from 4.00% to 5.00% per annum. Principal installments are payable September 1 of each year from 2001 to 2029.

The 1999 Certificates maturing on September 1, 2019, September 1, 2028, and September 1, 2029, are subject to mandatory sinking fund redemption beginning on September 1 in each year on and after September 1, 2014, September 1, 2001, and September 1, 2020, respectively, in the amount of the principal component of scheduled lease payments required to be made by the City together with interest accrued thereon. The 1999 Certificates maturing on or after September 1, 2001, are subject to extraordinary mandatory redemption from the net proceeds of an insurance, title insurance, condemnation or eminent domain award on any interest payment date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of lease payments. The 1999 Certificates maturing on or after September 1, 2010, excluding the certificates maturing September 1, 2028, as discussed below, may be redeemed on or after September 1, 2009, from proceeds of optional lease prepayments made by the City, at decreasing premiums of 2% in 2009 to 1% in 2011 and at par thereafter. The 1999 Certificates maturing on September 1, 2028, are subject to special redemption on any interest payment date, in the amount of principal and accrued interest, from any available moneys credited towards the prepayment of lease payments by the City.

The proceeds of the 1999 Certificates were used to finance the construction, installation and equipping of a new Courthouse building and a new City Hall building and to fund a reserve fund.

The 1999 Certificates represent direct, undivided fractional interests in a lease of the City Hall Site, Administration Building, Public Works/Building and Safety Building, Central Maintenance Yard and the Hammack Activity Center. Upon completion of construction of the City Hall and Courthouse, the City has the right, subject to certain conditions, to substitute the City Hall and Courthouse projects for the above properties, as the property subject to the lease. The lease agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2029. The rentals will be used by the Authority to pay principal and interest with respect to the 1999 Certificates as they become due. Title to the land and facilities covered by the lease and the 1999 Certificates is vested in the Authority, for the benefit of the 1999 Certificate holders, during the lease term.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

Upon completion of the term of the lease and payment in full to the 1999 Certificate holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 315,000	475,360	790,360
2012	330,000	460,955	790,955
2013	345,000	445,590	790,590
2014	360,000	429,245	789,245
2015	375,000	411,450	786,450
2016-2020	2,180,000	1,748,375	3,928,375
2021-2025	2,765,000	1,145,988	3,910,988
2026-2030	<u>3,350,000</u>	<u>402,162</u>	<u>3,752,162</u>
Totals	<u>\$ 10,020,000</u>	<u>5,519,125</u>	<u>15,539,125</u>

2002 Certificates of Participation Payable (\$43,215,000) - On December 10, 2002, the Authority issued \$43,215,000 of Certificates of Participation (2002 Certificates). Interest on the 2002 Certificates is payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 5.25% per annum. Principal installments are payable September 1 of each year from 2004 to 2032.

The 2002 Certificates maturing on September 1, 2024 and September 1, 2032, are subject to mandatory sinking fund redemption beginning on September 1 in each year on and after September 1, 2023 and September 1, 2025, respectively, in the amount of the principal component of scheduled lease payments required to be made by the City together with interest accrued thereon. The 2002 Certificates maturing on or after September 1, 2004, are subject to mandatory redemption from the net proceeds of an insurance, title insurance, condemnation or eminent domain award on any date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of lease payments. The 2002 Certificates maturing on or after September 1, 2013, may be redeemed on or after September 1, 2012, from proceeds of optional lease prepayments made by the City, at decreasing premiums of 2% in 2012 to 1% in 2013 and at par thereafter.

The proceeds of the 2002 Certificates were used to finance a portion of the development of (1) a 33-acre eastside park site, (2) an additional 40 acres in the existing Marie Kerr 17-acre park site and (3) approximately four miles of Avenue S, between the Antelope Valley Freeway and 40th Street East.

The 2002 Certificates represent direct, undivided fractional interests in a lease of Marie Kerr Park, the Eastside Park Site, Domenic Massari Park, Desert Sands Park, the Palmdale City Hall, the Palmdale Main Library, the Larry Chimbole Cultural Center, and the four-mile portion of Avenue S improvements discussed above.

The lease agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2032. The rentals will be used by the Authority to pay principal and interest with respect to the 2002 Certificates as they become due. Title to the land and facilities covered by the lease and the 2002 Certificates is vested in the Authority, for the benefit of the 2002 Certificate holders, during the lease term.

Upon completion of the term of the lease and payment in full to the 2002 Certificate holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 420,000	2,062,787	2,482,787
2012	495,000	2,046,775	2,541,775
2013	575,000	2,026,613	2,601,613
2014	660,000	2,001,912	2,661,912
2015	750,000	1,973,713	2,723,713
2016-2020	5,335,000	9,222,694	14,557,694
2021-2025	8,875,000	7,417,737	16,292,737
2026-2030	13,665,000	4,607,875	18,272,875
2031-2033	<u>11,160,000</u>	<u>864,750</u>	<u>12,024,750</u>
Totals	<u>\$ 41,935,000</u>	<u>32,224,856</u>	<u>74,159,856</u>

2004 Certificates of Participation Payable (\$13,455,000) - On November 30, 2004, the Authority issued \$13,455,000 of Certificates of Participation (2004 Certificates). Interest on the 2004 Certificates is payable semi-annually on May 1 and November 1 at rates ranging from 2.00% to 4.625% per annum. Principal installments are payable November 1 of each year from 2005 to 2024.

The 2004 Certificates maturing on or after November 1, 2005, are subject to mandatory redemption from the net proceeds of an insurance, title insurance, condemnation or eminent domain award on any date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of lease payments. The 2004 Certificates maturing on or after November 1, 2015, may be redeemed on or after November 1, 2014, from proceeds of optional lease prepayments made by the City, at decreasing premiums of 2% in 2015 to 1% in 2016 and at par thereafter.

The proceeds of the 2004 Certificates were used to finance new traffic signal installation projects and finance the rehabilitation or reconstruction of various City arterial and neighborhood streets.

The 2004 Certificates represent direct, undivided fractional interests in a lease of various arterial streets located in the City as discussed above.

The lease agreement requires the City to pay a semi-annual base rental on October 15 and April 15 to the Authority for the use of the facilities through November 2024. The rentals will be used by the Authority to pay principal and interest with respect to the 2004 Certificates as they become due. Title to the land and facilities covered by the lease and the 2004 Certificates is vested in the Authority, for the benefit of the 2004 Certificate holders, during the lease term. Upon completion of the term of the lease and payment in full to the 2004 Certificate holders, title to the property shall vest in the City.

The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 560,000	430,319	990,319
2012	575,000	412,934	987,934
2013	595,000	394,281	989,281
2014	615,000	373,850	988,850
2015	635,000	351,578	986,578
2016-2020	3,565,000	1,362,435	4,927,435
2021-2025	<u>4,375,000</u>	<u>516,300</u>	<u>4,891,300</u>
Totals	<u>\$ 10,920,000</u>	<u>3,841,697</u>	<u>14,761,697</u>

2007 Certificates of Participation Payable (\$19,960,000) - On April 12, 2007, the Authority issued \$19,960,000 of Certificates of Participation (2007 Certificates). Interest on the 2007 Certificates is payable semi-annually on April 1 and October 1 at rates ranging from 5.705% to 6.311% per annum. Principal installments are payable April 1 of each year from 2008 to 2037. The 2007 Certificates maturing on April 1, 2017 and April 1, 2037, are subject to mandatory sinking fund redemption beginning on April 1 in each year on and after April 1, 2008 and April 1, 2018, respectively, in the amount of the principal component of scheduled lease payments required to be made by the City together with interest accrued thereon, without premium. The 2007 Certificates maturing on or after April 1, 2008, are subject to mandatory redemption from the net proceeds of an insurance, title insurance, condemnation or eminent domain award on any date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the redemption of lease payments. The 2007 Certificates maturing on or after April 1, 2018, may be redeemed on or after April 1, 2017, from proceeds of optional lease prepayments made by the City, without premium.

The 2007 Certificates are subject to extraordinary redemption, in whole, on any date upon the election of the City to do so prior to (a) the commencement of construction of a power generating plant on the property, or (b) the closing of a construction loan to finance a power generating plant on the property, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of lease payments, without premium. The 2007 Certificates are subject to extraordinary redemption, in whole or in part, on any date on or after April 1, 2010, from the proceeds derived by the City of the sale of all or a portion of the property to the extent that the City credits these proceeds towards the prepayment of lease payments, without premium.

The proceeds of the 2007 Certificates were used to finance the acquisition of certain real property for future use as the site of a power generating plant and for other City uses.

The 2007 Certificates represent direct, undivided fractional interests in a lease of the certain property to be the location of a power generating plant as discussed above.

The lease agreement requires the City to pay a semi-annual base rental on September 15 and March 15 to the Authority for the use and occupancy of the property through April 2037. The rentals will be used by the Authority to pay principal and interest with respect to the 2007 Certificates as they become due. Title to the property covered by the lease and the 2007 Certificates is vested in the Authority, for the benefit of the 2007 Certificate holders, during the lease term.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

Upon completion of the term of the lease and payment in full to the 2007 Certificate holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 300,000	1,194,790	1,494,790
2012	315,000	1,177,675	1,492,675
2013	335,000	1,159,704	1,494,704
2014	350,000	1,140,592	1,490,592
2015	370,000	1,120,625	1,490,625
2016-2020	2,210,000	5,251,533	7,461,533
2021-2025	2,990,000	4,471,028	7,461,028
2026-2030	4,060,000	3,400,367	7,460,367
2031-2035	5,515,000	1,946,628	7,461,628
2036-2037	<u>2,725,000</u>	<u>260,644</u>	<u>2,985,644</u>
Totals	<u>\$ 19,170,000</u>	<u>21,123,586</u>	<u>40,293,586</u>

F. Prior Year Defeasance of Debt

On June 5, 2009, the Palmdale Civic Authority issued \$6,380,000 in Refunding Revenue Bonds to advance refund all (\$6,000,000) of the 2003 Bond Anticipation Notes. The proceeds were deposited in an irrevocable trust with an escrow agent to provide for the redemption of the 2003 Bond Anticipation Notes on July 7, 2009. During Fiscal Year 2009-10, the defeased balance was paid off and at June 30, 2010, the outstanding balance was \$0 for the 2003 Bond Anticipation Notes.

H. Change in Long-Term Liabilities - Activity for the year ended June 30, 2010 was as follows:

	<u>Balance at July 1, 2009 (as restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2010</u>	<u>Due Within One Year</u>
Compensated Absences Payable					
General Fund	\$ 2,765,645	988,405	(1,358,286)	2,395,764	1,409,622
Gas Tax Fund	600,767	394,658	(407,760)	587,665	358,858
Prop A Fund	19,614	616	(11,271)	8,959	11,418
Drainage Funds	28,929	15,209	(16,107)	28,031	16,467
Water Park Fund	54,881	22,546	(18,328)	59,099	24,429
Library Fund	82,737	70,141	(57,671)	95,207	72,178
Landscape Maintenance Fund	141,288	132,267	(139,433)	134,122	115,591
Sewer Maintenance Fund	40,082	118,690	(106,694)	52,078	37,112
CDBG Fund	24,304	-	(24,304)	-	-
Street Lighting Assessment Fund	6,772	-	(6,772)	-	-
Housing Development Fund	284,035	620	(76,641)	208,014	82,051
CRA Redevelopment Fund	120,965	153,494	(123,148)	151,311	82,121
Total Compensated Absences	<u>\$ 4,170,019</u>	<u>1,896,646</u>	<u>(2,346,415)</u>	<u>3,720,250</u>	<u>2,209,847</u>
Liability Claims (General Fund)	<u>\$ 1,742,335</u>	<u>667,867</u>	<u>(592,745)</u>	<u>1,817,457</u>	<u>470,042</u>

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

	Balance at July 1, 2009 (as restated)	Additions	Retirements	Balance at June 30, 2010	Due Within One Year
Leases Payable					
Xerox Doc Center Amend 13 Lease	3,317	-	(2,043)	1,274	1,274
Xerox Doc Center Amend 14 Lease	40,880	-	(20,500)	20,380	20,380
Xerox Doc Center Amend 17 Lease	11,663	-	(4,815)	6,848	5,399
Munis Lease	416,120	-	(293,434)	122,686	122,686
Equipment & Vehicle Lease	1,859,671	-	(599,100)	1,260,571	635,064
Total Leases Payable	<u>\$ 2,331,651</u>	<u>-</u>	<u>(919,892)</u>	<u>1,411,759</u>	<u>784,803</u>
Notes Payable					
Palmdale Plaza	\$ 250,000	-	(100,000)	150,000	100,000
Fairway Business Park	28,839,733	-	(873,125)	27,966,608	939,837
Dillard's Infrastructure	896,272	-	(105,050)	791,222	-
Wal-Mart Infrastructure	44,739	-	(44,739)	-	-
Sam's Club Infrastructure	201,680	-	(201,680)	-	-
City Amargosa Infrastructure	52,893	-	(52,893)	-	-
Hoprock Infrastructure	0	2,200,000	(315,105)	1,884,895	-
Section 108 HUD Loan	4,780,000	-	(198,000)	4,582,000	199,000
HOME Loan	2,850,000	-	-	2,850,000	-
Total Notes Payable	<u>\$ 37,915,317</u>	<u>2,200,000</u>	<u>(1,890,592)</u>	<u>38,224,725</u>	<u>1,238,837</u>
Bonds Payable					
1998 Tax Allocation Bonds	\$ 28,380,000	-	(555,000)	27,825,000	585,000
1999 Tax Allocation Bonds	3,165,000	-	(85,000)	3,080,000	90,000
2002 Tax Allocation Bonds	7,665,186	417,078	-	8,082,264	-
2003 Tax Allocation Bonds	5,140,000	-	(165,000)	4,975,000	170,000
2003 Tax Allocation Bonds	7,140,000	-	(25,000)	7,115,000	25,000
2004 Tax Allocation Bonds	18,270,000	-	-	18,270,000	75,000
2004 Tax Allocation Bonds	6,090,000	-	-	6,090,000	-
2005 Tax Allocation Bonds	12,915,000	-	(445,000)	12,470,000	455,000
2005 Tax Allocation Bonds	2,725,000	-	(25,000)	2,700,000	35,000
1993 Revenue Bonds	1,283,621	36,379	(660,000)	660,000	660,000
1994 Revenue Bonds	1,130,331	62,378	(180,000)	1,012,709	183,191
1997 Revenue Bonds	5,400,000	-	(655,000)	4,745,000	690,000
2003 Revenue Bonds	16,305,000	-	(115,000)	16,190,000	115,000
2009 Revenue Bonds	6,380,000	-	-	6,380,000	90,000
1999 Certificates of Participation	10,320,000	-	(300,000)	10,020,000	315,000
2002 Certificates of Participation	42,290,000	-	(355,000)	41,935,000	420,000
2004 Certificates of Participation	11,465,000	-	(545,000)	10,920,000	560,000
2007 Certificates of Participation	19,450,000	-	(280,000)	19,170,000	300,000
Less Deferred Loss on Refinancing	(3,075,812)	-	168,084	(2,907,728)	(168,084)
Plus Deferred Issuance Premiums	731,291	-	(91,243)	640,048	89,489
Total Bonds Payable	<u>\$ 203,169,617</u>	<u>515,835</u>	<u>(4,313,159)</u>	<u>199,372,293</u>	<u>4,689,596</u>
Total	<u>\$ 249,328,939</u>	<u>5,280,348</u>	<u>(10,062,803)</u>	<u>244,546,484</u>	<u>9,393,125</u>

(12) Special Assessment District and Community Facilities District Bonds

None of the Bonds described below constitute indebtedness of the City payable from its general funds, and the City is in no way obligated for their repayment except to the extent of any assessments or special taxes collected and pledged for their repayment. The City is only acting on behalf of the Bondholders in collecting the assessments and special taxes levied to repay the Bonds, forwarding the collections to the Bondholders and initiating foreclosure proceedings, if necessary. Accordingly, these special assessment and special tax Bonds payable are not recorded 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.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

A. Bonds Outstanding

Assessment District No. 88-1 (10th Street West) Limited Obligation Improvement Bonds - In July 1989, the City issued \$34,834,852 of special assessment Bonds for the construction and acquisition of the infrastructure improvements relating to the Regional Shopping Center and the Auto Center. On August 2, 2005, the City of Palmdale issued \$8,675,000 of Series A and \$3,436,684 of Subordinate Series B 10th Street West Assessment District No. 88-1 (Reassessment and Refunding of 2005) Limited Obligation Refunding Bonds to refund a portion of the City's outstanding 10th Street West Assessment District No. 88-1 Series 1989-A Limited Obligation Improvement Bonds. As of June 30, 2010, a total of \$5,230,000 in Series 2005-A Bonds and \$3,436,684 in Subordinate Series 2005-B Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special assessments on the property in the 10th Street West Assessment District No. 88-1.

Assessment District No. 90-2 (7th Street West) Limited Obligation Improvement Bonds - In September 1990, the City issued \$29,093,269 of special assessment Bonds for the construction and acquisition of infrastructure improvements relating to the Regional Shopping Center and the Auto Center. On August 23, 2007, the City of Palmdale issued \$2,135,000 of Series A, \$8,250,000 of Series B, and \$3,205,000 of Series C 7th Street West Assessment District No. 90-2 (Reassessment and Refunding of 2007) Limited Obligation Refunding Bonds to refund a portion of the City's outstanding 7th Street West Assessment District No. 90-2 Series 1990-A Limited Obligation Improvement Bonds. As of June 30, 2010, a total of \$1,740,000 in Series 2007-A Bonds and \$6,810,000 in Series 2007-B Bonds was outstanding. The \$3,205,000 in Series 2007-C Bonds was prepaid in full during the 2007-08 Fiscal Year. The principal and interest on the Bonds are to be paid from the collection of special assessments on the property in the 7th Street West Assessment District No. 90-2.

Community Facilities District No. 91-1 (Sierra Gateway) Special Tax Bonds - In December 1991, the City issued \$7,970,000 of special tax Bonds. Proceeds were used for the development of public improvements for the Sierra Gateway Center, a master-planned, mixed-use business park which is proposed to ultimately include 2.5 million square feet of industrial, office, and retail buildings. The Bond issue provided for the acquisition of land, acquisition and construction of storm drainage retention facilities, landscaping, and street, water, and utility improvements. As of June 30, 2010, a total of \$7,425,000 in Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Sierra Gateway Community Facilities District No. 91-1.

Assessment District No. 91-2 (52nd Street East) Limited Obligation Improvement Bonds - In October 1992, the City issued \$1,260,727 of special assessment Bonds for the construction of street improvements, sewers, fire hydrants, and street lighting. As of June 30, 2010, a total of \$340,000 in Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special assessments on the property in the 52nd Street East Assessment District No. 91-2.

Community Facilities District No. 93-1 (Ritter Ranch) Special Tax Bonds - In April 1995, the City issued \$50,000,000 of special tax Bonds for the design, acquisition and construction of public improvements for a master-planned community known as Ritter Ranch consisting of approximately 10,444 acres. The mixed-use project incorporates residential, open space, public facility, recreational, school and commercial uses. As of June 30, 2010, a total of \$33,500,000 in Bonds was outstanding for Ritter Ranch Community Facilities District No. 93-1.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The principal and interest on the Bonds are to be paid from the collection of special taxes levied on the property in the Ritter Ranch Community Facilities District No. 93-1.

Community Facilities District No. 2003-1 (Anaverde Improvement Area A) Special Tax Bonds - On February 23, 2005, the City issued \$28,500,000 of Special Tax Bonds, Series 2005-A and \$1,500,000 of Special Tax Bonds, Subordinate Series 2005-B for the acquisition and construction of certain public capital improvements necessary for the development of a 5,200-unit master-planned community known as Anaverde. As of June 30, 2010, a total of \$26,530,000 in Series 2005-A Bonds and \$1,415,000 in Subordinate Series 2005-B Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Anaverde Community Facilities District No. 2003-1.

Community Facilities District No. 05-1 (Trade & Commerce Center) Special Tax Bonds - On August 2, 2005, the City of Palmdale issued \$5,765,000 of Series A and \$1,460,000 of Subordinate Series B Community Facilities District No. 05-1 (Trade and Commerce Center Area) 2005 Special Tax Refunding Bonds to refund a portion of the City's outstanding 10th Street West Assessment District No. 88-1 Series 1989-A Limited Obligation Improvement Bonds and refund certain outstanding CFD 99-1 (Trade and Commerce Center) special tax bonds. As of June 30, 2010, a total of \$5,525,000 Series A Bonds and \$1,405,000 of Series B Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Trade & Commerce Center Community Facilities District No. 05-1.

Community Facilities District No. 05-1 (Trade & Commerce Center Area) 2007 Special Tax Refunding Bonds, Series A - On August 23, 2007, the City of Palmdale issued \$6,460,000 of Series A Community Facilities District No. 05-1 (Trade and Commerce Center Area) 2007 Special Tax Refunding Bonds to refund a portion of the City's outstanding 7th Street West Assessment District No. 90-2 Series 1990-A Limited Obligation Improvement Bonds. As of June 30, 2010, a total of \$6,460,000 Series A 2007 Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Trade & Commerce Center Community Facilities District No. 05-1.

