

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**CITY OF PALMDALE, CALIFORNIA**



*For the Fiscal Year Ended*

*June 30, 2011*

*Prepared By*

*Betsy St. John,  
Director of Finance*

*Karen Johnston,  
Budget Manager*

*Hamed Jones,  
Senior Financial Analyst*

**City of Palmdale**  
 Comprehensive Annual Financial Report  
 For the Year Ended June 30, 2011

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**Introductory**

**Section**



**CITY OF PALMDALE, CALIFORNIA**

*Year Ended June 30, 2011*



# PALMDALE

*a place to call home*

January 24, 2012

JAMES C. LEDFORD, JR.  
Mayor

MIKE DISPENZA  
Mayor Pro Tem

LAURA BETTENCOURT  
Councilmember

STEVEN D. HOFBAUER  
Councilmember

TOM LACKEY  
Councilmember

38300 Sierra Highway

Palmdale, CA 93550-4798

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*Auxiliary aids provided for*

*communication accessibility*

*upon 72 hours' notice and request.*

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, 2011.

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, 2011, 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.

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, 2011, 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 \$72,369 in 2010, which is comparable to Los Angeles at \$72,785. 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 12.8 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 153,334. 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 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.

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.

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.

### **Factors Affecting Financial Condition**

Recent economic indicators remain mixed for California and the Los Angeles region. Although the recession has technically ended, a long period of weak growth – hardly warranting the use of the term “recovery” – is expected moving forward. State and local governments across the nation have suffered the impact of dramatic revenue declines and the recessionary effects continue to persist.

While California's economic performance is expected to improve slightly in 2011, the state will continue to perform somewhat below the national average. Unemployment is expected to continue at painfully high levels, with the Los Angeles metro rate hitting a new cyclical high in December 2010 at 13.0 percent which is 3.6 percentage points above the U.S. average. According to Moody's, unemployment will not fall back to a rate consistent with full-employment – defined as 5.5% – until 2014.

Retail sales turned up in 2010 after being hit hard by the recession, but consumer spending, which typically accounts for approximately 70% of the economy, remains weak due to high unemployment levels, low consumer sentiment, negative headlines, and weak housing prices. All of these factors have caused households to continue to insulate themselves from further economic risk by increasing savings and paying down debt.

Another key component in the economic recovery is private sector investment in residential and non-residential structures and equipment. Residential investment is highly cyclical and leads other components in the business cycle because it is interest rate sensitive and is also dependent on consumer confidence (job security and anticipated income gains). Both residential and non-residential investment can be postponed/deferred during times of economic weakness, which is currently the case for this sector of the economy comprising approximately 15% of the economy.

Building activity in both the residential and commercial sectors is in hibernation and real estate valuations continue to decline causing a huge drain on local government property tax and development-related revenues. Unfortunately, California's problems in the housing market are not over. Foreclosed and distressed sales, which remain at historically high levels, will continue to place downward pressure on residential valuations. Current estimates for devaluations as a result of these factors are in the 6 to 12 percent range.

Additional uncertainty remains with respect to the State of California's chronic budget crises. The State estimates an operating deficit of \$25.4 billion in FY 2011-12 without corrective actions. As in past years, the State is continuing its practice of seizing local revenues to offset unsustainable State expenses, rather than demonstrating fiscal discipline and making the tough decisions needed to properly address its structural deficit. Last year, the State raided redevelopment funds and Palmdale's Redevelopment Agency was forced to pay \$11.6 million in May 2010, with another payment of \$2.4 million due by May 2011. This shift in Redevelopment Agency funds was not a loan – it was a direct take by the State of California. This year, the Governor simply proposes a permanent shift of local resources through the unconstitutional elimination of Redevelopment Agencies all together, ignoring the will of the voters by circumventing Proposition 22 which prohibited State raids of local revenues.

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.

Fiscal Year 2010-11 saw the opening of both Macy's at the Antelope Valley Mall and the Palmdale Regional Medical Center. Macy's, the number one most requested store in any survey of Palmdale residents, selected Palmdale as their only California store to open in 2010. Macy's, with assistance from the Redevelopment Agency and the Antelope Valley Mall, rehabilitated a vacant Gottschalk's store and opened at the end of September 2010. They provided 150-175 jobs and an enhanced shopping experience for residents. In addition, Macy's becoming an anchor tenant for the Antelope Valley Mall helps maintain the Mall as the Antelope Valley's preeminent shopping destination and enhances the department's efforts to attract more upper-scale retail to Palmdale

After a much prolonged construction period due to delays in obtaining necessary entitlements from the State of California, the Palmdale Regional Medical Center opened to great fanfare in November of 2010. The 250-bed facility will provide over 1,000 jobs. In addition, the hospital will spur additional development in the Trade and Commerce area as other doctors seek to locate their offices adjacent to the new structures. The state-of-the-art facility will offer inpatient and outpatient surgery, advanced cardiac care, orthopedic surgery, rehabilitation and orthopedic institute, a center for wound care and hyperbaric medicine. All these services will call for specialized medical professionals who will be shopping and dining locally, further boosting our area's economy.

## **Long Term Financial Planning**

Recognizing the state budget crises and economic challenges that face the nation as a whole, the City is working diligently to implement infrastructure improvements using a variety of grants and restricted funding sources. The City's efforts are highlighted by the following projects:

### **Amargosa Creek Upper Recharge Project**

The project directly addresses several of the water conservation and water banking priorities identified in the Strategic Plan. Beyond capturing water supplies from the California State Water Project (aqueduct) and storm flows by allowing the water to percolate into the Antelope Valley aquifer, it will also provide a precedent-setting creek-side nature park for use by residents.

### **McAdam Park Recycled Water Conversion/Recycled Water Backbone**

McAdam Park will be converted to utilize recycled water generated by the nearby waste water treatment plant. This cutting edge source of irrigation for the park will help maintain the park in the condition expected by visitors while not creating an impact to potable water supplies.

### **Palmdale Boulevard/70th West Traffic Signal/Intersection Upgrade**

Approximately one-third of this project will be funded through County contributions. Once complete, the project will ease traffic congestion near Knight High School.

### **Rancho Vista Boulevard