Assessment District No. 2006-1 (Godde Hills Estates Sewer Improvements) Limited Obligation Improvement Bonds - In November 2006, the City issued \$2,220,000 of special assessment Bonds for the construction of sewer improvements in the community known as Godde Hills Estates. As of June 30, 2010, a total of \$1,625,000 in Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special assessments on the property in the Godde Hills Estates Sewer Improvements Assessment District No. 2006-1.

B. Defaults in Payment of Debt Service on Bonds Outstanding

Community Facilities District No. 91-1 (Sierra Gateway) Special Tax Bonds - On December 1, 1997, there were insufficient funds on hand to make the full payment of the scheduled principal and interest on the Community Facilities District No. 91-1 Bonds due to delinquencies within the District. In accordance with procedures for Community Facilities Districts (which are different from those for Assessment Districts), a payment of interest only in the amount of \$115,220 was made proportionally to the Bondholders on December 8, 1997. Additional proportionate payments of interest only were made of \$126,661 on June 15, 1998, \$36,657 on December 2, 1998, \$111,817 on June 1, 1999, \$64,649 on December 23, 1999, \$83,634 on June 1, 2000, \$59,562 on December 15, 2000, \$64,131 on June 1, 2001, \$60,634 on December 12, 2001, \$80,742 on June 1, 2002, \$49,080 on December 3, 2002, and \$81,623 on

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

June 2, 2003, \$47,251 on January 2, 2004, \$82,203 on June 2, 2004, \$41,625 on December 1, 2004, \$85,087 on June 1, 2005, \$51,610 on January 1, 2006, \$88,794 on June 1, 2006, \$52,506 on May 1, 2007, \$91,912 on June 5, 2007, \$46,773 on December 24, 2007, \$96,014 on June 2, 2008, \$51,282.43 on January 12, 2009, \$89,897.48 on June 2, 2009, \$55,473.96 on January 15, 2010, and \$91,657.31 on June 1, 2010. Interest only proportionate payments will continue to occur on or about the regularly scheduled debt service payment dates with available funds on hand.

For further information, refer to the Districts' June 30, 2010 individual financial reports.

(13) Residential Mortgage Revenue Bond Programs

The City and Agency have sponsored several revenue bond programs during the twenty-five years ended June 30, 2010. The Multifamily Mortgage Program is designed to provide funds for the construction and permanent financing of apartment complexes. Bonds are paid from monthly rental payments generated by the development and from remaining bond proceeds held by the trustees, U.S. Bank Corporate Trust Services, Chase, and Wells Fargo. As of June 30, 2010, there were \$8,397,712 Multifamily Mortgage Revenue Bonds outstanding.

The bonds described above do not constitute indebtedness of the Agency or the City, and there exists no legal or moral obligation on the part of the Agency or the City to make payments on such bonds from any source other than the revenue and assets pledged thereto. The program is completely administered by the trustees. Accordingly, these programs and the mortgage revenue bonds issued there under have been excluded from the accompanying financial statements.

(14) Restatement of Beginning Net Assets

During the current fiscal year the City restated the beginning Net Assets as a result of adding of the HOME loan note payable and accrued interest in the prior fiscal year that is to be paid down over the life of the note. The amount of the restatement includes \$2,850,000 in principal due on the note and \$226,438 in accrued interest. Further explanation of this liability can be found in Note 11 to these financial statements.

Additionally, the City restated beginning fund balances of the CRA Capital Project Area 2A as a result of reclassifying the costs associated with the power plant project from Construction in Progress on the Government wide Statements to a permit held for resale account included in the fund.

Detail of the restatement is as follows:

	<u>As Previously Stated</u>	<u>Note Payable Adjustment</u>	<u>Fixed Asset Adjustment</u>	<u>As Restated</u>
Net Assets	\$735,991,282	(3,076,438)		732,914,844
CRA Cap Proj Area 2A Fund Balance	7,633,185		3,271,701	10,904,886

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

(15) Retirement Plans

A. Public Employees' Retirement System

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

Funding Policy - Active plan members in the Miscellaneous Plan are required to contribute 8.00% of their annual covered salary. However, this contribution is paid by the City on behalf of the employees as an additional benefit. The City of Palmdale is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-10 was 16.988% for miscellaneous employees. Palmdale has only miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. Also, the City of Palmdale's Council has the authority for establishing or amending the plan's provision or contribution rate.

Annual Pension Cost - For fiscal year 2009-10, the City of Palmdale's annual pension cost was \$4,870,747 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2009-10 was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% long-term investment rate of return (net of administrative expenses); (b) a projected salary increase of 3.25% annually for miscellaneous members; and (c) 3.0% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00%. The actuarial value of Miscellaneous Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Miscellaneous Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 was 20 years.

Three years of trend information regarding annual pension costs including costs paid on behalf of the employees is summarized as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2008	\$ 6,691,608	100%	-
06/30/2009	5,111,493	100%	-
06/30/2010	4,870,747	100%	-

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

Funded Status and Funding Progress – As of June 30, 2009, the most recent actuarial valuation date, the plan was 80.2 percent funded. The actuarial accrued liability for benefits was \$101,419,219, and the actuarial value of assets was \$81,291,604, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,127,615. The covered payroll (annual payroll of active employees covered by the plan) was \$19,730,068, and the ratio of the UAAL to the covered payroll was 58.1 percent.

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

B. Public Agency Retirement Systems

Plan Description - The City provides pension benefits for all of its part-time employees not covered by PERS through the Public Agency Retirement Systems (PARS) pursuant to the requirements of 3121(b)(7)(F) of the Internal Revenue Code. This is a defined contribution plan created in accordance with Internal Revenue Code Sections 401(a) and 501 and administered by Phase II Systems. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment.

Funding Requirements - The Plan agreement requires that both the employee and the City contribute an amount equal to 3.75% of the employee's earnings. The City's contributions for each employee are fully vested. The City's payroll salaries for employees covered by the Plan for the year ended June 30, 2010, were \$3,138,640 and the City's total payroll salaries for the year were \$22,023,820. Both the City and the covered employees made the required 3.75% contributions amounting to \$117,699 from each source, or \$235,398 in total. The City of Palmdale's Council has the authority for establishing or amending the plan's provision or contribution requirements.

(16) Other Post-Employment Benefits

Plan Description:

On January 1, 2009, the City of Palmdale adopted a single employer defined benefit, as well as a single employer defined contribution Other Postemployment Benefit (OPEB) healthcare plan. The Plans are administered by Sheffield, Olson & McQueen, Inc. of St. Paul, MN. To receive a post-employment health care benefit, an eligible or vested employee must retire from the City on or after attaining age 50 with at least five years of service and elect retiree health benefits within 120 days of separation. Retirees who opt out of the health plan may re-enroll under eligible qualifying events.

Beginning January 1, 2009, the City through local resolution amended the post-employment health care benefits and offered two benefit options to current retirees and to full time employees employed at December 31, 2008. The options included a defined contribution option and defined benefit option. All full-time employees hired after December 31, 2008 will not have any post-employment benefits. The City of Palmdale retains the authority and may elect at any time to amend post employment health care benefits through local ordinance or resolution. Contributions are not currently required to be made by employees for either of the plans.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

Funding Policies:

Defined Benefit Plan: Current retirees receive a max of \$250 per month beginning January 1, 2009. As of June 30, 2010, there were 60 retirees who met those eligibility requirements and were active participating members in the plan. There are 35 retirees and beneficiaries currently receiving benefits. Employees age 45 and greater on December 31, 2008 and choose a defined benefit plan of \$250 per month at retirement, will receive either a maximum contribution of \$250 per month or a pro-rated contribution for less than 10 years of service. Currently, 25 employees participate in this option.

Defined Contribution: Full time employees under age 45 on December 31, 2008 and employees age 45 and greater who choose a defined contribution option will receive a defined contribution account, starting with a benefit value of a \$250 monthly payment and growing with investment earnings and annual City contributions. Beginning account balances were determined based on years of service, annual benefit times the life annuity factory at expected retirement age. Currently, 158 employees participate in this option. Annual contributions for the beginning account balances and the annual contribution is made when the employee is fully vested as described above. The City made a total contribution of \$200,449 in FY 2009-2010 for vested employees participating in the Defined Contribution option, which is equal to the required contributions. Currently, plan members and beneficiaries are not required to contribute to the plan.

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

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
June 30, 2010	\$2,279,119	\$4,511,210	2,531,693	43.88%	12,687,328	19.95%

Actuarial Methods and Assumptions:

Annual OPEB cost and Net OPEB Obligation: The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), determined as part of the June 30, 2010 actuarial valuation. The actuarial valuation was prepared in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other Than Pensions*. The actuarial assumptions included (a) 6% discount rate; (b) average age-based monthly retiree medical costs of; (c) health trend rates of 10% per year decreasing by .5% per year through 2020 and 5% thereafter; (d) 70% active HPS participant rate and 50% active HRA participant rate; (e) average retirement age of latest of age 59.97, plan eligibility or current age; (f) 2010 CalPERS Retirement Plan mortality tables; (g) 30 year level dollar amortization of UAAL on an open basis; (h) Projected Unit Credit actuarial method with a 30-year amortization of the unfunded liability; and (i) Blended invested return rate of 6%. The discount rate used was based on investment rate of return on underlying assets to be held in an irrevocable trust. 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 over a period not to exceed thirty years.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to plan.

Annual required contribution	\$ 344,466
Interest on net OPEB obligation	1,859
Adjustment to annual required contribution	<u>(2,251)</u>
Annual OPEB cost (expense)	344,074
Contributions made	<u>(1,324,107)</u>
Net OPEB obligation (asset)	(980,033)
Net OPEB obligation, beginning of the year	<u>30,985</u>
Net OPEB obligation (asset), end of the year	<u>\$ (949,048)</u>

The contributions made to the OPEB trust include an implicit subsidy of \$137,480.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 1,155,642	97.32%	\$ 30,985
June 30, 2010	\$ 344,074	125.99%	(\$949,048)

As required by GASB Statement No. 45, the City will report three years of data in the above table, as the information becomes available in subsequent years.

The above noted actuarial accrued liability was based on the June 30, 2010 actuarial valuation. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial valuations contained in the Report involve estimates of the values of reported amounts and assumptions about the probability of events far into the future and will be subject to continual revision as they reflect a long-term perspective. Assumptions used in the Report also include techniques designed to reduce short-term volatility in AAL and the actuarial value of assets. Current estimates of the funded status and trend information about the funding progress and the employer contributions are presented in the Required Supplemental Information following the notes to the basic financial statements.

Condensed Financial Statements:

Separate GAAP-basis reports are not currently available for the defined benefit and contribution plans. In lieu of separately issued financial statements for the City administered post-employment health care benefit trust funds, condensed financial statements are presented below for the year ended June 30, 2010:

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

Statement of Net Assets
June 30, 2010

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
<u>Assets:</u>			
Cash and cash equivalents	\$ 17,402	1,204,074	\$ 1,221,476
<u>Investments:</u>			
Mutual Funds	2,261,717	1,161,948	3,423,665
Total Assets	<u>2,279,119</u>	<u>2,366,022</u>	<u>4,645,141</u>
<u>Net Assets:</u>			
Held in trust for OPEB benefits	2,279,119	2,366,022	4,645,141
Total Net Assets	<u>\$ 2,279,119</u>	<u>2,366,022</u>	<u>\$ 4,645,141</u>

Statement of Changes in Net Assets
For the Year Ended June 30, 2010

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
<u>Additions:</u>			
Contributions to Retiree Medical Trust	\$ 1,186,627	200,449	\$ 1,387,076
Investment and interest income	39,915	41,971	81,886
Net Realized and Unrealized Gains (Losses)	<u>(73,138)</u>	<u>76,949</u>	<u>3,811</u>
Total Additions	1,153,404	319,369	1,472,773
<u>Deductions:</u>			
Benefits paid to participants	-	<u>51,640</u>	<u>51,640</u>
Total Deductions	-	51,640	51,640
Change in Net Assets held in Trust	1,153,404	267,729	1,421,133
Net Assets Held in Trust at July 1, 2009	<u>1,125,715</u>	<u>2,098,293</u>	<u>3,224,008</u>
Net Assets Held in Trust at June 30, 2010	<u>\$ 2,279,119</u>	<u>2,366,022</u>	<u>\$4,645,141</u>

(17) Permit Held for Resale

In FY 2006-07 the City began a process to obtain a permit for the construction of an electrical power plant within the City's boundaries. The City Council has approved spending up to \$9,536,004 to obtain this permit through the California Energy commission. As of June 30, 2010

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

the permit process is approximately 87% complete and has spent a total of \$8,277,344 on the permit process. It is anticipated to cost an additional \$1,258,660 to complete the process and will be funded through the City's Community Redevelopment Agency. It is currently the City's intention to sell this permit upon completion of the permitting process.

(18) Commitments and Contingencies

A. Contracts and Purchase Orders

The City has contracted with the County of Los Angeles for various services, principally law enforcement until June 30, 2014. These contracts are cancelable at anytime, with or without cause, upon 180-days written notice by the City or as of the first day of July of any year upon notice in writing not less than 60-days prior. The following is the contract cost by year:

FY2010-11	21,425,599
FY2011-12	22,610,566
FY2012-13	23,779,863
FY2013-14	<u>25,064,385</u>
Total	<u>\$ 92,880,413</u>

The City also has other various outstanding contracts and purchase orders for services, supplies, materials, and capital projects that have not been completed at year-end. These commitments total approximately \$3,076,264 at June 30, 2010.

B. Grants

The City has received State and Federal funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any disallowed amounts will not be material.

C. Claims and Judgments

There are certain legal actions pending against the City that have arisen in the normal course of operations. These actions include filed lawsuits and asserted claims for personal injury, property damage and wrongful death - auto accident. In the opinion of management, after consultation with counsel, the ultimate resolution of such actions may result in claims of less than \$1,000,000.

D. Supplemental Educational Revenue Augmentation (SERAF)

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 Funds" (SERAF) to be distributed to meet the State's Proposition 98 obligation 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 \$11,605,102 during fiscal year 2009-2010. The Agency's share of this revenue shift is approximately \$2,389,286 in fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year.

City of Palmdale
Notes to the Financial Statements
For the Year Ended June 30, 2010

E. Land Held for Resale

The City has land held for development in the amount of \$14,537,616, which was acquired and recorded at acquisition cost. Due to the downturn of the economic condition of the State and potential sale of the land in the future, the City may record a potential loss due to the fair market of the asset at the time of the sale.

(19) Subsequent Events

On November 18, 2010 the City entered into a settlement agreement regarding a reimbursement agreement with two developers. The settlement amount was for \$1,400,000 and was paid from the Anaverde Drainage Fund.

On September 1, 2010, the Community Redevelopment Agency of the City of Palmdale issued \$11,001,339 of 2010 Series A Tax Allocation Refunding Revenue Notes (2010 Series A Notes) and \$16,504,000 of 2010 Series B Tax Allocation Refunding Revenue Notes (2010 Series B Notes). The net proceeds of the 2010 Series A & B Tax Allocation Refunding Revenue Notes will be used to refinance the Agency's outstanding Fairway Business Park note payable. The principal and interest on the Notes are payable from pledged tax increment from Redevelopment Project Area No. 1.

(20) New Accounting Pronouncements

GASB Statement 54 – In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement is intended to improve the usefulness of information provided to financial report users about fund balance classifications, and by clarifying the definitions of existing governmental fund types. 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 is not effective until June 2011. The City has not determined its effect on the financial statements.

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REQUIRED
SUPPLEMENTARY INFORMATION



CITY OF PALMDALE, CALIFORNIA

Year Ended June 30, 2010

Required Supplementary Information

**Required Supplementary Information
Schedule of Funding Progress**

Public Employees Retirement System (PERS)

The following schedule summarizes the City of Palmdale's funding progress for the PERS plan:

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
June 30, 2007	79,537,353	64,572,936	14,964,417	81.2%	23,654,754	63.3%
June 30, 2008	90,422,881	74,236,906	16,185,975	82.1%	22,761,067	71.1%
June 30, 2009	101,419,219	81,291,604	20,127,615	80.2%	19,730,068	58.1%

Other Post Employment Defined Benefit Plan (OPEB)

The following schedule summarizes the City of Palmdale's funding progress for OPEB:

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
January 1, 2009	\$1,151,671	\$9,220,328	\$8,068,657	.13%	\$19,403,377	41.6%
June 30, 2010	2,279,119	4,511,210	2,531,693	43.88%	12,687,328	19.95%

Combining Statements - Non-Major Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose. The following special revenue funds have been classified as non-major funds:

Air Quality Improvement Fund

The revenue and related expenditures in this fund are for the City's equipment and capital projects which improve air quality

Community Development Block Grant (CDBG) Fund

This fund accounts for Federal entitlements under the Housing and Community Development Act of 1974, as amended.

Drainage Funds

This fund accounts for revenues under the City's Drainage Fee, which are used for the development of drainage improvements.

Drainage Benefit Assessment Dist.

This fund accounts for revenues collected under the City's Drainage Fee, which are used for the development of drainage improvements.

Federal Funds

This fund accounts for revenues and expenditures received from Federal sources.

Federal Home Program

This fund accounts for all federal funds received under the Home Investment Partnership Act.

Federal Jobs Program Fund

This fund accounts for revenues and expenditures associated with the Job Training Partnership Act and Welfare to Work Programs.

Fire Facilities Impact Fund

This fund accounts for revenues collected under the City's Fire Facilities Impact Fee, which are used for constructing and outfitting facilities needed to serve future development.

Gas Tax Fund

This fund accounts for state gasoline allocations provided to the City for street-related purposes.

Housing Authority (HA) Mobile Home Parks

This fund is used to account for revenues and expenditures related to the operation of three mobile home parks.

Housing Authority Fund

This fund accounts for compliance monitoring expenditures and Bond Issuer's Fees collected for the Housing Authority.

Landscape Maintenance Fund

This fund is used to account for revenues and expenditures attributable to Landscape Maintenance District 97-1.

Library Fund

This fund is used to account for the operation of the City owned libraries under the direction of the Library Board.

Local Transportation Article 3 Fund

This fund is used to account for State funds provided to the City for construction of local bikeways and bikeway related projects.

Local Transportation Article 8 Fund

This fund accounts for State funds provided to the City for street-related purposes only.

Measure R Fund

This fund accounts for State Funds provided to the City for Street related purposes only.

Miscellaneous Grants/Developer Contributions

This fund accounts for revenues and expenditures received from Developers and Local Agencies for improvements.

Parks Assessments Fund

This fund accounts for revenues collected under the City-wide Park Assessment District, which are used for the acquisition, improvement, expansion and maintenance of public parks.

Park Development Fund

This fund accounts for revenues collected under the City's Unit Dwelling Fee, which are used for the acquisition, improvement and expansion of public parks, playgrounds & recreational facilities.

Proposition A Fund

This fund accounts for special sales tax revenues, which are used for local transit.

Proposition C Fund

This fund accounts for special sales tax revenues and expenditures related to street and road improvements and transit.

Public Facilities Fund

This fund is used to account for revenues received from developer fees. These funds can only be used to assist with the development and rehabilitation of City buildings.

Public Safety Fund

This fund is used to account for the revenues received as a result of vehicle code violations and drug forfeiture operations. These funds can only be used for law enforcement expenditures.

S.A.V.E.S. Fund (South Antelope Valley Emergency Services)

This fund is used to account for revenues and expenditures related to providing food and shelter for qualified recipients.

Sewer Maintenance Assessment District

This fund is used to account for revenues and expenditures associated with the City sewer assessment district serving the City and its sewer system.

Sewer Upgrade Fund

This fund accounts for revenues collected under the City's Sewer Upgrade Fee, which are used for sewer improvements.

State Grants Fund

This fund accounts for revenues and expenditures received from State sources.

Street Lighting Assessment District Fund

This fund is used to account for revenues and expenditures associated with residential street lighting services.

Traffic Impact Fund

This fund accounts for revenues collected under the City's Traffic Impact Fee, which are used for traffic related projects, such as traffic signals and street improvements.

Water Park

This fund accounts for the operation of the City owned Dry Town Water Park.

Capital Projects Funds are used to account for financial resources used for the acquisition and construction of major capital facilities. The following capital projects funds have been classified as non-major funds:

Community Facilities District (CFD) and Assessment District Fund

This fund accounts for the revenues and expenditures of community facilities districts and assessment districts, which are funded entirely from district bond proceeds.

Community Redevelopment Agency (CRA) Redevelopment Fund

This fund is the CRA's primary operating fund and is used to account for revenues and expenditures related to the sale of land and the operation of the Economic Development Department.

CRA Housing Fund

Accounts for low/moderate income housing set-aside capital projects.

City of Palmdale
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

Assets	Special Revenue Funds							
	Air Quality Improvement	Community Development Block Grant	Drainage Funds	Drainage Benefit Assmnt Dist	Federal Funds	Federal Home Program	Federal Jobs Programs	Fire Facilities Impact
Assets:								
Cash	\$ -	200	-	-	-	-	-	-
Investments	9,999	119,389	8,437,664	320,056	-	-	-	2,741,527
Receivables:								
Accounts and Interest Receivable	24	835,600	20,503	777	3,211,036	443,444	624,976	6,659
Property Taxes Receivable	-	-	-	2,867	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Advances Due from Fiduciary Funds	-	-	-	-	-	-	-	-
Notes and Liens	-	6,119	-	-	-	4,575,000	-	-
Deposits and Prepays	-	130,033	-	-	1,750	-	-	-
Restricted Assets:								
Investments	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Land Held for Resale	-	5,000	-	-	-	-	-	-
Total Assets	<u>10,023</u>	<u>1,096,341</u>	<u>8,458,167</u>	<u>323,700</u>	<u>3,212,786</u>	<u>5,018,444</u>	<u>624,976</u>	<u>2,748,186</u>
Liabilities and Fund Balances								
Liabilities								
Accounts Payable	-	333,700	3,983	232	620,763	31,523	72,224	-
Due To Bank Overnight Sweep	279	3,339	235,951	8,950	-	-	-	76,664
Due To Other Funds	-	629,193	33,939	-	2,436,505	1,734	552,752	-
Accrued Compensated Absences	-	-	1,883	-	-	-	-	-
Advances Due To Other Funds	-	-	-	-	-	-	-	-
Deposits	-	116,156	11,691	-	155,478	-	-	-
Deferred Revenue	-	183,931	-	-	1,552,766	410,187	-	-
Total Liabilities	<u>279</u>	<u>1,266,319</u>	<u>287,447</u>	<u>9,182</u>	<u>4,765,512</u>	<u>443,444</u>	<u>624,976</u>	<u>76,664</u>
Fund Balances:								
Reserved for Long Term Advances	-	-	-	-	-	-	-	-
Reserved for Notes and Liens	-	6,119	-	-	-	4,575,000	-	-
Reserved for Deposits and Prepays	-	130,033	-	-	1,750	-	-	-
Reserved for Encumbrances	-	-	125,940	10,210	-	-	-	-
Reserved for Land Held for Resale	-	5,000	-	-	-	-	-	-
Unreserved, Reported in:								
Special Revenue Funds	9,744	(311,130)	8,044,780	304,308	(1,554,476)	-	-	2,671,522
Capital Projects Funds	-	-	-	-	-	-	-	-
Total Fund Balances	<u>9,744</u>	<u>(169,978)</u>	<u>8,170,720</u>	<u>314,518</u>	<u>(1,552,726)</u>	<u>4,575,000</u>	<u>-</u>	<u>2,671,522</u>
Total Liabilities and Fund Balances	<u>\$ 10,023</u>	<u>1,096,341</u>	<u>8,458,167</u>	<u>323,700</u>	<u>3,212,786</u>	<u>5,018,444</u>	<u>624,976</u>	<u>2,748,186</u>

Special Revenue Funds (continued)

Gas Tax	HA Mobile Home Park	Housing Authority	Landscape Maintenance	Library	Local Transportation Article 3	Local Transportation Article 8	Measure R	Misc Grants/ Developer Contributions	Parks Assessments	Park Development
-	1,500	-	-	580	-	-	-	-	-	-
3,955,013	234,388	-	5,624,342	11,322	29,339	-	937,699	-	517,554	12,331,409
427,531	1,187,049	-	13,737	23,650	45,711	1,257,040	2,278	158,756	1,540	190,954
-	-	-	613,705	-	-	-	-	-	146,955	-
-	-	220,783	-	129,604	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
4,382,544	1,422,937	220,783	6,251,784	165,156	75,050	1,257,040	939,977	158,756	666,049	12,522,363
24,126	125,019	943	295,343	59,934	-	-	-	37,686	-	35,698
110,599	6,554	-	157,279	-	820	-	26,222	-	14,473	344,836
-	221,355	80,387	-	-	-	1,256,440	-	116,059	-	-
29,105	-	-	12,124	46,906	-	-	-	-	-	-
-	2,633,885	-	-	-	-	-	-	-	-	-
2,367,095	173,795	1,000	102	10,015	-	-	-	5,011	-	-
-	-	-	-	-	-	-	-	158,714	-	214,413
2,530,925	3,160,608	82,330	464,848	116,855	820	1,256,440	26,222	317,470	14,473	594,947
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
18,670	-	-	39,950	-	-	-	-	-	22,330	218,034
-	-	-	-	-	-	-	-	-	-	-
1,832,949	(1,737,671)	138,453	5,746,986	48,301	74,230	600	913,755	(158,714)	629,246	11,709,382
-	-	-	-	-	-	-	-	-	-	-
1,851,619	(1,737,671)	138,453	5,786,936	48,301	74,230	600	913,755	(158,714)	651,576	11,927,416
4,382,544	1,422,937	220,783	6,251,784	165,156	75,050	1,257,040	939,977	158,756	666,049	12,522,363

City of Palmdale
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

Assets	Special Revenue Funds (continued)							
	Proposition A	Proposition C	Public Facilities Fund	Public Safety	SAVES	Sewer Maint Assessment District	Sewer Upgrade	State Grants
Assets:								
Cash	\$ -	-	-	-	-	-	-	-
Investments	1,679,246	1,208,952	-	-	41,575	3,540,603	853,209	230,175
Receivables:								
Accounts and Interest Receivable	4,085	16,991	-	45,910	101	8,627	2,073	138,167
Property Taxes Receivable	-	-	-	84,403	-	261,602	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Advances Due from Fiduciary Funds	-	-	-	-	-	-	-	-
Notes and Liens	-	-	-	-	-	-	-	-
Deposits and Prepays	-	-	-	-	-	-	-	12,011
Restricted Assets:								
Investments	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	1,683,331	1,225,943	-	130,313	41,676	3,810,832	855,282	380,353
Liabilities and Fund Balances								
Liabilities								
Accounts Payable	-	1,551	-	-	18,365	107,290	-	12,580
Due To Bank Overnight Sweep	46,959	33,807	-	-	1,163	99,010	23,859	6,437
Due To Other Funds	-	-	225,878	109,152	-	-	-	-
Accrued Compensated Absences	2,022	-	-	-	-	5,655	-	-
Advances Due To Other Funds	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	21,115	-	-	363,586
Deferred Revenue	-	14,054	-	-	-	-	-	112,018
Total Liabilities	48,981	49,412	225,878	109,152	40,643	211,955	23,859	494,621
Fund Balances:								
Reserved for Long Term Advances	-	-	-	-	-	-	-	-
Reserved for Notes and Liens	-	-	-	-	-	-	-	-
Reserved for Deposits and Prepays	-	-	-	-	-	-	-	12,011
Reserved for Encumbrances	-	-	-	-	-	377,120	-	-
Reserved for Land Held for Resale	-	-	-	-	-	-	-	-
Unreserved, Undesignated, Reported in:								
Special Revenue Funds	1,634,350	1,176,531	(225,878)	21,161	1,033	3,221,757	831,423	(126,279)
Capital Projects Funds	-	-	-	-	-	-	-	-
Total Fund Balances	1,634,350	1,176,531	(225,878)	21,161	1,033	3,598,877	831,423	(114,268)
Total Liabilities and Fund Balances	\$ 1,683,331	1,225,943	-	130,313	41,676	3,810,832	855,282	380,353

Special Revenue Funds (continued)				Capital Projects Funds				Total
Street Lighting	Traffic	Water Park	Total	CFD/	CRA	CRA	Total	Non-Major
Assessment	Impact		Special	Assessment	Redevelopment	Housing	Capital	Governmental
District			Revenue	Districts				Funds
-	-	7,000	9,280	-	-	-	-	9,280
2,043,426	8,939,633	147,060	53,953,580	19,832	-	4,548	24,380	53,977,960
4,964	21,715	6,704	8,700,602	49	42,184	11	42,244	8,742,846
78,996	-	-	1,188,528	-	-	-	-	1,188,528
-	-	-	350,387	-	552,752	-	552,752	903,139
-	-	-	-	583,859	-	-	583,859	583,859
-	-	-	4,581,119	-	-	-	-	4,581,119
-	-	-	143,794	-	395	3,028	3,423	147,217
-	-	-	-	14,933,272	5,688,811	-	20,622,083	20,622,083
-	-	-	-	246	-	-	246	246
-	-	-	5,000	-	-	-	-	5,000
2,127,386	8,961,348	160,764	68,932,290	15,537,258	6,284,142	7,587	21,828,987	90,761,277
23,906	43,293	85,266	1,933,425	20,394	102,960	3,028	126,382	2,059,807
57,142	249,988	4,112	1,508,443	555	154,294	127	154,976	1,663,419
-	-	-	5,663,394	499,986	171,236	-	671,222	6,334,616
-	-	168	97,863	-	9,622	-	9,622	107,485
-	-	-	2,633,885	-	-	-	-	2,633,885
-	-	3	3,225,047	9,240	157,219	-	166,459	3,391,506
-	-	-	2,646,083	-	-	-	-	2,646,083
81,048	293,281	89,549	17,708,140	530,175	595,331	3,155	1,128,661	18,836,801
-	-	-	-	583,859	-	-	583,859	583,859
-	-	-	4,581,119	-	-	-	-	4,581,119
-	-	-	143,794	-	395	3,028	3,423	147,217
29,340	101,190	-	942,784	141,190	88,150	-	229,340	1,172,124
-	-	-	5,000	-	-	-	-	5,000
2,016,998	8,566,877	71,215	45,551,453	-	-	-	-	45,551,453
-	-	-	-	14,282,034	5,600,266	1,404	19,883,704	19,883,704
2,046,338	8,668,067	71,215	51,224,150	15,007,083	5,688,811	4,432	20,700,326	71,924,476
2,127,386	8,961,348	160,764	68,932,290	15,537,258	6,284,142	7,587	21,828,987	90,761,277

City of Palmdale
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2010

Special Revenue Funds

	Air Quality Improvement	Community Development Block Grant	Drainage Funds	Drainage Benefit Assessment Dist.	Federal Funds	Federal Home Program	Federal Jobs Programs	Fire Facilities
Revenues:								
Other Taxes	\$ -	-	-	-	-	-	-	-
Subventions and Grants	108,455	2,048,171	-	-	3,415,216	164,334	951,864	-
Park Development Fees	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	54,475	-	-	-	-
Use of Property	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	-	-	-	-
Sewer Upgrade Fees	-	-	-	-	-	-	-	-
Traffic Impact Fees	-	-	-	-	-	-	-	-
Facilities Impact Fees	-	-	-	-	-	-	-	239,576
Interest	65	4,497	114,960	2,510	-	-	-	3,290
Net Decrease in the Fair Value of Investments:	(33)	-	(32,654)	(1,228)	-	-	-	(10,579)
Developer Contributions	-	-	11,490	-	-	-	-	-
State Contributions	-	-	-	-	-	-	-	-
County Contributions	-	-	-	-	-	-	-	-
Other	-	56,138	-	1,235	-	-	-	-
Total Revenues	108,487	2,108,806	93,796	56,992	3,415,216	164,334	951,864	232,287
Expenditures:								
Current:								
General Government	-	-	-	-	-	-	-	11,979
Public Services	-	-	-	16,981	-	-	-	-
Community Development	-	347,872	-	-	-	148,400	-	-
Cultural and Recreational	-	-	-	-	-	-	-	-
Health and Welfare	-	236,002	-	-	-	-	991,185	-
Capital Outlay	-	1,914,080	548,743	-	3,541,331	-	-	-
Debt Service:								
Principal	-	198,000	-	-	-	-	-	-
Interest	-	221,740	50,707	-	-	-	-	-
Total Expenditures	-	2,917,694	599,450	16,981	3,541,331	148,400	991,185	11,979
Excess (Deficiency) of Revenues Over (Under) Expenditures	108,487	(808,888)	(505,654)	40,011	(126,115)	15,934	(39,321)	220,308
Other Financing Sources(Uses):								
Transfers In	-	-	150,000	-	-	9,066	45,321	-
Transfers Out	(129,705)	-	(405,464)	-	(347,779)	-	-	-
Total Other Financing Sources (Uses)	(129,705)	-	(255,464)	-	(347,779)	9,066	45,321	-
Net Change in Fund Balances	(21,218)	(808,888)	(761,118)	40,011	(473,894)	25,000	6,000	220,308
Fund Balances - Beginning of Year	30,962	638,910	8,931,838	274,507	(1,078,832)	4,550,000	(6,000)	2,451,214
Fund Balances - End of Year	\$ 9,744	(169,978)	8,170,720	314,518	(1,552,726)	4,575,000	-	2,671,522

Special Revenue Funds (continued)

Gas Tax	HA Mobile Home Parks	Housing Authority	Landscape Maintenance	Library	Local Transportation Article 3	Local Transportation Article 8	Measure R	Misc Grants/ Developer Contributions	Parks Assessments	Park Development
2,465,611	-	-	-	-	-	-	-	-	-	\$ -
-	-	-	-	53,649	15,211	3,771,119	939,163	215,000	-	117,405
-	-	-	-	-	-	-	-	-	-	855,392
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	5,884,036	-	-	-	-	-	2,203,423	-
-	4,111,122	-	-	38,308	-	-	-	-	-	-
-	-	36,023	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
11,398	1,395	-	43,685	108	-	-	6,635	-	1,943	99,648
(12,937)	(858)	-	(21,655)	-	(972)	-	(3,258)	-	(2,099)	(48,115)
-	-	-	-	-	-	-	-	125,030	-	-
36,358	-	-	-	-	-	-	-	-	-	-
116,815	-	-	-	-	-	-	-	-	-	-
678	-	-	158,916	24,780	-	-	-	-	37,953	-
<u>2,617,923</u>	<u>4,111,659</u>	<u>36,023</u>	<u>6,064,982</u>	<u>116,845</u>	<u>14,239</u>	<u>3,771,119</u>	<u>942,540</u>	<u>340,030</u>	<u>2,241,220</u>	<u>1,024,330</u>
-	-	-	-	-	-	-	-	-	70,194	-
-	-	-	4,755,166	-	-	-	-	-	-	49,651
-	3,273,208	55,113	-	-	-	-	-	-	-	-
-	-	-	-	1,750,791	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
99,382	-	-	162,456	-	-	-	28,785	498,744	-	501,666
-	-	-	32,398	91,860	-	-	-	-	-	-
-	47,915	-	9,307	13,558	-	-	-	-	-	-
<u>99,382</u>	<u>3,321,123</u>	<u>55,113</u>	<u>4,959,327</u>	<u>1,856,209</u>	<u>-</u>	<u>-</u>	<u>28,785</u>	<u>498,744</u>	<u>70,194</u>	<u>551,317</u>
2,518,541	790,536	(19,090)	1,105,655	(1,739,364)	14,239	3,771,119	913,755	(158,714)	2,171,026	473,013
-	724,408	-	-	1,769,223	-	-	-	-	-	-
(3,070,568)	(1,642,630)	-	(65,220)	-	-	(3,770,519)	-	-	(1,835,701)	(454,906)
<u>(3,070,568)</u>	<u>(918,222)</u>	<u>-</u>	<u>(65,220)</u>	<u>1,769,223</u>	<u>-</u>	<u>(3,770,519)</u>	<u>-</u>	<u>-</u>	<u>(1,835,701)</u>	<u>(454,906)</u>
(552,027)	(127,686)	(19,090)	1,040,435	29,859	14,239	600	913,755	(158,714)	335,325	18,107
2,403,646	(1,609,985)	157,543	4,746,501	18,442	59,991	-	-	-	316,251	11,909,309
<u>1,851,619</u>	<u>(1,737,671)</u>	<u>138,453</u>	<u>5,786,936</u>	<u>48,301</u>	<u>74,230</u>	<u>600</u>	<u>913,755</u>	<u>(158,714)</u>	<u>651,576</u>	<u>\$ 11,927,416</u>

City of Palmdale
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2010

Special Revenue Funds (continued)

	Proposition A	Proposition C	Public Facilities	Public Safety	SAVES	Sewer Maint Assessment District	Sewer Upgrade	State Grants
Revenues:								
Other Taxes	-	-	-	-	-	-	-	-
Subventions and Grants	1,881,649	1,560,909	-	170,883	76,460	-	-	307,423
Park Development Fees	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	17,349	-	-
Fines and Forfeitures	-	-	-	591,922	-	-	-	-
Special Assessments	-	-	-	-	-	4,311,293	-	-
Use of Property	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	-	-	-	-
Sewer Upgrade Fees	-	-	-	-	-	-	3,344	-
Traffic Impact Fees	-	-	-	-	-	-	-	-
Facilities Impact Fees	-	-	128,402	-	-	-	-	-
Interest	15,208	5,292	-	120	212	25,998	6,764	-
Net Decrease in the Fair Value of Investments:	(6,415)	(4,292)	-	(59)	(144)	(12,930)	(3,307)	-
Developer Contributions	-	-	-	-	-	-	-	-
State Contributions	-	-	-	-	-	-	-	-
County Contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	14,280	-	-
Total Revenues	1,890,442	1,561,909	128,402	762,866	76,528	4,355,990	6,801	307,423
Expenditures:								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Services	-	-	-	-	-	1,585,845	-	-
Community Development	-	-	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	76,460	-	-	-
Capital Outlay	145	22,627	114,845	-	-	86,295	-	83,491
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total Expenditures	145	22,627	114,845	-	76,460	1,672,140	-	83,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,890,297	1,539,282	13,557	762,866	68	2,683,850	6,801	223,932
Other Financing Sources(Uses):								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(1,233,238)	(1,455,638)	-	(758,992)	-	(35,000)	-	(123,443)
Total Other Financing Sources (Uses)	(1,233,238)	(1,455,638)	-	(758,992)	-	(35,000)	-	(123,443)
Net Change in Fund Balances	657,059	83,644	13,557	3,874	68	2,648,850	6,801	100,489
Fund Balances - Beginning of Year	977,291	1,092,887	(239,435)	17,287	965	950,027	824,622	(214,757)
Fund Balances - End of Year	1,634,350	1,176,531	(225,878)	21,161	1,033	3,598,877	831,423	(114,268)

Special Revenue Funds (continued)				Capital Projects Funds				Total
Street Lighting	Traffic	Water Park	Total	CFD/	CRA	CRA	Total	Non-Major
Assessment	Impact		Special	Assessment	Redevelopment	Housing	Capital Projects	Governmental
District			Revenue	District				Funds
-	-	-	-	-	-	-	-	-
-	-	-	2,465,611	-	-	-	-	2,465,611
-	-	-	15,796,911	-	-	-	-	15,796,911
-	-	-	855,392	-	-	-	-	855,392
-	-	-	17,349	-	-	-	-	17,349
-	-	-	591,922	-	-	-	-	591,922
922,096	-	-	13,375,323	-	-	-	-	13,375,323
-	-	60,770	4,210,200	-	-	-	-	4,210,200
-	-	697,648	733,671	-	5,244	-	5,244	738,915
-	-	-	3,344	-	-	-	-	3,344
-	476,969	-	476,969	-	-	-	-	476,969
-	-	-	367,978	-	-	-	-	367,978
15,970	69,952	560	430,210	5,481	37,618	36	43,135	473,345
(7,780)	(34,905)	(507)	(204,727)	(77)	(22,572)	(18)	(22,667)	(227,394)
7,000	-	-	143,520	-	-	-	-	143,520
-	-	-	36,358	-	-	-	-	36,358
-	-	-	116,815	-	-	-	-	116,815
16,555	-	37,112	347,647	-	-	-	-	347,647
953,841	512,016	795,583	39,764,493	5,404	20,290	18	25,712	39,790,205
-	-	-	82,173	-	-	-	-	82,173
419,264	-	-	6,826,907	2,419,021	-	-	2,419,021	9,245,928
-	-	-	3,824,593	-	1,256,420	-	1,256,420	5,081,013
-	-	1,195,855	2,946,646	-	-	-	-	2,946,646
-	-	-	1,303,647	-	-	-	-	1,303,647
-	739,760	-	8,342,350	114,519	-	-	114,519	8,456,869
-	-	-	322,258	-	-	-	-	322,258
-	-	-	343,227	-	-	-	-	343,227
419,264	739,760	1,195,855	23,991,801	2,533,540	1,256,420	-	3,789,960	27,781,761
534,577	(227,744)	(400,272)	15,772,692	(2,528,136)	(1,236,130)	18	(3,764,248)	12,008,444
-	-	400,317	3,098,335	-	1,284,940	-	1,284,940	4,383,275
(10,000)	(779,480)	-	(16,118,283)	-	(1,083,600)	-	(1,083,600)	(17,201,883)
(10,000)	(779,480)	400,317	(13,019,948)	-	201,340	-	201,340	(12,818,608)
524,577	(1,007,224)	45	2,752,744	(2,528,136)	(1,034,790)	18	(3,562,908)	(810,164)
1,521,761	9,675,291	71,170	48,471,406	17,535,219	6,723,601	4,414	24,263,234	72,734,640
2,046,338	8,668,067	71,215	51,224,150	15,007,083	5,688,811	4,432	20,700,326	71,924,476

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Budgetary Comparison Schedule

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Air Quality Improvement
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 75,000	63,750	108,455	44,705
Interest	390	350	65	(285)
Net Decrease in the Fair Value of Investments:	-	-	(33)	(33)
Total Revenues	<u>75,390</u>	<u>64,100</u>	<u>108,487</u>	<u>44,387</u>
Expenditures:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>75,390</u>	<u>64,100</u>	<u>108,487</u>	<u>44,387</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(129,705)</u>	<u>(54,705)</u>
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(129,705)</u>	<u>(54,705)</u>
Net Change in Fund Balance	390	(10,900)	(21,218)	(10,318)
Fund Balance - Beginning of Year	<u>30,962</u>	<u>30,962</u>	<u>30,962</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 31,352</u>	<u>20,062</u>	<u>9,744</u>	<u>(10,318)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development Block Grant
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 4,208,720	10,409,290	2,048,171	(8,361,119)
Interest	-	-	4,497	4,497
Other	55,330	88,310	56,138	(32,172)
Total Revenues	4,264,050	10,497,600	2,108,806	(8,388,794)
Expenditures:				
Current:				
Community Development	662,620	857,290	347,872	509,418
Health and Welfare	271,830	294,060	236,002	58,058
Capital Outlay	2,741,860	9,641,750	1,914,080	7,727,670
Debt Service:				
Principal	198,000	198,000	198,000	-
Interest	389,740	221,740	221,740	-
Total Expenditures	4,264,050	11,212,840	2,917,694	8,295,146
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	(715,240)	(808,888)	(93,648)
Other Financing Sources (Uses):				
Operating Transfers In	-	16,170	-	(16,170)
Total Other Financing Sources (Uses)	-	16,170	-	(16,170)
Net Change in Fund Balance	-	(699,070)	(808,888)	(109,818)
Fund Balance - Beginning of Year	638,910	638,910	638,910	-
Fund Balance - End of Year	<u>\$ 638,910</u>	<u>(60,160)</u>	<u>(169,978)</u>	<u>(109,818)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Drainage
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Drainage Fees	\$ 270,000	-	-	-
Interest	509,980	206,790	114,960	(91,830)
Net Decrease in the Fair Value of Investments	-	-	(32,654)	(32,654)
Developer Contributions	-	23,180	11,490	(11,690)
Total Revenues	779,980	229,970	93,796	(136,174)
Expenditures:				
Capital Outlay	1,530,000	702,000	548,743	153,257
Debt Service:				
Interest	298,430	58,400	50,707	7,693
Total Expenditures	1,828,430	760,400	599,450	160,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,048,450)	(530,430)	(505,654)	24,776
Other Financing Sources (Uses):				
Transfers In	150,000	150,000	150,000	-
Transfers Out	(309,450)	(751,120)	(405,464)	345,656
Total Other Financing Sources (Uses)	(159,450)	(601,120)	(255,464)	345,656
Net Change in Fund Balance	(1,207,900)	(1,131,550)	(761,118)	370,432
Fund Balance - Beginning of Year	8,931,838	8,931,838	8,931,838	-
Fund Balance - End of Year	<u>\$ 7,723,938</u>	<u>7,800,288</u>	<u>8,170,720</u>	<u>370,432</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Drainage Benefit Assessment District
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ 38,000	42,800	54,475	11,675
Interest	5,980	4,840	2,510	(2,330)
Net Decrease in the Fair Value of Investments:	-	-	(1,228)	(1,228)
Other	200	1,200	1,235	35
Total Revenues	44,180	48,840	56,992	8,152
Expenditures:				
Current:				
Public Services	42,570	32,890	16,981	15,909
Total Expenditures	42,570	32,890	16,981	15,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,610	15,950	40,011	24,061
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	1,610	15,950	40,011	24,061
Fund Balance - Beginning of Year	274,507	274,507	274,507	-
Fund Balance - End of Year	\$ 276,117	290,457	314,518	24,061

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal Funds
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Subventions and Grants	\$ 11,456,940	5,880,870	3,415,216	(2,465,654)
Total Revenues	<u>11,456,940</u>	<u>5,880,870</u>	<u>3,415,216</u>	<u>(2,465,654)</u>
Expenditures:				
Capital Outlay	11,012,300	5,563,800	3,541,331	2,022,469
Total Expenditures	<u>11,012,300</u>	<u>5,563,800</u>	<u>3,541,331</u>	<u>2,022,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>444,640</u>	<u>317,070</u>	<u>(126,115)</u>	<u>(443,185)</u>
Other Financing Sources (Uses):				
Transfers Out	(444,640)	(317,070)	(347,779)	(30,709)
Total Other Financing Sources (Uses)	<u>(444,640)</u>	<u>(317,070)</u>	<u>(347,779)</u>	<u>(30,709)</u>
Net Change in Fund Balance	-	-	(473,894)	(473,894)
Fund Balance - Beginning of Year	<u>(1,078,832)</u>	<u>(1,078,832)</u>	<u>(1,078,832)</u>	-
Fund Balance - End of Year	<u>\$ (1,078,832)</u>	<u>(1,078,832)</u>	<u>(1,552,726)</u>	<u>(473,894)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal Home Program
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 1,386,980	1,911,220	164,334	(1,746,886)
Interest	137,390	136,500	-	(136,500)
Total Revenues	<u>1,524,370</u>	<u>2,047,720</u>	<u>164,334</u>	<u>(1,883,386)</u>
Expenditures:				
Current:				
Community Development	1,386,980	3,028,810	148,400	2,880,410
Total Expenditures	<u>1,386,980</u>	<u>3,028,810</u>	<u>148,400</u>	<u>2,880,410</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>137,390</u>	<u>(981,090)</u>	<u>15,934</u>	<u>997,024</u>
Other Financing Sources (Uses):				
Transfers In	-	1,117,580	9,066	(1,108,514)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,117,580</u>	<u>9,066</u>	<u>(1,108,514)</u>
Net Change in Fund Balance	137,390	136,490	25,000	(111,490)
Fund Balance - Beginning of Year	<u>4,550,000</u>	<u>4,550,000</u>	<u>4,550,000</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,687,390</u>	<u>4,686,490</u>	<u>4,575,000</u>	<u>(111,490)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal Jobs Program
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Subventions and Grants	\$ 339,080	1,274,340	951,864	(322,476)
Total Revenues	<u>339,080</u>	<u>1,274,340</u>	<u>951,864</u>	<u>(322,476)</u>
Expenditures:				
Current:				
Health and Welfare	476,820	1,288,910	991,185	297,725
Total Expenditures	<u>476,820</u>	<u>1,288,910</u>	<u>991,185</u>	<u>297,725</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(137,740)</u>	<u>(14,570)</u>	<u>(39,321)</u>	<u>(24,751)</u>
Other Financing Sources (Uses):				
Transfers In	109,240	14,570	45,321	30,751
Total Other Financing Sources (Uses)	<u>109,240</u>	<u>14,570</u>	<u>45,321</u>	<u>30,751</u>
Net Change in Fund Balance	(28,500)	-	6,000	6,000
Fund Balance - Beginning of Year	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (34,500)</u>	<u>(6,000)</u>	<u>-</u>	<u>6,000</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fire Facilities Impact Special Revenue Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fire Facilities Impact Fees	\$ 150,000	270,000	239,576	(30,424)
Interest	140,710	61,620	3,290	(58,330)
Net Decrease in the Fair Value of Investments	-	-	(10,579)	(10,579)
Total Revenues	290,710	331,620	232,287	(99,333)
Expenditures:				
Current:				
General Government	7,500	13,500	11,979	1,521
Total Expenditures	7,500	13,500	11,979	1,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	283,210	318,120	220,308	(97,812)
Net Change in Fund Balance	283,210	318,120	220,308	(97,812)
Fund Balance - Beginning of Year	2,451,214	2,451,214	2,451,214	-
Fund Balance - End of Year	<u>\$ 2,734,424</u>	<u>2,769,334</u>	<u>2,671,522</u>	<u>(97,812)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Gas Tax
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other Taxes	\$ 2,600,280	3,381,360	2,465,611	(915,749)
Interest	22,970	40,760	11,398	(29,362)
Net Decrease in the Fair Value of Investments:	-	-	(12,937)	(12,937)
State Contributions	20,000	45,000	36,358	(8,642)
County Contributions	120,000	120,000	116,815	(3,185)
Other	2,000	420	678	258
Total Revenues	2,765,250	3,587,540	2,617,923	(969,617)
Expenditures:				
Capital Outlay	649,120	345,510	99,382	246,128
Total Expenditures	649,120	345,510	99,382	246,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,116,130	3,242,030	2,518,541	(723,489)
Other Financing Sources (Uses):				
Transfers Out	(3,102,950)	(4,143,930)	(3,070,568)	1,073,362
Total Other Financing Sources (Uses)	(3,102,950)	(4,143,930)	(3,070,568)	1,073,362
Net Change in Fund Balance	(986,820)	(901,900)	(552,027)	349,873
Fund Balance - Beginning of Year	2,403,646	2,403,646	2,403,646	-
Fund Balance - End of Year	\$ 1,416,826	1,501,746	1,851,619	349,873

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Housing Authority Mobile Home Parks Special Revenue Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Property	\$ 3,993,160	4,074,500	4,111,122	36,622
Interest	3,670	2,750	1,395	(1,355)
Net Decrease in the Fair Value of Investments	-	-	(858)	(858)
Total Revenues	<u>3,996,830</u>	<u>4,077,250</u>	<u>4,111,659</u>	<u>34,409</u>
Expenditures:				
Current:				
Community Development	3,248,940	3,339,230	3,273,208	66,022
Debt Service:				
Interest	77,000	77,000	47,915	29,085
Total Expenditures	<u>3,325,940</u>	<u>3,416,230</u>	<u>3,321,123</u>	<u>95,107</u>
Excess (Deficiency) of Revenues: Over (Under) Expenditures	<u>670,890</u>	<u>661,020</u>	<u>790,536</u>	<u>129,516</u>
Other Financing Sources (Uses):				
Transfers In	-	-	724,408	724,408
Transfers Out	(1,356,500)	(1,356,500)	(1,642,630)	(286,130)
Total Other Financing Sources (Uses)	<u>(1,356,500)</u>	<u>(1,356,500)</u>	<u>(918,222)</u>	<u>438,278</u>
Net Change in Fund Balance	<u>(685,610)</u>	<u>(695,480)</u>	<u>(127,686)</u>	<u>567,794</u>
Fund Balance - Beginning of Year	<u>(1,609,985)</u>	<u>(1,609,985)</u>	<u>(1,609,985)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (2,295,595)</u>	<u>(2,305,465)</u>	<u>(1,737,671)</u>	<u>567,794</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Housing Authority
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Current Services	\$ 36,020	36,020	36,023	3
Interest	80	-	-	-
Total Revenues	<u>36,100</u>	<u>36,020</u>	<u>36,023</u>	<u>3</u>
Expenditures:				
Current:				
Community Development	<u>57,000</u>	<u>64,200</u>	<u>55,113</u>	<u>9,087</u>
Total Expenditures	<u>57,000</u>	<u>64,200</u>	<u>55,113</u>	<u>9,087</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,900)</u>	<u>(28,180)</u>	<u>(19,090)</u>	<u>9,090</u>
Net Change in Fund Balance	(20,900)	(28,180)	(19,090)	9,090
Fund Balance - Beginning of Year	<u>157,543</u>	<u>157,543</u>	<u>157,543</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 136,643</u></u>	<u><u>129,363</u></u>	<u><u>138,453</u></u>	<u><u>9,090</u></u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Landscape Maintenance
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ 4,886,000	4,886,100	5,884,036	997,936
Interest	50,310	58,210	43,685	(14,525)
Net Decrease in the Fair Value of Investments:	-	-	(21,655)	(21,655)
Developer Contributions	21,000	-	-	-
Other	18,500	90,000	158,916	68,916
Total Revenues	4,975,810	5,034,310	6,064,982	1,030,672
Expenditures:				
Current:				
Public Services	4,804,010	5,324,000	4,755,166	568,834
Capital Outlay	301,190	161,300	162,456	(1,156)
Debt Service:				
Principal	32,400	32,400	32,398	2
Interest	7,330	9,310	9,307	3
Total Expenditures	5,144,930	5,527,010	4,959,327	567,683
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,120)	(492,700)	1,105,655	1,598,355
Other Financing Sources (Uses):				
Transfers Out	(30,220)	(65,220)	(65,220)	-
Total Other Financing Sources (Uses)	(30,220)	(65,220)	(65,220)	-
Net Change in Fund Balance	(199,340)	(557,920)	1,040,435	1,598,355
Fund Balance - Beginning of Year	4,746,501	4,746,501	4,746,501	-
Fund Balance - End of Year	\$ 4,547,161	4,188,581	5,786,936	1,598,355

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 48,000	53,600	53,649	49
Use of Property	55,000	26,000	38,308	12,308
Interest	-	-	108	108
Other	7,500	4,100	24,780	20,680
Total Revenues	110,500	83,700	116,845	33,145
Expenditures:				
Current:				
Cultural and Recreational	1,863,940	1,851,010	1,750,791	100,219
Capital Outlay	15,000	15,000	-	15,000
Debt Service:				
Principal	91,860	91,860	91,860	-
Interest	12,110	13,560	13,558	2
Total Expenditures	1,982,910	1,971,430	1,856,209	115,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,872,410)	(1,887,730)	(1,739,364)	148,366
Other Financing Sources (Uses):				
Transfers In	1,872,410	1,947,930	1,769,223	(178,707)
Total Other Financing Sources (Uses)	1,872,410	1,947,930	1,769,223	(178,707)
Net Change in Fund Balance	-	60,200	29,859	(30,341)
Fund Balance - Beginning of Year	18,442	18,442	18,442	-
Fund Balance - End of Year	\$ 18,442	78,642	48,301	(30,341)

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Local Transportation - Article 3
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Subventions and Grants	\$ 80,000	69,890	15,211	(54,679)
Interest	730	910	-	(910)
Net Decrease in the Fair Value of Investments:	-	-	(972)	(972)
Total Revenues	<u>80,730</u>	<u>70,800</u>	<u>14,239</u>	<u>(56,561)</u>
Expenditures:				
Capital Outlay	<u>139,130</u>	-	-	
Total Expenditures	<u>139,130</u>	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(58,400)</u>	<u>70,800</u>	<u>14,239</u>	<u>(56,561)</u>
Net Change in Fund Balance	(58,400)	70,800	14,239	(56,561)
Fund Balance - Beginning of Year	<u>59,991</u>	<u>59,991</u>	<u>59,991</u>	-
Fund Balance - End of Year	<u>\$ 1,591</u>	<u>130,791</u>	<u>74,230</u>	<u>(56,561)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Local Transportation - Article 8
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 4,131,350	3,771,120	3,771,119	(1)
Other	-	-	-	-
Total Revenues	<u>4,131,350</u>	<u>3,771,120</u>	<u>3,771,119</u>	<u>(1)</u>
Expenditures:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,131,350</u>	<u>3,771,120</u>	<u>3,771,119</u>	<u>(1)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(4,131,350)</u>	<u>(3,771,120)</u>	<u>(3,770,519)</u>	<u>601</u>
Total Other Financing Sources (Uses)	<u>(4,131,350)</u>	<u>(3,771,120)</u>	<u>(3,770,519)</u>	<u>601</u>
Net Change in Fund Balance	-	-	600	600
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>-</u>	<u>600</u>	<u>600</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Measure R
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 1,474,850	761,680	939,163	177,483
Interest	-	-	6,635	6,635
Net Decrease in the Fair Value of Investments:	-	-	(3,258)	(3,258)
Total Revenues	<u>1,474,850</u>	<u>761,680</u>	<u>942,540</u>	<u>180,860</u>
Expenditures:				
Capital Outlay	-	100,000	28,785	71,215
Total Expenditures	<u>-</u>	<u>100,000</u>	<u>28,785</u>	<u>71,215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,474,850</u>	<u>661,680</u>	<u>913,755</u>	<u>252,075</u>
Net Change in Fund Balance	1,474,850	661,680	913,755	252,075
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ 1,474,850</u>	<u>661,680</u>	<u>913,755</u>	<u>252,075</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Miscellaneous Grants/Developer Contributions
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 5,465,000	310,000	215,000	(95,000)
Developer Contributions	24,018,420	284,900	125,030	(159,870)
Total Revenues	<u>29,483,420</u>	<u>594,900</u>	<u>340,030</u>	<u>(254,870)</u>
Expenditures:				
Capital Outlay	29,483,420	594,900	498,744	96,156
Total Expenditures	<u>29,483,420</u>	<u>594,900</u>	<u>498,744</u>	<u>96,156</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(158,714)</u>	<u>(158,714)</u>
Net Change in Fund Balance	-	-	(158,714)	(158,714)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>-</u>	<u>(158,714)</u>	<u>(158,714)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Parks Assessments
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ 1,785,000	1,785,000	2,203,423	418,423
Interest	-	520	1,943	1,423
Net Decrease in the Fair Value of Investments:	-	-	(2,099)	(2,099)
Other	20,000	20,000	37,953	17,953
Total Revenues	1,805,000	1,805,520	2,241,220	435,700
Expenditures:				
Current:				
General Government	94,110	94,110	70,194	23,916
Total Expenditures	94,110	94,110	70,194	23,916
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,710,890	1,711,410	2,171,026	459,616
Other Financing Sources (Uses):				
Transfers Out	(1,710,890)	(1,835,710)	(1,835,701)	(9)
Total Other Financing Sources (Uses)	(1,710,890)	(1,835,710)	(1,835,701)	(9)
Net Change in Fund Balance	-	(124,300)	335,325	459,625
Fund Balance - Beginning of Year	316,251	316,251	316,251	-
Fund Balance - End of Year	\$ 316,251	191,951	651,576	459,625

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park Development
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 145,000	415,450	117,405	(298,045)
Park Development Fees	1,036,350	850,000	855,392	5,392
Interest	234,970	193,560	99,648	(93,912)
Net Decrease in the Fair Value of Investments:	-	-	(48,115)	(48,115)
Developer Contributions	1,000,000	-	-	-
Total Revenues	2,416,320	1,459,010	1,024,330	(434,680)
Expenditures:				
Current:				
Public Services	-	46,860	49,651	(2,791)
Capital Outlay	3,045,000	3,951,290	501,666	3,449,624
Total Expenditures	3,045,000	3,998,150	551,317	3,446,833
Excess (Deficiency) of Revenues Over (Under) Expenditures	(628,680)	(2,539,140)	473,013	3,012,153
Other Financing Sources (Uses):				
Transfers Out	(735,380)	(606,560)	(454,906)	151,654
Total Other Financing Sources (Uses)	(735,380)	(606,560)	(454,906)	151,654
Net Change in Fund Balance	(1,364,060)	(3,145,700)	18,107	3,163,807
Fund Balance - Beginning of Year	11,909,309	11,909,309	11,909,309	-
Fund Balance - End of Year	\$ 10,545,249	8,763,609	11,927,416	3,163,807

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Proposition A
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 2,405,000	2,405,000	1,881,649	(523,351)
Interest	37,830	30,910	15,208	(15,702)
Net Decrease in the Fair Value of Investments	-	-	(6,415)	(6,415)
Total Revenues	2,442,830	2,435,910	1,890,442	(545,468)
Expenditures:				
Capital Outlay	25,000	15,000	145	14,855
Total Expenditures	25,000	15,000	145	14,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,417,830	2,420,910	1,890,297	(530,613)
Other Financing Sources (Uses):				
Transfers Out	(1,500,930)	(1,454,630)	(1,233,238)	221,392
Total Other Financing Sources (Uses)	(1,500,930)	(1,454,630)	(1,233,238)	221,392
Net Change in Fund Balance	916,900	966,280	657,059	(309,221)
Fund Balance - Beginning of Year	977,291	977,291	977,291	-
Fund Balance - End of Year	<u>\$ 1,894,191</u>	<u>1,943,571</u>	<u>1,634,350</u>	<u>(309,221)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Proposition C
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 1,963,000	1,963,000	1,560,909	(402,091)
Interest	11,150	10,380	5,292	(5,088)
Net Decrease in the Fair Value of Investments:	-	-	(4,292)	(4,292)
Total Revenues	<u>1,974,150</u>	<u>1,973,380</u>	<u>1,561,909</u>	<u>(411,471)</u>
Expenditures:				
Capital Outlay	<u>1,405,000</u>	<u>129,360</u>	<u>22,627</u>	<u>106,733</u>
Total Expenditures	<u>1,405,000</u>	<u>129,360</u>	<u>22,627</u>	<u>106,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>569,150</u>	<u>1,844,020</u>	<u>1,539,282</u>	<u>(304,738)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(1,455,640)</u>	<u>(1,455,640)</u>	<u>(1,455,638)</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>(1,455,640)</u>	<u>(1,455,640)</u>	<u>(1,455,638)</u>	<u>2</u>
Net Change in Fund Balance	(886,490)	388,380	83,644	(304,736)
Fund Balance - Beginning of Year	<u>1,092,887</u>	<u>1,092,887</u>	<u>1,092,887</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 206,397</u>	<u>1,481,267</u>	<u>1,176,531</u>	<u>(304,736)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Facilities Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Facilities Impact Fees	\$ 100,000	120,000	128,402	8,402
Total Revenues	<u>100,000</u>	<u>120,000</u>	<u>128,402</u>	<u>8,402</u>
Expenditures:				
Capital Outlay	-	118,000	114,845	3,155
Total Expenditures	<u>-</u>	<u>118,000</u>	<u>114,845</u>	<u>3,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>2,000</u>	<u>13,557</u>	<u>11,557</u>
Net Change in Fund Balance	100,000	2,000	13,557	11,557
Fund Balance - Beginning of Year	<u>(239,435)</u>	<u>(239,435)</u>	<u>(239,435)</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ (139,435)</u></u>	<u><u>(237,435)</u></u>	<u><u>(225,878)</u></u>	<u><u>11,557</u></u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Safety
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 139,400	100,000	170,883	70,883
Fines and Forfeitures	766,000	514,600	591,922	77,322
Interest	280	-	120	120
Net Decrease in the Fair Value of Investments:	-	-	(59)	(59)
Total Revenues	<u>905,680</u>	<u>614,600</u>	<u>762,866</u>	<u>148,266</u>
Expenditures:				
Current:	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>905,680</u>	<u>614,600</u>	<u>762,866</u>	<u>148,266</u>
Other Financing Sources (Uses):				
Transfers Out	(902,400)	(610,600)	(758,992)	(148,392)
Total Other Financing Sources (Uses)	<u>(902,400)</u>	<u>(610,600)</u>	<u>(758,992)</u>	<u>(148,392)</u>
Net Change in Fund Balance	<u>3,280</u>	<u>4,000</u>	<u>3,874</u>	<u>(126)</u>
Fund Balance - Beginning of Year	<u>17,287</u>	<u>17,287</u>	<u>17,287</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 20,567</u>	<u>21,287</u>	<u>21,161</u>	<u>(126)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
South Antelope Valley Emergency Services (SAVES)
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 89,180	97,570	76,460	(21,110)
Interest	200	-	212	212
Net Decrease in the Fair Value of Investments:	-	-	(144)	(144)
Total Revenues	89,380	97,570	76,528	(21,042)
Expenditures:				
Current:				
Health and Welfare	89,180	97,570	76,460	21,110
Total Expenditures	89,180	97,570	76,460	21,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	200	-	68	68
Net Change in Fund Balance	200	-	68	68
Fund Balance - Beginning of Year	965	965	965	-
Fund Balance - End of Year	\$ 1,165	965	1,033	68

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sewer Maintenance Assessment District
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 50,000	25,000	17,349	(7,651)
Special Assessments	3,665,000	3,665,000	4,311,293	646,293
Interest	7,960	-	25,998	25,998
Net Decrease in the Fair Value of Investments:	-	-	(12,930)	(12,930)
Other	-	11,500	14,280	2,780
Total Revenues	3,722,960	3,701,500	4,355,990	654,490
Expenditures:				
Current:				
Public Services	2,791,770	2,291,850	1,585,845	706,005
Capital Outlay	500,000	133,500	86,295	47,205
Total Expenditures	3,291,770	2,425,350	1,672,140	753,210
Excess (Deficiency) of Revenues Over (Under) Expenditures	431,190	1,276,150	2,683,850	1,407,700
Other Financing Sources (Uses):				
Operating Transfers Out	-	-	(35,000)	(35,000)
Total Other Financing Sources (Uses)	-	-	(35,000)	(35,000)
Net Change in Fund Balance	431,190	1,276,150	2,648,850	1,372,700
Fund Balance - Beginning of Year	950,027	950,027	950,027	-
Fund Balance - End of Year	\$ 1,381,217	2,226,177	3,598,877	1,372,700

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sewer Upgrade
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Sewer Upgrade Fees	\$ 2,000	5,000	3,344	(1,656)
Interest	17,440	14,100	6,764	(7,336)
Net Decrease in the Fair Value of Investments:	-	-	(3,307)	(3,307)
Total Revenues	19,440	19,100	6,801	(12,299)
Expenditures:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,440	19,100	6,801	(12,299)
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	19,440	19,100	6,801	(12,299)
Fund Balance - Beginning of Year	824,622	824,622	824,622	-
Fund Balance - End of Year	\$ 844,062	843,722	831,423	(12,299)

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
State Grants
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Subventions and Grants	\$ 1,714,700	2,626,740	307,423	(2,319,317)
Total Revenues	<u>1,714,700</u>	<u>2,626,740</u>	<u>307,423</u>	<u>(2,319,317)</u>
Expenditures:				
Capital Outlay	1,613,840	185,860	83,491	102,369
Total Expenditures	<u>1,613,840</u>	<u>185,860</u>	<u>83,491</u>	<u>102,369</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,860</u>	<u>2,440,880</u>	<u>223,932</u>	<u>(2,216,948)</u>
Other Financing Sources (Uses):				
Transfers Out	(100,860)	(2,440,880)	(123,443)	2,317,437
Total Other Financing Sources (Uses)	<u>(100,860)</u>	<u>(2,440,880)</u>	<u>(123,443)</u>	<u>2,317,437</u>
Net Change in Fund Balance	-	-	100,489	100,489
Fund Balance - Beginning of Year	<u>(214,757)</u>	<u>(214,757)</u>	<u>(214,757)</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ (214,757)</u></u>	<u><u>(214,757)</u></u>	<u><u>(114,268)</u></u>	<u><u>100,489</u></u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Lighting Assessment District
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessments	\$ 558,000	628,000	922,096	294,096
Interest	23,680	23,830	15,970	(7,860)
Net Decrease in the Fair Value of Investments:	-	-	(7,780)	(7,780)
Developer Contributions	28,000	4,500	7,000	2,500
Other	2,000	10,700	16,555	5,855
Total Revenues	<u>611,680</u>	<u>667,030</u>	<u>953,841</u>	<u>286,811</u>
Expenditures:				
Current:				
Public Services	412,510	544,240	419,264	124,976
Total Expenditures	<u>412,510</u>	<u>544,240</u>	<u>419,264</u>	<u>124,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>199,170</u>	<u>122,790</u>	<u>534,577</u>	<u>411,787</u>
Other Financing Sources (Uses):				
Transfers Out	-	-	(10,000)	(10,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Net Change in Fund Balance	199,170	122,790	524,577	401,787
Fund Balance - Beginning of Year	<u>1,521,761</u>	<u>1,521,761</u>	<u>1,521,761</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,720,931</u>	<u>1,644,551</u>	<u>2,046,338</u>	<u>401,787</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic Impact
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Traffic Impact Fees	\$ 300,000	350,000	476,969	126,969
Interest	200,340	159,640	69,952	(89,688)
Net Decrease in the Fair Value of Investments:	-	-	(34,905)	(34,905)
Total Revenues	<u>500,340</u>	<u>509,640</u>	<u>512,016</u>	<u>2,376</u>
Expenditures:				
Capital Outlay	<u>6,480,000</u>	<u>1,775,230</u>	<u>739,760</u>	<u>1,035,470</u>
Total Expenditures	<u>6,480,000</u>	<u>1,775,230</u>	<u>739,760</u>	<u>1,035,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,979,660)</u>	<u>(1,265,590)</u>	<u>(227,744)</u>	<u>1,037,846</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(769,870)</u>	<u>(779,480)</u>	<u>(779,480)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(769,870)</u>	<u>(779,480)</u>	<u>(779,480)</u>	<u>-</u>
Net Change in Fund Balance	(6,749,530)	(2,045,070)	(1,007,224)	1,037,846
Fund Balance - Beginning of Year	<u>9,675,291</u>	<u>9,675,291</u>	<u>9,675,291</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 2,925,761</u>	<u>7,630,221</u>	<u>8,668,067</u>	<u>1,037,846</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Water Park
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Use of Property	\$ 60,000	60,000	60,770	770
Charges for Current Services	762,450	698,700	697,648	(1,052)
Interest			560	560
Net Decrease in the Fair Value of Investments	-	-	(507)	(507)
Other	15,000	37,120	37,112	(8)
Total Revenues	<u>837,450</u>	<u>795,820</u>	<u>795,583</u>	<u>(237)</u>
Expenditures:				
Current:				
Cultural and Recreational	1,407,100	1,436,510	1,195,855	240,655
Total Expenditures	<u>1,407,100</u>	<u>1,436,510</u>	<u>1,195,855</u>	<u>240,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(569,650)</u>	<u>(640,690)</u>	<u>(400,272)</u>	<u>240,418</u>
Other Financing Sources (Uses):				
Transfers In	434,750	620,300	400,317	(219,983)
Total Other Financing Sources (Uses)	<u>434,750</u>	<u>620,300</u>	<u>400,317</u>	<u>(219,983)</u>
Net Change in Fund Balance	(134,900)	(20,390)	45	20,435
Fund Balance - Beginning of Year	<u>71,170</u>	<u>71,170</u>	<u>71,170</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (63,730)</u>	<u>50,780</u>	<u>71,215</u>	<u>20,435</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
CRA Project Area No.1 - Debt Service Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 8,537,660	7,679,490	7,981,001	301,511
Sales and Use Taxes	1,444,000	1,511,000	1,631,170	120,170
Interest	164,890	111,230	31,568	(79,662)
Net Decrease in the Fair Value of Investments	-	-	(1,355)	(1,355)
Total Revenues	10,146,550	9,301,720	9,642,384	340,664
Expenditures:				
Current:				
Community Development	135,010	2,649,230	2,637,889	11,341
Intergovernmental - Tax Sharing	389,320	323,980	258,021	65,959
Debt Service:				
Principal	1,648,130	1,648,130	1,648,125	5
Interest	2,905,610	3,132,110	2,905,610	226,500
Total Expenditures	5,078,070	7,753,450	7,449,645	303,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,068,480	1,548,270	2,192,739	644,469
Other Financing Sources (Uses):				
Transfers In	-	2,533,400	28,746	(2,504,654)
Transfers Out	(5,114,050)	(4,427,990)	(4,547,708)	(119,718)
Total Other Financing Sources (Uses)	(5,114,050)	(1,894,590)	(4,518,962)	(2,624,372)
Net Change in Fund Balance	(45,570)	(346,320)	(2,326,223)	(1,979,903)
Fund Balance - Beginning of Year	1,574,610	1,574,610	1,574,610	-
Fund Balance - End of Year	\$ 1,529,040	1,228,290	(751,613)	(1,979,903)

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
CRA Project Area No. 2A - Debt Service Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 34,489,700	35,032,460	35,044,100	11,640
Sales and Use Taxes	7,672,000	6,954,000	7,585,792	631,792
Interest	229,820	176,530	91,687	(84,843)
Net Decrease in the Fair Value of Investments:	-	-	(29,913)	(29,913)
Total Revenues	42,391,520	42,162,990	42,691,666	528,676
Expenditures:				
Current:				
Community Development	473,150	9,537,590	9,496,478	41,112
Intergovernmental - Tax Sharing	22,373,740	22,721,350	20,848,209	1,873,141
Debt Service:				
Principal	1,575,000	1,575,000	1,580,050	(5,050)
Interest	3,042,800	3,042,800	3,042,784	16
Total Expenditures	27,464,690	36,876,740	34,967,521	1,909,219
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,926,830	5,286,250	7,724,145	2,437,895
Other Financing Sources (Uses):				
Transfers In	-	10,004,030	131,884	(9,872,146)
Transfers Out	(14,901,510)	(16,602,860)	(16,912,282)	(309,422)
Total Other Financing Sources (Uses)	(14,901,510)	(6,598,830)	(16,780,398)	(10,181,568)
Net Change in Fund Balance	25,320	(1,312,580)	(9,056,253)	(7,743,673)
Fund Balance - Beginning of Year	1,766,195	1,766,195	1,766,195	-
Fund Balance - End of Year	<u>\$ 1,791,515</u>	<u>453,615</u>	<u>(7,290,058)</u>	<u>(7,743,673)</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
CRA Housing - Debt Service Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 7,160	6,330	13,453	7,123
Net Decrease in the Fair Value of Investments	-	-	(2,929)	(2,929)
Total Revenues	<u>7,160</u>	<u>6,330</u>	<u>10,524</u>	<u>4,194</u>
Expenditures:				
Debt Service:				
Principal	660,000	660,000	660,000	-
Interest	1,209,660	1,209,660	1,209,649	11
Total Expenditures	<u>1,869,660</u>	<u>1,869,660</u>	<u>1,869,649</u>	<u>11</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,862,500)</u>	<u>(1,863,330)</u>	<u>(1,859,125)</u>	<u>4,205</u>
Other Financing Sources (Uses):				
Transfers In	<u>1,869,650</u>	<u>1,869,650</u>	<u>2,155,778</u>	<u>286,128</u>
Total Other Financing Sources (Uses)	<u>1,869,650</u>	<u>1,869,650</u>	<u>2,155,778</u>	<u>286,128</u>
Net Change in Fund Balance	7,150	6,320	296,653	290,333
Fund Balance - Beginning of Year	<u>575,412</u>	<u>575,412</u>	<u>575,412</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 582,562</u>	<u>581,732</u>	<u>872,065</u>	<u>290,333</u>

City of Palmdale
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Palmdale Civic Authority -Debt Service Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 48,190	45,240	45,537	297
Net Decrease in the Fair Value of Investments	-	-	(70)	(70)
Total Revenues	48,190	45,240	45,467	227
Expenditures:				
Debt Service:				
Principal	1,480,000	1,480,000	1,480,000	-
Interest	4,223,520	4,430,880	4,430,890	(10)
Cost of Issuance	-	3,720	3,724	(4)
Total Expenditures	5,703,520	5,914,600	5,914,614	(14)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,655,330)	(5,869,360)	(5,869,147)	213
Other Financing Sources (Uses):				
Transfers In	5,703,530	5,703,510	5,884,644	181,134
Transfers Out	-	-	(28,746)	(28,746)
Total Other Financing Sources (Uses)	5,703,530	5,703,510	5,855,898	152,388
Net Change in Fund Balance	48,200	(165,850)	(13,249)	152,601
Fund Balance - Beginning of Year	3,942,545	3,942,545	3,942,545	-
Fund Balance - End of Year	\$ 3,990,745	3,776,695	3,929,296	152,601

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Statement of Agency Funds

Agency Funds

This fund is used to account for assets held by the City as an agency for other governmental units, private organizations, individuals and/or other funds.

Assessment and Community Facilities District Fund

This fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds which are administered By, but are not the liability of, the City.

City of Palmdale
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2010

	Assessment and Community Facilities Districts Agency Fund
Assets:	
Investments	\$ 122,469
Receivables:	
Accounts and Interest Receivable	117,485
Property Taxes Receivable	112,449
Restricted Assets:	
Investments	16,887,878
Interest Receivable	678
	17,240,959
Total Assets	17,240,959
Liabilities:	
Accounts Payable	56,336
Due to Bank - Overnight Sweep	36,814
Due to Other Governmental Units	583,859
Deposits	152,595
Held in Trust	16,411,355
Total Liabilities	\$ 17,240,959

Statement of Changes - Fiduciary Net Assets

City of Palmdale
Statement of Changes in Fiduciary Net Assets
Assessment and Community Facilities Districts Agency Fund
For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Assets:				
Investments	\$ 115,861	6,608	-	122,469
Receivables:				
Accounts and Interest Receivable	74,351	43,134	-	117,485
Property Taxes Receivable	360,477	-	248,028	112,449
Restricted Assets:				
Investments	19,045,918	-	2,158,040	16,887,878
Interest Receivable	1,509	-	831	678
Total Assets	<u>19,598,116</u>	<u>49,742</u>	<u>2,406,899</u>	<u>17,240,959</u>
Liabilities:				
Accounts Payable	22,870	33,466	-	56,336
Due to Bank - Overnight Sweep	923	35,891	-	36,814
Advances Due to Other Governmental Units	583,859	-	-	583,859
Deposits	152,595	-	-	152,595
Held in Trust	18,837,869	-	2,426,514	16,411,355
Total Liabilities	<u>19,598,116</u>	<u>69,357</u>	<u>2,426,514</u>	<u>17,240,959</u>

STATISTICAL
SECTION



CITY OF PALMDALE, CALIFORNIA

Year Ended June 30, 2010

City of Palmdale

STATISTICAL SECTION

June 30, 2010

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	138
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property taxes.	143
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	150
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	157
Operating Information These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	159

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 for the fiscal year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

City of Palmdale
Net Assets by Component
Last Nine Fiscal Years
(Accrual basis of accounting)

	2002	2003	2004	2005	2006 (2)	2007	2008	2009	2010
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ (25,586,201)	(1,057,171)	(2,514,976)	29,508,319	526,315,947	518,102,215	551,714,600	576,227,953	575,275,003
Restricted Assets	52,540,614	67,321,871	87,145,082	107,143,484	127,252,604	161,463,622	140,198,738	141,959,138	146,856,238
Unrestricted	6,523,582	5,516,834	9,563,253	21,868,619	21,594,901	29,571,281	26,992,948	17,804,191	9,229,647
Total Governmental Activities Net Assets	<u>33,477,995</u>	<u>71,781,534</u>	<u>94,193,359</u>	<u>158,520,422</u>	<u>675,163,452</u>	<u>709,137,118</u>	<u>718,906,286</u>	<u>735,991,282</u>	<u>731,360,888</u>
Primary Government									
Invested in Capital Assets, Net of Related Debt	(25,586,201)	(1,057,171)	(2,514,976)	29,508,319	526,315,947	518,102,215	551,714,600	576,227,953	575,275,003
Restricted Assets	52,540,614	67,321,871	87,145,082	107,143,484	127,252,604	161,463,622	140,198,738	141,959,138	146,856,238
Unrestricted	6,523,582	5,516,834	9,563,253	21,868,619	21,594,901	29,571,281	26,992,948	17,804,191	9,229,647
Total Primary Government Net Assets	<u>\$ 33,477,995</u>	<u>71,781,534</u>	<u>94,193,359</u>	<u>158,520,422</u>	<u>675,163,452</u>	<u>709,137,118</u>	<u>718,906,286</u>	<u>735,991,282</u>	<u>731,360,888</u>

Source: The information is derived from the Comprehensive Annual Financial Reports for the relevant year. The City of Palmdale implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Note 1: The City of Palmdale does not have any business-type activities to report.

Note 2: For FY2006 Net Assets were restated to reflect the cumulative effect of implementation reporting of retroactive infrastructure as the result of GASB 34.

City of Palmdale
Changes in Net Assets
Last Nine Fiscal Years
(Accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental Activities:									
General Government	\$ 8,466,518	12,083,363	14,017,931	16,998,196	18,492,758	18,083,870	17,845,760	19,185,451	30,120,518
Public Safety	12,517,785	13,533,329	14,317,921	16,175,156	18,794,840	20,449,561	23,305,979	27,202,602	21,998,235
Public Services	14,829,074	12,451,324	14,880,408	20,113,389	20,478,327	39,983,924	45,472,059	42,531,740	43,942,305
Community Development	16,306,604	18,877,886	25,858,801	35,242,606	30,193,545	35,764,713	43,987,895	39,966,752	34,169,400
Cultural and Recreational	9,219,765	10,178,276	10,947,074	12,907,085	17,040,010	17,599,199	17,875,462	16,894,235	13,652,211
Health and Welfare	1,002,972	1,007,865	1,035,811	1,090,104	1,662,536	1,304,242	1,329,262	1,240,971	2,004,790
Interest on Long-Term Debt	6,463,090	8,246,208	10,534,197	9,076,084	9,606,507	15,001,139	12,947,831	12,868,534	12,780,665
Total Governmental Activities Expenses	68,805,808	76,378,251	91,592,143	111,602,620	116,268,523	148,186,648	162,764,248	159,890,285	158,668,124
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	1,216,846	1,439,971	1,575,438	3,060,929	1,941,424	5,890,753	4,665,010	5,954,230	8,553,972
Public Safety	3,946,192	5,553,403	6,117,917	10,650,014	9,028,094	8,298,051	5,945,185	3,248,263	2,915,485
Public Services	2,768,006	3,415,497	4,423,168	5,962,886	10,882,903	10,583,084	8,899,491	10,173,275	11,845,911
Community Development	137,848	862,751	3,567,112	3,841,233	4,099,792	3,985,741	4,160,614	4,178,530	4,272,836
Cultural and Recreational	985,031	2,476,726	2,670,877	2,786,246	3,396,516	4,426,375	4,593,948	4,796,044	4,549,359
Health and Welfare	554,999	600,621	542,568	533,697	563,806	383,453	438,066	320,888	297,947
Operating Grants and Contributions	8,222,681	10,032,462	7,401,684	11,360,223	12,313,944	16,119,583	8,367,715	7,223,053	7,454,967
Capital Grants and Contributions	15,096,353	21,823,840	25,763,091	59,087,285	32,968,553	44,182,951	43,630,373	48,552,845	34,558,609
Total Primary Governmental Activities Program Revenues	32,927,956	46,205,271	52,061,855	97,282,513	75,195,032	93,869,991	80,700,402	84,447,128	74,449,086
Net Revenues (Expenses)	(35,877,852)	(30,172,980)	(39,530,288)	(14,320,107)	(41,073,491)	(54,316,657)	(82,063,846)	(75,443,157)	(84,219,038)
General Revenues and other Changes in Net Assets:									
Governmental Activities:									
Taxes:									
Tax Increment	22,180,892	26,035,421	28,861,179	31,862,531	38,442,251	41,637,203	45,247,711	48,020,519	43,025,101
Property Taxes	2,758,336	2,886,410	3,160,056	3,891,523	4,395,603	5,800,726	6,546,013	6,918,844	5,261,215
Sales and Use Taxes	11,181,442	12,113,640	15,752,925	18,916,689	17,902,901	18,239,981	16,509,935	14,448,749	14,104,937
Motor Vehicle in Lieu	7,214,842	7,648,898	5,983,291	10,530,327	9,902,805	13,061,697	14,139,907	14,256,968	12,217,092
Franchise Taxes	2,971,991	3,255,545	3,401,238	5,119,357	3,713,779	3,851,987	3,910,119	4,101,425	3,795,048
Transient Occupancy Taxes	887,900	1,036,521	1,215,752	1,316,944	1,407,786	1,532,879	1,482,127	1,517,223	2,581,658
Business License Taxes	355,259	351,704	374,864	398,795	424,065	465,301	444,099	455,216	428,916
Unrestricted Investment Earnings	1,409,357	1,034,181	704,034	1,289,009	1,989,688	2,884,946	2,727,326	2,064,949	137,085
Other General Revenues	478,730	3,108,110	2,488,774	2,495,904	2,617,100	815,603	825,777	744,262	1,114,030
Special Item-MHP Acquisition (Note 1)	-	(2,311,704)	-	-	-	-	-	-	-
Total Governmental Activities	49,438,749	55,158,726	61,942,113	75,821,079	80,795,978	88,290,323	91,833,014	92,528,155	82,665,082
Change in Net Assets	\$ 13,560,897	24,985,746	22,411,825	61,500,972	39,722,487	33,973,666	9,769,168	17,084,998	(1,553,956)

Note 1: In 1997, the Agency acquired three mobile home parks (Parks) to increase, preserve and improve the supply of affordable housing in the community. The transfer of title in the property, along with all related assets and liabilities, resulted in a purchase price that exceeded the appraisal value of the property transferred.

Note 2: The City of Palmdale implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available. The City began to report accrual information when it implemented GASB Statement 34.

Note 3: The Motor Vehicle in Lieu Taxes include property tax in lieu of VLF revenues.

Source: The information is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Palmdale
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 797,491	896,945	2,287,038	2,243,992	3,605,268	5,834,570	5,673,947	5,368,215	5,363,834
Unreserved	6,154,691	9,065,873	11,937,755	23,762,459	22,894,111	30,335,111	28,046,526	22,767,287	18,112,832
Total General Fund	<u>6,952,182</u>	<u>9,962,818</u>	<u>14,224,793</u>	<u>26,006,451</u>	<u>26,499,379</u>	<u>36,169,681</u>	<u>33,720,473</u>	<u>28,135,502</u>	<u>23,476,666</u>
All Other Governmental Funds									
Reserved	53,905,924	45,909,516	42,118,179	50,587,068	62,639,228	81,535,935	61,400,662	54,717,638	60,764,046
Unreserved, Reported In:									
Special Revenue Funds	18,494,488	21,781,641	21,918,354	17,643,576	33,766,566	53,039,381	64,115,486	59,908,666	54,659,643
Capital Projects Funds	12,333,069	59,072,287	54,553,947	50,383,514	37,787,556	29,481,903	28,600,585	31,700,086	23,226,199
Debt Service Funds	21,134	15,618	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>84,754,615</u>	<u>126,779,062</u>	<u>118,590,480</u>	<u>118,614,158</u>	<u>134,193,350</u>	<u>164,057,219</u>	<u>154,116,733</u>	<u>146,326,390</u>	<u>138,649,888</u>
Total Governmental Funds	<u>\$ 91,706,797</u>	<u>136,741,880</u>	<u>132,815,273</u>	<u>144,620,609</u>	<u>160,692,729</u>	<u>200,226,900</u>	<u>187,837,206</u>	<u>174,461,892</u>	<u>162,126,554</u>

Note: The information is derived from the Comprehensive Annual Financial Reports for the relevant year. The City of Palmdale implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

City of Palmdale
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting-audited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes (see page 143)	\$ 38,801,843	43,768,210	48,673,176	55,893,469	64,982,332	80,013,130	88,309,633	90,707,345	92,059,450	83,783,678
Subventions and Grants	11,165,462	12,028,249	11,416,177	9,691,250	16,260,951	25,526,725	16,300,075	14,959,865	14,968,117	15,968,036
Fees and Charges	12,583,858	12,898,494	19,241,807	22,901,273	35,674,302	36,294,470	41,688,957	25,479,113	18,261,796	15,855,734
Licenses and Permits	3,420,594	3,837,017	5,422,079	5,910,761	10,079,166	8,637,100	7,346,818	4,940,292	2,114,087	1,942,445
Special Assessments	1,875,656	1,980,969	3,520,930	3,766,538	4,612,735	5,550,737	6,625,214	7,464,331	10,825,548	13,375,425
Interest	4,523,632	3,558,634	3,462,045	2,469,965	3,459,521	4,571,403	6,570,867	6,019,741	3,896,529	976,511
Capital Contributions	1,007,643	1,893,474	319,574	1,426,459	27,898,227	1,180,186	2,812,722	752,247	1,468,992	296,693
Net Increase (Decrease) in the Fair Value of Investments:	582,593	(51,129)	(57,668)	(569,608)	(67,167)	140,958	914,287	313,160	390,484	(395,472)
Other revenue	780,262	720,749	3,191,776	2,294,678	1,835,891	1,716,820	1,470,536	1,395,222	2,401,536	4,205,689
Total Revenues	74,741,543	80,634,667	95,189,896	103,784,785	164,735,958	163,631,529	172,039,109	152,031,316	146,386,539	136,008,739
Expenditures:										
Current:										
General Government	9,236,507	9,352,644	10,636,340	12,120,477	12,989,448	14,860,807	17,188,633	16,348,207	18,020,219	18,478,189
Public Safety	11,098,509	12,497,843	13,456,696	14,208,152	19,054,101	18,731,400	20,380,190	23,000,452	22,865,674	21,898,106
Public Services	7,138,650	10,103,902	10,428,553	12,354,459	10,066,858	15,324,792	17,065,903	17,833,777	18,452,277	20,462,591
Community Development	3,048,915	4,342,345	4,490,294	6,479,895	14,704,649	7,755,690	8,845,220	10,175,300	11,811,091	23,755,350
Cultural and Recreational	8,332,966	8,963,239	9,535,554	10,333,636	11,975,897	14,377,525	15,891,139	16,609,622	15,923,788	12,897,447
Health and Welfare	867,511	991,488	990,977	1,018,827	1,087,144	1,646,832	1,257,153	1,327,240	1,246,003	2,017,575
Other	56,922	1,517,900	4,632	2,273	-	-	-	-	-	-
Intergovernmental - Tax Sharing	9,568,002	11,187,712	13,328,054	15,535,347	16,873,680	20,724,822	23,345,814	24,052,674	26,522,289	21,106,230
Intergovernmental - ERAF	-	-	538,034	953,850	1,878,430	1,847,224	-	-	-	-
Capital Outlay	15,568,253	17,079,246	36,788,002	37,261,205	79,445,146	43,164,445	43,037,684	39,929,164	26,023,665	14,253,471
Debt service:										
Principal	1,803,607	2,062,120	3,093,390	4,433,620	3,643,938	5,264,256	5,376,806	5,850,994	6,448,665	7,200,485
Interest	6,358,345	6,234,250	6,138,655	8,255,345	8,605,738	8,731,778	14,615,545	11,948,349	12,391,397	12,053,242
Cost of Issuance	143,500	-	2,652,707	1,275,868	770,037	588,714	444,331	-	320,683	3,724
Payments to Adv Refund Escrow	-	-	2,452,911	506,819	-	644,214	-	-	-	-
Total Expenditures	73,221,687	84,332,689	114,534,799	124,739,773	181,095,066	153,662,499	167,448,418	167,075,779	160,025,751	154,126,410
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,519,856	(3,698,022)	(19,344,903)	(20,954,988)	(16,359,108)	9,969,030	4,590,691	(15,044,463)	(13,639,212)	(18,117,671)

(continued)

City of Palmdale
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting-audited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses):										
Capital Lease Proceeds	\$ 1,436,166	298,417	343,256	351,052	1,584,009	1,588,803	22,386	2,146,379	-	-
Gain (Loss) on Resale Land	-	-	-	-	-	-	-	(4,953,791)	-	310,632
Issuance of Notes	-	-	11,661,711	8,535,038	7,141,244	1,254,260	14,961,094	5,462,181	-	2,200,000
Issuance of Bonds	-	-	67,764,748	31,750,000	19,545,000	16,920,000	19,960,000	-	6,380,000	-
Payments to Refunded Bond Escrow	-	-	(18,107,416)	(23,792,847)	-	(13,562,858)	-	-	(6,149,500)	-
Debt Issuance Premiums (Discounts)	-	-	1,041,842	295,259	(105,809)	(97,115)	-	-	33,398	-
Transfers In	33,978,150	41,632,069	112,679,339	68,443,573	91,799,656	78,886,339	71,612,552	50,508,086	71,782,468	49,118,864
Transfers Out	(33,978,150)	(41,632,069)	(112,679,339)	(68,443,573)	(91,799,656)	(78,886,339)	(71,612,552)	(50,508,806)	(71,782,468)	(49,118,864)
Total Other Financing Sources (Uses)	1,436,166	298,417	62,704,141	17,138,502	28,164,444	6,103,090	34,943,480	2,654,049	263,898	2,510,632
Net Change in Fund Balances	\$ 2,956,022	(3,399,605)	43,359,238	(3,816,486)	11,805,336	16,072,120	39,534,171	(12,390,414)	(13,375,314)	(15,607,039)
Debt service as a percentage of noncapital expenditures	11.41%	11.21%	9.30%	13.79%	8.28%	16.61%	15.31%	14.82%	17.05%	15.75%

Source: City of Palmdale, Finance Department and Audited Annual Financial Reports

City of Palmdale
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years

Fiscal Year	Property and Tax Increment Revenue ^a	Sales and Use Taxes ^b	Business License Tax	Franchise Tax	Gasoline Tax	Transient Occupancy Tax ^c	Real Property Transfer Tax ^d	Total
2000-01	22,004,609	10,408,446	316,455	2,748,383	2,207,815	805,643	310,492	38,801,843
2001-02	24,939,228	11,181,442	355,259	2,971,991	3,062,307	887,900	370,083	43,768,210
2002-03	28,921,831	12,113,640	351,704	3,255,545	2,477,385	1,036,521	516,550	48,673,176
2003-04	32,021,235	15,752,925	374,864	3,401,238	2,324,521	1,215,752	802,934	55,893,469
2004-05	35,754,054 ^e	18,916,689	398,795	5,119,357	2,404,089	1,316,944	1,072,404	64,982,332
2005-06	52,303,973	17,902,901	424,065	4,236,249	2,452,830	1,407,786	1,285,326	80,013,130
2006-07	58,712,132	18,239,981	465,301	4,369,349	4,020,516	1,532,879	969,475	88,309,633
2007-08	64,836,544	16,509,935	444,099	4,459,145	2,523,726	1,482,127	451,769	90,707,345
2008-09	68,258,192	14,448,749	455,216	4,101,425	2,845,711	1,517,223	432,934	92,059,450
2009-10	59,618,703	14,104,937	428,916	4,143,990	2,465,611	2,581,658	439,863	83,783,678
Change 2000-2010	170.94%	35.51%	35.54%	50.78%	11.68%	220.45%	41.67%	115.93%

^a The City's property and tax increment revenue has increased by 170.94 percent in the last ten years due to the increases in the City's population and housing boom.

^b The City's sales and use tax has increased by 35.51 percent in the last ten years as the result of increased population and new businesses opening.

^c Transient Occupancy Tax has increased by 220.45 percent as the result of seven additional hotels opening since 1998.

^d Real Property Transfer tax has increased by 41.67 percent due to the combination of increased home values and housing boom over the last ten years.

^e An overpayment of Sales Tax was received in FY2004-05 that was repaid in FY2005-06.

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

Fiscal Year	Secured Property								
	Residential Property	Commercial Property	Industrial Property	Dry Farm Property	Government Property	Institutional Property	Irrigated Property	Miscellaneous Property	Recreational Property
2000-01	3,323,277,023	473,660,066	317,197,823	21,396,842	525,063	7,609,060	2,410,884	798,704	6,143,028
2001-02	3,642,000,235	503,368,371	301,610,852	21,580,550	532,304	8,679,497	2,373,178	814,674	9,935,296
2002-03	4,045,226,079	537,473,997	311,172,260	22,080,218	565,788	8,380,632	2,400,772	830,963	9,025,782
2003-04	4,575,518,513	598,680,856	321,515,688	1,870,236	94,381	9,929,425	1,749,265	847,580	12,076,603
2004-05	5,253,328,332	670,278,004	354,265,015	2,668	-	10,557,906	2,066,305	863,400	12,327,005
2005-06	6,231,859,089	741,444,328	385,705,596	1,069,068	156,594	12,055,290	2,627,121	880,665	13,579,103
2006-07	7,676,807,331	899,495,661	412,892,148	1,090,447	159,725	16,694,034	2,240,244	898,275	15,629,875
2007-08	9,072,911,170	967,572,888	444,099,165	2,828	255,739	20,170,777	2,244,637	916,237	29,358,075
2008-09	9,101,389,406	1,017,772,708	492,863,922	2,883	166,177	100,743,049	2,287,961	934,557	28,452,126
2009-10	7,208,410,114	1,194,241,824	513,340,677	2,940	169,500	91,841,308	2,332,151	953,245	28,990,541

Fiscal Year	Secured Property				SBE Nonunitary Property	Unsecured Property	Total Taxable Assessed Value	Total Direct Tax Rate	(See Note 2)
	Vacant Land Property	Cross Reference Property	Unknown Property	Total Secured					Estimated Actual Taxable Value
2000-01	389,446,906	152,787,204	8,251,384	4,703,503,987	2,871,779	171,334,796	4,877,710,562	0.42136%	-
2001-02	418,294,647	152,700,126	411,705	5,062,301,435	2,762,381	188,491,699	5,253,555,515	0.43831%	-
2002-03	407,776,091	139,610,025	1,271,570	5,485,814,177	2,734,539	207,215,563	5,695,764,279	0.45919%	-
2003-04	463,282,138	138,488,882	428,335	6,124,481,902	3,098,738	209,287,479	6,336,868,119	0.45328%	-
2004-05	508,574,402	146,643,148	-	6,958,906,185	3,306,483	199,951,396	7,162,164,064	0.45668%	-
2005-06	732,584,962	156,016,034	-	8,277,977,850	3,154,293	255,179,559	8,536,311,702	0.44421%	-
2006-07	876,052,978	163,520,208	22	10,065,480,948	2,984,430	272,283,947	10,340,749,325	0.43553%	-
2007-08	978,075,551	171,236,008	-	11,686,843,075	1,983,798	272,633,914	11,961,460,787	0.42304%	-
2008-09	999,174,075	160,491,656	-	11,904,278,520	1,950,352	308,284,491	12,214,513,363	0.42380%	-
2009-10	853,268,773	166,240,555	-	10,059,791,628	1,877,452	331,325,052	10,392,994,132	0.44557%	-

Note 1: Exempt values are not included in total taxable assessed value

Note 2: In 1978 the voters of the State of California passed Proposition 13 which limited 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 of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: L.A County Assessor 2001/01 - 2009/10 Combined Tax Rolls

City of Palmdale
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Taxable Value)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Basic Levy¹	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Acton-Agua Dulce USD DS 2008 Series A	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.02178%
Antelope Valley Community College	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.01633%	0.02905%	0.00983%	0.01682%	0.02459%
Antelope Valley Union High	0.00000%	0.00000%	0.02650%	0.02428%	0.02571%	0.02266%	0.01996%	0.01907%	0.02095%	0.02421%
Antelope Valley East Kern Water Agency	0.07384%	0.07234%	0.07138%	0.07055%	0.07054%	0.07050%	0.07049%	0.07049%	0.07049%	0.07049%
County Detention Facilities 1987 Debt	0.00131%	0.00113%	0.00103%	0.00099%	0.00092%	0.00080%	0.00066%	0.00000%	0.00000%	0.00000%
Eastside Union School District	0.03346%	0.03128%	0.02833%	0.11380%	0.08407%	0.06574%	0.05531%	0.05414%	0.05789%	0.06700%
LA County Flood Control	0.00155%	0.00107%	0.00088%	0.00046%	0.00025%	0.00005%	0.00005%	0.00000%	0.00000%	0.00000%
LA County Water Works	0.01804%	0.00413%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Lancaster School District	0.02739%	0.02607%	0.02411%	0.02243%	0.01989%	0.01858%	0.01515%	0.01604%	0.01855%	0.02282%
Palm Ranch Irrigation District	0.04315%	0.03900%	0.03552%	0.03044%	0.02506%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Palmdale School District	0.00000%	0.00000%	0.02994%	0.02639%	0.02593%	0.02092%	0.01619%	0.01678%	0.01827%	0.01988%
Palmdale Water District	0.29691%	0.25491%	0.37511%	0.09133%	0.16389%	0.15228%	0.11965%	0.12544%	0.12593%	0.31737%
Westside Union School District	0.02666%	0.02586%	0.02626%	0.02642%	0.02272%	0.01933%	0.01407%	0.01470%	0.01729%	0.03359%
Total Direct & Overlapping² Tax Rates	1.52232%	1.45580%	1.67357%	1.40711%	1.43898%	1.38718%	1.34059%	1.32650%	1.34618%	1.60175%
City Share of 1% Levy per Prop 13³	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%
General Obligation Debt Rate	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Redevelopment Rate⁴	1.08001%	1.07761%	1.07242%	1.07155%	1.07146%	1.07129%	1.07115%	1.07049%	1.07049%	1.07049%
Total Direct Rate⁵	0.42136%	0.43831%	0.45919%	0.45328%	0.45668%	0.44421%	0.43553%	0.42304%	0.42380%	0.44557%

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the

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

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

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

⁵Total direct rate is the weighted average of all individual direct rates and applied by the City of Palmdale.

Data Source: L.A. County Assessor 2000/01 - 2009/10 Tax Rate Table

City of Palmdale
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	2009-10		2000-01	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Lockheed Martin Corporation	\$ 365,534,935	3.52%	\$ 287,740,876	5.90%
Antelope Valley Mall Developers Limited	115,764,725	1.11%	70,572,258	1.45%
Northrop Grumman Systems Corporation	105,805,505	1.02%	69,887,050	1.43%
Wal Mart Real Estate Business Trust/Sam's West Inc	75,333,586	0.72%		
Universal Health Services of Palmdale	74,755,249	0.72%		
Palmdale Hills Property	71,139,961	0.68%		
Hoprock Palmdale LLC	60,709,529	0.58%		
Time Warner NY Cable	40,864,023	0.39%		
Heritage Asset Management	37,747,166	0.36%		
Target	35,918,040	0.35%		
Boeing North American Inc			19,792,523	0.41%
Anderson Barrows Metals Corporation			17,410,954	0.36%
Jones Communications of California Inc			16,934,938	0.35%
Trishul			16,013,824	0.33%
Linc Housing Corporation			15,019,103	0.31%
Mcalpin Company			13,925,460	0.29%
I x C Business Services LLC			13,484,103	0.28%
Top Ten Total	\$ 983,572,719	9.46%	\$ 540,781,089	11.09%
Total City Taxable Assessed Value	\$ 10,392,994,132	100.00%	4,877,710,562	100.00%

Source: HdL Coren & Cone, Los Angeles County Assessor 2000/01 and 2009/10 Combined Tax Rolls

City of Palmdale
City Property Tax Levies and Collections Last Ten Fiscal
Last Ten Fiscal Years

Fiscal Year	City Property Tax			Subsequent Collections			Total Collections	% of Levy (6)
	Levy (1)	Collections (2)	% of Levy	Supplemental (3)	Redemption (4)	Refunds Adjustments (5)		
2000-01	\$2,561,711	\$ 2,512,770	98.09%	43,220	66,477	11,074	\$2,633,541	102.80%
2001-02	2,680,254	2,637,301	98.40%	34,323	68,024	(3,724)	2,735,925	102.08%
2002-03	2,793,657	2,766,668	99.03%	64,267	69,453	(37,086)	2,863,302	102.49%
2003-04	3,039,009	2,991,634	98.44%	84,739	78,756	(8,165)	3,146,964	103.55%
2004-05	3,413,543	3,411,242	99.93%	550,660	67,617	(22,421)	4,007,098	117.39%
2005-06	4,091,006	4,072,984	99.56%	527,713	109,291	(23,983)	4,686,005	114.54%
2006-07	5,033,381	4,802,317	95.41%	788,186	162,147	(22,405)	5,730,244	113.84%
2007-08	5,655,769	5,497,094	97.19%	729,995	239,917	(15,765)	6,451,240	114.06%
2008-09	6,155,913	5,592,424	90.85%	394,922	211,630	(10,742)	6,188,234	100.53%
2009-10	4,867,350	4,764,653	97.89%	131,963	226,253	(55,222)	5,067,647	104.12%

- (1) Billings represents the Secured, Unsecured, and Homeowners Property Tax billed amounts for each fiscal year.
- (2) Collections represents the Secured, Unsecured, and Homeowners Property Tax collected amounts for each fiscal year.
- (3) SB813 requires than a supplemental assessment be enrolled for the amount of the difference in value between regular assessment roll and the new fair market value after a change of ownership. The Supplemental figures were taken from LA County remittances a
- (4) Redemption collections represent tax-defaulted secured property taxes that were unpaid at the end of a fiscal year. The Redemption figures were taken from LA County remittances and may include redemption amounts from prior fiscal years.
- (5) Refunds represent overpayments of taxes due because of a decrease in value; whereas adjustments represent changes to the tax roll. The Refund and Adjustment figures were taken from LA County remittances and may include refunds and/or adjustments from prio
- (6) Percentage of Levy Collected over 100% is likely due to Subsequent collections of Supplemental and Redemption collections including prior fiscal years' amounts.

City of Palmdale
Community Redevelopment Agency
CRA Project Area 2A Tax Increment Levies and Collections
Last Ten Fiscal Years

Fiscal Year	CRA Merged Project Area Tax Increment			Subsequent Collections			Total Collections	% of Levy (6)
	Levies (1)	Collections (2)	% of Levy	Supplemental (3)	Redemption (4)	Refunds/ Adjustments (5)		
2000-01	\$ 15,653,118	\$ 14,786,207	94.46%	\$ 436,141	\$ 861,515	\$ (13,291)	\$ 16,070,572	102.67%
2001-02	17,277,539	16,457,978	95.26%	1,084,167	389,356	(35,925)	17,895,576	103.58%
2002-03	20,524,098	19,441,076	94.72%	1,248,882	725,918	(92,632)	21,323,244	103.89%
2003-04	22,376,309	21,469,534	95.95%	1,866,277	1,012,563	(140,771)	24,207,603	108.18%
2004-05	25,010,784	23,784,476	95.10%	2,269,823	1,265,927	(646,674)	26,673,552	106.65%
2005-06	29,013,648	27,319,486	94.16%	3,756,930	1,486,883	(81,652)	32,481,647	111.95%
2006-07	33,463,813	30,507,960	91.17%	2,363,938	1,803,389	(7,603)	34,667,684	103.60%
2007-08	38,047,735	34,098,597	89.62%	1,121,007	2,682,753	(43,644)	37,858,713	99.50%
2008-09	37,818,166	35,254,987	93.22%	(206,907)	4,914,079	(764)	39,961,395	105.67%
2009-10	33,244,842	31,957,066	96.13%	(454,966)	3,145,414	10,741	34,658,255	104.25%

- (1) Billings represents the Secured, Unsecured, and Unitary billed amounts for each fiscal year.
- (2) Collections represents the Secured, Unsecured, and Unitary collected amounts for each fiscal year.
- (3) SB813 requires than a supplemental assessment be enrolled for the amount of the difference in value between regular assessment roll and the new fair market value after a change of ownership. The Supplemental figures were taken from LA County CRA remittances and may include supplemental amounts from prior fiscal years.
- (4) Redemption collections represent tax-defaulted secured property taxes that were unpaid at the end of a fiscal year. The Redemption figures were taken from LA County CRA remittances and may include redemption amounts from prior fiscal years.
- (5) Refunds represent overpayments of taxes due because of a decrease in value; whereas adjustments represent changes to the tax roll. The Refund and Adjustment figures were taken from LA County CRA remittances and may include refunds and/or adjustments from prior fiscal years.
- (6) Percentage of Levy Collected over 100% is likely due to Subsequent collections of Supplemental and Redemption collections including prior fiscal years' amounts.

City of Palmdale
Community Redevelopment Agency
CRA Project Area 1 Tax Increment Levies and Collections
Last Ten Fiscal Years

Fiscal Year	CRA Project Area 1 Tax Increment			Subsequent Collections			Total Collections	% of Levy (6)
	Levies (1)	Collections (2)	% of Levy	Supplemental (3)	Redemption (4)	Refunds/ Adjustments (5)		
2000-01	\$ 2,829,003	\$ 2,686,863	94.98%	\$ 65,200	\$ 289,879	\$ (38,773)	\$ 3,003,169	106.16%
2001-02	2,975,489	2,835,262	95.29%	65,910	100,952	(10,022)	2,992,102	100.56%
2002-03	3,468,677	3,291,834	94.90%	227,928	156,436	(35,962)	3,640,236	104.95%
2003-04	3,681,801	3,549,565	96.41%	148,371	172,001	(84,221)	3,785,716	102.82%
2004-05	4,289,736	4,128,863	96.25%	427,705	216,430	(53,872)	4,719,126	110.01%
2005-06	4,880,332	4,689,360	96.09%	399,605	208,212	(25,898)	5,271,279	108.01%
2006-07	5,749,126	5,450,971	94.81%	712,489	221,637	(40,503)	6,344,595	110.36%
2007-08	6,779,674	6,306,300	93.02%	297,025	297,391	1,912	6,902,628	101.81%
2008-09	7,632,966	7,254,029	95.04%	144,387	423,065	(12,273)	7,809,208	102.31%
2009-10	7,650,443	7,382,490	96.50%	71,425	476,519	7,296	7,937,730	103.76%

- (1) Billings represents the Secured, Unsecured, and Unitary billed amounts for each fiscal year.
- (2) Collections represents the Secured, Unsecured, and Unitary collected amounts for each fiscal year.
- (3) SB813 requires that a supplemental assessment be enrolled for the amount of the difference in value between regular assessment roll and the new fair market value after a change of ownership. The Supplemental figures were taken from LA County CRA remittances and may include supplemental amounts from prior fiscal years.
- (4) Redemption collections represent tax-defaulted secured property taxes that were unpaid at the end of a fiscal year. The Redemption figures were taken from LA County CRA remittances and may include redemption amounts from prior fiscal years.
- (5) Refunds represent overpayments of taxes due because of a decrease in value; whereas adjustments represent changes to the tax roll. The Refund and Adjustment figures were taken from LA County CRA remittances and may include refunds and/or adjustments from prior fiscal years.
- (6) Percentage of Levy Collected over 100% is likely due to Subsequent collections of Supplemental and Redemption collections including prior fiscal years' amounts.

City of Palmdale
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Certificates of Participation	Tax Allocation Bonds	Bond Anticipation Note	Revenue Bonds	Capital Leases	Other Notes Payable	Total Governmental Activities	Percentage of Personal Income (1)	Per Capita (1)
2001	12,310,000	52,757,087	-	49,398,598	2,225,243	1,625,000	118,315,928	4.23%	974
2002	12,095,000	52,845,825	-	49,257,175	1,867,243	1,534,296	117,599,539	4.50%	951
2003	56,099,873	58,153,232	6,000,000	47,821,263	1,537,109	6,521,007	176,132,484	6.56%	1,384
2004	56,084,426	84,761,546	6,000,000	30,058,724	1,194,757	12,730,830	190,830,283	8.51%	1,453
2005	66,471,872	90,561,705	6,000,000	29,100,050	1,744,736	18,869,650	212,748,013	7.89%	1,556
2006	64,596,726	93,983,966	6,000,000	28,010,778	2,291,329	18,657,035	213,539,834	7.33%	1,514
2007	83,661,083	93,134,622	6,000,000	26,886,479	1,680,546	32,330,419	243,693,149	8.57%	1,675
2008	82,474,985	92,319,669	6,000,000	25,549,124	2,972,492	36,708,142	246,024,412	8.19%	1,663
2009	81,180,479	91,490,186	-	30,498,952	2,331,651	37,915,317	243,416,585	7.64%	1,608
2010	79,777,320	90,607,264	-	28,987,709	1,411,759	38,224,725	239,008,777	7.28%	1,566

150

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

(1) These ratios are calculated using per capita personal income and population for the prior calendar year

Source: City of Palmdale, Finance Department

City of Palmdale
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Tax Allocation Bonds	Revenue Bonds	Total	Percent of Assessed Value (1)	Per Capita
2001	52,757,087	49,398,598	102,155,685	2.09%	841
2002	52,845,825	49,257,175	102,103,000	1.94%	825
2003	58,153,232	47,821,263	105,974,495	1.86%	833
2004	84,761,546	30,058,724	114,820,270	1.81%	875
2005	90,561,705	29,100,050	119,661,755	1.67%	875
2006	93,983,966	28,010,778	121,994,744	1.43%	865
2007	93,134,622	26,886,479	120,021,101	1.16%	825
2008	92,319,669	25,549,124	117,868,793	0.99%	797
2009	91,490,186	30,498,952	121,989,138	1.00%	806
2010	90,607,264	28,987,709	119,594,973	1.15%	784

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

General bonded debt is debt payable with governmental fund resources recorded in Redevelopment Agency and Palmdale Civic Authority (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.

City of Palmdale
 Direct and Overlapping Governmental Activities Debt
 June 30, 2010

City Assessed Valuation	\$ 6,556,093,547
Redevelopment Agency Incremental Valuation	<u>3,836,900,585</u>
Total Assessed Valuation	<u>\$ 10,392,994,132</u>

<u>OVERLAPPING DEBT:</u>	<u>Gross Bonded Debt Balance</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
308.60-Palmdale Water District	\$ 35,639,053	90.533%	\$ 32,265,276
464.50-Eastside Union Elem School District 1998 Series A Debt Service	4,222,548	9.493%	400,854
464.51-Eastside Union School District Series 2002	4,395,000	9.493%	417,225
464.52-Eastside Union School District Series 2003	3,125,000	9.493%	296,662
529.50-Lancaster School District 1999 Series 99 A Debt Service	3,314,669	0.490%	16,243
529.51-Lancaster School District 1999 Series 2001 A Debt Service	10,678,024	0.490%	52,325
529.52-Lancaster School District 1999 Series 2005 Ref Bond	9,805,000	0.490%	48,048
593.50-Palmdale School District 2001 Series 2002 Debt Service	17,458,371	93.992%	16,409,514
593.52-Palmdale School District 2001 Series 2003 Debt Service	3,561,456	93.992%	3,347,492
689.53-Westside Union School District Series C Debt Service	3,315,000	39.394%	1,305,913
689.54-Westside Union School District 1998 Series A Debt Service	5,823,153	39.394%	2,293,976
689.55-Westside Union School District 1998 Series 2001 A Debt Service	3,545,718	39.394%	1,396,802
689.56-Westside Union School District 1998 Series 2002 A Debt Service	3,191,250	39.394%	1,257,162
689.61-Westside Union School District 2008 Series A Debt Service	9,989,852	39.394%	3,935,407
717.51-Antelope Valley Union High School District 2002 Series A Debt Service	44,305,000	40.253%	17,834,045
717.52-Antelope Valley Union High School District 2002 Series B Debt Service	31,061,694	40.253%	12,503,231
717.53-Antelope Valley Unified High School District 2002 DS Series 2005	17,768,179	40.253%	7,152,206
792.52-Antelope Valley CCD 2004 Series B Debt Service	2,080,000	37.654%	783,196
792.53-Antelope Valley CCD 2006 Ref Bonds	21,855,356	37.654%	8,229,343
792.54-Antelope Valley CC 2004 Series C Debt Service	108,276,533	37.654%	40,770,084
935.52-Action-Agua Dulce USD 2008 Debt Service Series A	12,999,437	0.007%	884
TOTAL OVERLAPPING DEBT			<u>\$ 150,715,888</u>
City of Palmdale's Direct Debt			<u>\$ -</u>
Total Direct and Overlapping Debt			<u><u>\$ 150,715,888</u></u>

Notes:

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City.

Data Source HDL Coren & Cone, L. A. County Assessor and Auditor Combined 2009/10 Lien Date Tax Rolls.

City of Palmdale
 Legal Debt Margin Information
 Last Ten Fiscal Years

Fiscal Year	Assessed Evaluation	Debt Limit (1)	Total Net Debt Applicable to the Limit (2)	Total Debt Applicable to the Limit as a Percentage of Debt Limit
2000-01	4,877,710,562	182,914,146	102,155,685	55.85%
2001-02	5,253,555,515	197,008,332	102,103,000	51.83%
2002-03	5,695,764,279	213,591,160	105,974,495	49.62%
2003-04	6,336,868,119	237,632,554	114,820,270	48.32%
2004-05	7,162,164,064	268,581,152	119,661,755	44.55%
2005-06	8,536,311,702	320,111,689	121,994,744	38.11%
2006-07	10,340,749,325	387,778,100	120,021,101	30.95%
2007-08	11,961,460,787	448,554,780	117,868,793	26.28%
2008-09	12,214,513,363	458,044,251	121,989,138	26.63%
2009-10	10,392,994,132	389,737,280	119,594,973	30.69%

Source: Los Angeles County

Note (1): The legal debt limit is statutorily computed at 3.75% of assessed valuation. Amounts applicable to the Community Redevelopment Agency of the City of Palmdale are included above.

Note (2): Total net debt applicable to the limit includes Tax Allocation Bonds and Revenue Bonds.

Note (3): The aggregate principal amount of the City's general obligation debt for public improvements is statutorily limited to 15.0 percent of the City's total reported assessed valuation. The City has no general obligation debt outstanding as of June 30, 2010.

City of Palmdale
Project Area 1 & 1 A Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	1993 Revenue Bonds Debt Service (1)		2003 Revenue Bonds 19.2 Debt Service		2003 Bond Anticipation NP Debt Service (4)		2009 Revenue Bond 6.38 Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$ 455,000	\$ 1,118,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	475,000	1,097,066	-	-	-	-	-	-
2003	500,000	1,073,785	-	-	-	-	-	-
2004	-	-	-	521,249	-	221,375	-	-
2005	-	-	600,000	817,025	-	345,000	-	-
2006	-	-	720,000	803,825	-	345,000	-	-
2007	-	-	735,000	789,275	-	345,000	-	-
2008	-	-	750,000	772,550	-	345,000	-	-
2009	660,000	-	110,000	761,800	6,000,000	345,000	-	-
2010	660,000	-	115,000	758,700	-	-	-	207,370

Fiscal Year	Debt Summary			Pledged Revenue			
	Total Principal	Total Interest	Total Debt Service	Gross Tax Increment (2)	Less: Operating Expenses (3)	Net Available	Coverage
2001	\$ 455,000	\$ 1,118,869	\$ 1,573,869	\$ 2,916,604	\$ 772,758	\$ 2,143,846	1.36
2002	475,000	1,097,066	1,572,066	3,185,829	848,069	2,337,760	1.49
2003	500,000	1,073,785	1,573,785	3,787,328	1,053,201	2,734,127	1.74
2004	-	742,624	742,624	3,932,365	1,101,195	2,831,170	3.81
2005	600,000	1,162,025	1,762,025	4,781,944	1,258,167	3,523,777	2.00
2006	720,000	1,148,825	1,868,825	5,332,210	1,424,239	3,907,971	2.09
2007	735,000	1,134,275	1,869,275	6,432,872	1,702,916	4,729,956	2.53
2008	750,000	1,117,550	1,867,550	6,960,662	1,261,118	5,699,544	3.05
2009	6,770,000	1,106,800	7,876,800	7,861,714	2,036,582	5,825,132	0.74
2010	775,000	966,070	1,741,070	7,981,001	1,943,519	6,037,482	3.47

Note: Details regarding the City's debt can be found in the notes to the financial statements.

Source: City of Palmdale, Finance Department

(1) Revenue Bonds were partially defeased in May 2003 by the 2003 Revenue Bonds.

(2) Gross Tax Increment consist of property taxes generated from Project Area No. 1&1A

(3) Operating Expenses consist of the 20% set-aside property taxes generated from Project Area No. 1&1A, pass through payments pursuant to agreements to allocate tax increment funds to various Local Agencies, and other charges related to administering Area 1&1A debt.

(4) 2003 Bond Anticipation Note was fully defeased in June 2009 by the 2009 Revenue Bond.

City of Palmdale
Project Area 2A Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	1999 Sublien TAB 2.7		2002 TAB 5.3		2004 TAB 6.09		2004 TAB 18.5		1998 TAB 30.6		1994 Revenue Bonds	
	Debt Service		Debt Service		Debt Service		Debt Service		Debt Service		Debt Service (1)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 1,511,634	\$ 105,000	\$ 1,121,088
2002	-	-	-	-	-	-	-	-	50,000	1,510,203	130,000	1,115,318
2003	-	-	-	-	-	-	-	-	80,000	1,507,680	155,000	1,108,115
2004	-	-	-	-	-	-	-	-	165,000	1,502,861	185,000	1,099,353
2005	-	95,013	-	-	-	178,818	-	677,042	240,000	1,494,803	-	-
2006	65,000	188,238	-	-	-	275,105	110,000	924,000	300,000	1,483,853	-	-
2007	70,000	184,525	-	-	-	275,105	145,000	917,625	410,000	1,469,195	-	-
2008	75,000	180,538	-	-	-	275,105	10,000	913,750	475,000	1,450,594	168,377	-
2009	80,000	176,275	-	-	-	275,105	-	913,500	500,000	1,429,750	173,315	-
2010	85,000	171,737	-	-	-	275,105	-	913,500	555,000	1,405,125	178,254	-

Fiscal Year	1997 Revenue Bonds		Debt Summary			Pledged Revenue				Coverage
	Debt Service		Total Principal	Total Interest	Total Debt Service	Sales Tax (2)	Increment (2)	Expenses (3)	Net Available	
	Principal	Interest								
2001	\$ 435,000	\$ 512,381	\$ 565,000	\$ 3,145,103	\$ 3,710,103	\$ 6,645,424	\$ 16,391,224	\$ 13,019,944	\$ 10,016,704	2.70
2002	445,000	492,799	625,000	3,118,319	3,743,319	7,996,969	18,974,498	15,146,298	11,825,169	3.16
2003	465,000	472,091	700,000	3,087,886	3,787,886	8,892,745	22,231,230	17,820,482	13,303,493	3.51
2004	495,000	449,764	845,000	3,051,978	3,896,978	10,071,208	24,891,990	20,571,484	14,391,714	3.69
2005	515,000	425,771	755,000	2,871,447	3,626,447	12,203,623	27,043,025	22,358,241	16,888,407	4.66
2006	535,000	400,304	1,010,000	3,271,499	4,281,499	10,068,634	33,071,730	27,369,744	15,770,620	3.68
2007	565,000	373,071	1,190,000	3,219,521	4,409,521	10,228,130	35,165,253	30,483,379	14,910,004	3.38
2008	595,000	342,584	1,323,377	3,162,571	4,485,948	9,499,172	38,247,190	31,843,423	15,902,939	3.55
2009	625,000	310,284	1,378,315	3,104,914	4,483,229	7,549,500	40,118,147	34,596,140	13,071,507	2.92
2010	655,000	277,316	1,473,254	3,042,783	4,516,037	7,585,792	35,002,630	28,233,627	14,354,795	3.18

Note: Details regarding the City's debt can be found in the notes to the financial statements.

Source: City of Palmdale, Finance Department

(1)The 1994 Revenue Bonds were partially defeased in June 2004.

(2) Gross sales tax and tax increment consist of property taxes and sales tax generated from Project Area No. 2A

(3) Operating Expenses consist of the 20% set-aside property taxes generated from Project Area No. 2A, pass through payments pursuant to agreements to allocate tax increment funds to various Local Agencies, and other charges related to administering Area 2A debt.

City of Palmdale
 Project Area 2A (20% Set Aside) Pledged Revenue Coverage
 Last Ten Fiscal Years

Fiscal Year	2003 TAB 5.9 Debt Service		2003 TAB 7.2 Debt Service		2005 TAB 14.115 Debt Service		2005 TAB 2.8 Debt Service		1997 TAB Series A Debt Service (1)		1997 TAB Series B Debt Service (2)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 784,949	\$ -	\$ 416,075
2002	-	-	-	-	-	-	-	-	-	784,949	-	416,075
2003	-	-	-	-	-	-	-	-	235,000	779,191	85,000	412,930
2004	-	53,302	-	79,220	-	-	-	-	245,000	767,431	90,000	204,893
2005	155,000	232,460	15,000	347,645	-	-	-	-	260,000	754,929	-	-
2006	165,000	229,260	25,000	347,245	-	311,454	-	65,414	-	-	-	-
2007	170,000	225,910	20,000	346,795	370,000	569,441	20,000	120,465	-	-	-	-
2008	165,000	222,560	25,000	346,345	410,000	557,741	30,000	119,715	-	-	-	-
2009	170,000	218,785	25,000	345,798	420,000	545,291	30,000	118,815	-	-	-	-
2009	165,000	214,185	25,000	345,157	445,000	532,316	25,000	117,990	-	-	-	-

Debt Summary

Pledged Revenue

Fiscal Year	Total Principal	Total Interest	Total Debt Service	20% Set Aside Tax Increment (3)	Net Available	Coverage
2001	\$ -	\$ 1,201,024	\$ 1,201,024	\$ 3,278,245	\$ 3,278,245	2.73
2002	-	1,201,024	1,201,024	3,794,899	3,794,899	3.16
2003	320,000	1,192,121	1,512,121	4,446,246	4,446,246	2.94
2004	335,000	1,104,846	1,439,846	4,978,398	4,978,398	3.46
2005	430,000	1,335,034	1,765,034	5,408,605	5,408,605	3.06
2006	190,000	953,373	1,143,373	6,614,346	6,614,346	5.78
2007	580,000	1,262,611	1,842,611	7,033,050	7,033,050	3.82
2008	630,000	1,246,361	1,876,361	7,649,438	7,649,438	4.08
2009	645,000	1,228,689	1,873,689	8,023,630	8,023,630	4.28
2010	660,000	1,209,648	1,869,648	7,000,526	7,000,526	3.74

Note: Details regarding the City's debt can be found in the notes to the financial statements.

Source: City of Palmdale, Finance Department

(1)The 1997 TAB Series A TAB were fully defeased in December 2003 by the 2003 TAB Series C Bonds.

(2)The 1997 TAB Series B were fully defeased in December 2003 by the 2003 Tax Allocation Series C Bonds.

(3)The pledged revenues represent 20% property tax increments generated from Project Area 2A and set aside as required by State law for low and moderate income housing.

**City of Palmdale
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	(1) Population	(7) Personal Income <i>(thousands of dollars)</i>	(5) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) (6) Unemployment Rate
2000-01	121,413	2,797,598	23,042	28.20 (5)	21,275	5.1%
2001-02	123,717	2,611,542	21,109	29.10 (5)	35,016	7.3%
2002-03	127,225	2,685,592	21,109	29.10 (5)	48,584	7.0%
2003-04	131,295	2,243,700	17,089	28.39 (5)	39,521	6.5%
2004-05	136,734	2,698,035	19,732	30.53 (5)	45,650	5.4%
2005-06	141,012	2,915,000	20,672	29.20 (5)	42,425	6.0%
2006-07	145,468	2,842,444	19,540	28.30 (5)	58,255	5.9%
2007-08	147,897	3,002,900	20,304	28.30 (5)	57,880	7.7%
2008-09	151,346	3,187,044	21,058	28.30 (5)	44,025	9.4%
2009-10	152,622	3,309,608	21,685	28.60 (5)	43,208	11.6%

Source:

- (1) California Department of Finance, Population Unit as of January 1.
- (2) U.S. Census Bureau
- (3) Greater Antelope Valley Economic Alliance, AVUSD
- (4) U.S. Department of Commerce, Bureau of Economic Analysis.
Data is for the Los Angeles County area as of 12/31 of each year.
- (5) County of Los Angeles Public Library and the Claritas Corporation/Business Decision
- (6) California Trade & Commerce Agency, Employment Development Dept.
Data is for the Palmdale area as of 6/30 each year.
- (7) Personal income is estimated by multiplying the per capita personal income by population.

City of Palmdale
Principal Employers - Antelope Valley
Current Year and Nine Years Ago
(Unaudited)

Employer	2010			Employer	2001		
	Products	Number of Employees	Percentage of Total Valley Employment		Products	Number of Employees	Percentage of Total Valley Employment
Edwards Air Force Base	Aerospace/Military	12,515	14.18%	Edwards Air Force Base	Aerospace/Military	10,826	17.20%
China Lake NWC	Aerospace/Military	6,080	6.89%	Lockheed Martin	Aerospace/Military	3,844	6.11%
County of Los Angeles	County Services	3,757	4.26%	Palmdale Elementary SD	Education	3,000	4.77%
Lockheed Martin	Aerospace/Military	3,320	3.76%	Antelope Valley Hospital	Medical/Hospital	1,950	3.10%
Palmdale School District	Education	2,728	3.09%	A.v. Union HS District	Education	1,600	2.54%
A.V. Hospital	Medical/Hospital	2,561	2.90%	Lancaster School District	Education	1,500	2.38%
Northrop-Grumman	Aerospace	2,300	2.61%	Northrop Grumman	Aerospace	1,342	2.13%
Wal-Mart (5 stores)	Retail	2,150	2.44%	California State Prison	Corrections	1,300	2.07%
A.V. Union HS District	Education	2,106	2.39%	Boeing	Aircraft/Aerospace	883	1.40%
CA State Prison-Tehachapi	Corrections	1,957	2.22%	County of Los Angeles	County Services	820	1.30%

Source: City of Palmdale Economic Development Department (2008 GAVEA Report)

Note 1: FY2010 represents employment reported for calendar year 2009 and the most recent year available. Calendar year 2010 will not be available until Jan 2011.

Note 2: "Total Employment" as used above represents the total employment located within the Greater Antelope Valley region. The Antelope Valley region is considered to be the City's economic region and covers 3,514.2 square miles of area and includes the City of Palmdale, Lancaster, Tehachapi and Ridgecrest. The principal employers represent all employers within the greater Antelope Valley region.

Note 3: 2000 total employment used to calculate the percentage of principal employers is an estimate. The estimate is based on the ratio of the 2001 employment to total population and then applied to total population reported for the calendar year 2000.

City of Palmdale
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2001</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>
General Government										
City Manager	5.00	5.00	5.00	8.00	8.00	10.00	10.00	10.00	7.00	6.00
City Clerk	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	3.00
Records Management	-	-	-	-	-	1.00	1.00	1.00	-	-
Human Resources	3.00	3.00	3.00	3.00	4.00	4.00	5.00	7.00	6.00	3.00
City Attorney	4.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00	5.00	4.00
Finance	15.00	15.00	15.00	17.00	17.00	18.00	18.00	18.00	15.00	12.00
Planning	15.00	15.00	15.00	16.00	20.00	20.00	21.00	21.00	14.00	10.00
Communications	1.00	1.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00	2.00
Government Facilities	22.00	22.00	22.00	22.00	21.00	23.00	25.00	25.00	15.00	12.00
Public Safety & Community Relations										
Public Safety	10.00	10.00	11.00	12.00	12.00	19.00	23.00	23.00	16.00	15.00
Park Rangers	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Building and Safety	10.00	12.00	13.00	13.00	14.00	18.00	18.00	18.00	11.00	8.00
Public Services										
Public Works Administration	12.00	13.00	13.00	13.00	11.00	14.00	13.00	13.00	8.00	5.00
Engineering	11.00	10.00	10.00	10.00	13.00	13.00	14.00	14.00	6.00	2.00
Drainage Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	1.00
Traffic Engineering	5.00	9.00	9.00	9.00	10.00	10.00	10.00	11.00	8.00	8.00
GIS	-	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00
Street Maintenance	32.00	37.00	37.00	37.00	39.00	39.00	39.00	38.00	33.00	30.00
Transit	-	-	-	-	1.00	1.00	3.00	3.00	3.00	2.00
Park and Ride	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Sewer Maintenance AD	-	-	-	-	-	-	-	-	1.00	8.00
Landscape Maintenance General Benefit	4.00	4.00	4.00	5.00	5.00	6.00	6.00	7.00	5.00	4.00
Landscape Maintenance District 97-1	15.00	16.00	17.00	16.00	15.00	16.00	21.00	21.00	17.00	17.00
Community Development										
Economic Development	4.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00	3.00	4.00
Housing	12.00	12.00	13.00	12.00	8.00	11.00	11.00	13.00	9.00	8.00

(continued)

City of Palmdale
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2001</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>
Cultural and Recreational										
Palmdale Playhouse	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-
Park Maintenance	21.00	21.00	21.00	21.00	20.00	22.00	25.00	26.00	22.00	12.00
Parks Administration	5.00	5.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	3.00
Special Events	1.00	2.00	2.00	2.00	2.00	4.00	5.00	5.00	4.00	3.00
Cultural Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	-
Senior Center	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	1.00
Recreation	4.00	4.00	4.00	4.00	5.00	2.00	2.00	2.00	2.00	2.00
Aquatics	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Youth/Adult Sports	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Eastside Recreation Center	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Water Park	-	-	-	-	4.00	4.00	4.00	4.00	3.00	2.00
Library	21.00	23.00	25.00	23.00	23.00	23.00	24.00	24.00	11.00	7.00
Health and Welfare										
Families in Action	2.00	2.00	2.00	2.00	2.00	1.00	4.00	4.00	3.00	-
CDBG Saves	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	251.00	268.00	277.00	282.00	299.00	326.00	349.00	355.00	256.00	203.00

Source: City of Palmdale, Finance Department

City of Palmdale
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
General Government										
Businesses licensed	4,897	4,963	5,000	5,195	5,523	5,600	6,000	6,000	6,307	1,512
Code Enforcement cases closed	1,993	3,736	3,225	6,195	3,045	3,000	5,076	5,270	5,892	4,373
Buildings maintained	34	34	35	37	37	37	41	41	41	41
Square footage of facilities	239,831	270,000	280,000	293,000	296,000	296,000	415,089	415,089	415,089	382,000
Request for filming information	175	100	97	138	126	100	65	75	-	-
Film permits issued	33	15	15	23	17	22	10	18	17	35
Television programs produced	-	-	-	-	3	21	25	23	69	27
Commercials produced	-	-	-	-	3	5	4	7	6	17
Newsletters published	3	3	3	4	4	6	5	3	3	3
Public Safety										
Building permits issued	1,894	2,257	2,614	2,781	3,401	3,110	2,387	1,300	838	790
Neighborhood watch presentations	68	110	61	68	67	67	70	200	169	122
Business watch presentations	52	55	42	44	32	30	30	30	23	16
PAC presentations	64	38	62	29	50	35	40	44	28	37
Drug and life-skills education classes taught ¹	2,732	2,599	2,492	2,513	2,446	2,780	2,850	2,950	0	0
Drug and life-skills education students taught ¹	10,715	12,733	10,862	11,102	11,602	8,850	9,050	9,350	0	0
Parking Enforcement										
Vehicle Impounds	214	247	278	321	356	356	300	350	391	400
Calls for Service	719	949	1,327	1,741	1,948	1,948	2,000	1,200	1,046	800
Number of law violations:										
Part 1 crimes ³	4,441	4,952	5,366	6,205	5,141	6,242	5,410	5,044	4,721	2,803
Part 2 crimes ³	4,520	5,482	6,054	6,673	6,545	8,050	8,307	8,186	7,337	3,522
Crime reports taken ³	14,635	16,668	17,889	19,280	16,703	29,362	21,248	20,734	19,146	8,327
Arrests ³	4,301	4,334	4,828	5,250	7,768	8,671	7,884	9,951	11,629	10,486
Accident reports taken	1,576	1,708	1,957	2,179	2,238	2,427	1,808	2,044	1,753	785
Public Services										
Number of landscape districts maintained	164	164	188	206	208	218	206	228	228	245
Landscaped area (acres) maintained	73	73	75	79	81	83	117	126	130	
Irrigation controllers maintained	278	278	284	312	314	336	345	485	393	542
Landscape median area maintained (sq. ft.)	218,423	218,423	218,423	218,423	218,423	680,781	1,081,053	983,767	983,767	983,767
SR 14 Interchange area maintained (sq. ft.)	108,400	108,400	108,400	108,400	108,400	125,382	125,382	125,382	125,382	125,382
Park-n-ride spaces maintained	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009

City of Palmdale
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
Public Services (continued)										
Park-n-ride Acres Maintaned	22	22	22	22	22	22	22	22	22	22
Park-n-ride security hours provided	15,240	15,240	15,240	15,240	15,240	15,240	15,240	15,240	15,240	15,240
Detention basins maintained	246	250	250	254	257	305	233	250	265	226
Detention basins (acres) maintained	78	79	79	79	80	88	92	110	120	90
Service requests - landscape maint. ¹	275	200	200	768	776	779	1,855	1,038	300	429
Vandalism repair hours	350	350	350	550	700	600	500	1,552	825	0
Graffiti abatement hours	-	-	-	-	-	6,240		7,247	6,441	5,362
Lighting districts	-	9	27	40	68	100	123	134	148	148
Number of street lights in districts	-	308	900	929	1,500	3,000	4,971	3,433	3,400	3,400
Commercial acreage in street lighting districts	-	9	166	226	300	457	503	328	460	296
Residential parcels in street lighting districts	-	750	1,750	2,321	4,000	6,000	8,279	7,408	6,600	6,200
Engineer grading permits issued	80	37	37	37	50	50	80	50	10	10
Engineer Geotechnical review	150	111	111	111	125	146	120	62	19	14
Engineer Improvement plans	352	380	380	380	510	510	595	180	58	34
Engineer Inspections	7,411	7,950	7,950	7,950	8,100	8,100	9,500	9,000	5,706	1,600
Striping and marking sq. ft.	650,000	680,000	680,000	680,000	720,000	319,206	1,253,295	1,253,649	78,767	1,637,856
Trees planted	100	200	200	200	750	850	49	1,490		36
Street trees pruned	6,000	7,070	7,070	7,070	9,200	1,800	2,200	2,000	2,200	1,662
Street signs maintained ¹	6,000	6,050	6,050	6,050	8,400	8,450	8,575	8,615	8,524	1,332
Street centerline miles	400	404	404	404	430	508	518	550	555	518
Street curb miles swept	20,000	20,000	20,200	20,200	21,200	24,800	26,200	26,200	26,400	26,400
Street pavement area (acres)	1,900	2,121	2,121	2,121	2,132	2,185	2,200	2,450	2,525	2,109
Bridges maintained	7	7	7	7	7	9	9	9	9	9
Box culverts maintained	6	6	6	6	6	6	6	6	6	6
Number of passengers served	2,384,371	2,527,646	2,726,545	2,734,173	2,727,838	2,668,756	2,888,881	3,062,213	3,165,000	3,062,088
Number of commuter and fixed routes	16	17	17	18	20	17	16	21	16	15
Community Development										
Financial assistance to businesses	3	7	8	8	6	4	5	4	4	3
SBDC business counseling hours	196	149	197	129	149	105	205	340	350	273
Business retention site visits ¹	215	140	208	108	29	20	10	10	20	15
Mobile Home Parks paid occupied spaces	-	-	-	689	778	787	787	787	787	787

City of Palmdale
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Cultural and Recreational										
Library circulation	563,959	420,000	420,000	410,000	431,280	431,290	391,000	391,000	422,429	247,579
Library volumes owned	118,938	120,000	130,000	133,400	136,710	136,860	137,500	139,000	134,184	71,726
Library programs	271	406	382	497	578	430	527	350	613	507
Playhouse general attendance	13,763	14,409	14,409	14,765	13,637	18,060	15,721	18,714	23,539	15,850
Larry Chimbole Center attendance	26,860	28,191	75,746	75,746	76,280	107,300	112,120	160,000	109,000	99,000
Senior center attendance	46,684	58,881	67,263	67,981	69,450	69,460	69,840	70,000	68,900	62,206
Hammack Community Activity Center attendance	48,000	46,950	45,852	52,200	41,100	18,460	29,264	29,500	10,000	0
Oasis Park Recreation Center attendance ²	-	-	-	-	-	24,962	38,605	38,000	34,400	12,140
Amphitheater attendance ²	-	-	-	-	-	75,000	65,000	75,000	57,000	9,800
Day Camp participants	5,680	6,999	7,864	6,640	4,545	4,130	4,493	5,017	1,200	950
After school participants	35,911	40,192	19,441	23,260	39,000	33,980	35,429	36,000	11,100	8,406
Tiny Tot Participants	5,560	5,844	5,844	6,000	7,500	10,920	11,318	9,240	11,500	359
Park and skatepark patrons	510,526	477,801	453,957	455,500	410,000	413,230	347,746	423,998	433,000	378,938
Recreational swimming attendance	19,200	19,580	19,953	19,757	19,766	23,900	26,000	27,600	33,971	36,502
Lesson swimming attendance	11,849	12,060	12,137	12,824	13,000	11,270	12,550	13,900	19,386	15,372
Youth sports participants	2,794	2,834	2,834	2,400	2,400	1,480	1,744	1,680	1,700	1,500
Adult sports participants	3,250	3,350	3,250	3,728	3,728	1,875	1,875	3,700	4,200	3,200
Health and Welfare										
Families in action blocks	28	31	31	31	31	31	35	44	46	43
Families in action enrollees	577	500	500	500	476	476	450	800	723	670
Family members assisted with food and/or shelter	-	-	4,821	3,833	3,795	3,833	2,562	1,270	3,910	3,130
SAVES meals provided	-	-	101,241	80,493	79,701	80,493	53,794	68,376	74,117	99,876
SAVES motel vouchers provided (night)	773	-	730	547	542	547	395	386	647	565
Animal licenses issued	21,277	24,250	25,444	25,444	21,297	21,297	24,952	23,720	11,576	7,240

Source: City of Palmdale, various City departments

Note

1 Did not officially start until FY 1998-99

2 Did not officially start until FY 2005-06

3 Figures are for calendar year through FY 00/01

City of Palmdale
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2000</u>	<u>2001</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>
General Government										
Number of City owned building facilities	32	33	34	34	35	37	37	41	41	45
City Vehicles	1	1	1	1	1	1	2	3	4	
Public Safety										
Parking Enforcement Vehicles	2	2	2	3	3	3	3	3	3	3
Community Service Officer Vehicles	-	-	-	-	-	-	-	3	3	3
Park Ranger Vehicles	-	-	-	-	-	-	1	2	2	2
Public Services										
Streets and Bikeways (miles)	378	391	401	401	408	433	433	437	550	555
Landscaped area (acres)	124	73	73	75	75	79	81	83	121	130
Park-n-ride	-	-	-	22	22	22	22	22	22	22
Storm drainage systems (feet)	79,000	79,000	79,200	79,200	81,100	79,200	81,700	81,700	91,500	92,300
Retention and detention basins	8	9	9	9	9	9	10	10	11	11
Storm drainage pump stations	3	3	3	3	3	3	3	3	3	3
Detention basins (acres)	-	78	78	79	79	79	80	88	110	120
Traffic signals	72	76	77	79	79	79	89	114	136	164
Traffic signs	5,500	5,800	6,100	6,400	6,400	6,400	6,500	8,575	8,615	8,675
Transportation Center	-	-	-	-	-	-	1	1	1	1
Bridges	7	7	7	7	7	7	7	9	9	9
Street Lights	-	-	-	152	490	929	1,500	2,340	3,000	3,400
Vehicles	40	47	65	76	66	66	70	78	78	78
Community Development										
Mobile Home Parks	-	-	-	-	-	3	3	3	3	3
Cultural and Recreational										
Number of Parks	14	15	16	16	16	17	18	19	21	21
Developed park acreage	318	385	301	310	340	413	486	576	576	576
Number of swimming pools	2	2	2	2	2	2	2	4	4	4
Number of tennis courts	8	8	9	9	9	9	9	9	9	9
Number of Libraries	2	2	2	2	2	2	2	2	2	2
Number of Community Centers	3	3	3	3	3	3	3	4	4	4
Skate Parks	1	1	1	2	2	2	2	2	2	2
Soccer Fields	13	24	24	24	24	27	27	27	27	27
Basketball courts	6	6	8	8	8	8	8	8	8	8
Softball diamonds	9	5	5	5	13	13	13	20	20	20
Volleyball courts	4	4	5	5	5	6	6	6	6	6
Little league fields	11	11	11	11	11	11	11	11	11	11
Roller Hockey rinks	2	2	2	2	2	2	2	2	2	2
Aquatics Facility - Water Park	-	-	-	-	-	-	-	1	1	1
Community Theatre	1	1	1	1	1	1	1	1	1	1
Amphitheatre	-	-	-	-	-	-	-	1	1	1
Vehicles	6	6	6	6	6	8	7	7	7	7
Health and Welfare										
Vehicles	-	1	2	2	2	2	2	2	2	2

Source: City of Palmdale, various City departments

what we believe

CITY OF PALMDALE, CALIFORNIA

WE VALUE ACCESSIBLE, OPEN GOVERNMENT.

We believe all government action should be taken openly, and responsive government is our first priority. Moreover, we listen, are sensitive and are responsive to public input.

WE VALUE PROFESSIONALISM.

We believe that professionalism dictates a strong commitment to the community, the organization and individual professions. We value a professional climate conducive to developing innovative ideas and creative problem solving.

WE VALUE SERVICE TO THE PUBLIC.

We believe that government exists to serve the needs of the people. To us there can be no greater calling than meeting these needs in a friendly, courteous and professional manner.

WE VALUE HUMANITY.

We believe that citizens and fellow employees should be treated with dignity, respect and fairness. We value and respect individualism.

WE VALUE INTEGRITY.

We believe in dedication to the highest ideals of honor and integrity in order that we may merit the respect and confidence of the public, elected officials and fellow employees.

WE VALUE FISCAL RESPONSIBILITY.

We believe that careful management of our financial resources demonstrates our respect for the citizens whose taxes support our organization. Fiscal responsibility recognizes that most problems cannot be solved by money alone, and, therefore, demands fresh approaches and creativity in addressing issues.

WE BELIEVE THAT THESE VALUES WILL GUIDE US
IN OUR SERVICE TO THE CITIZENS OF THE CITY OF PALMDALE.



Stephen H. Williams
City Manager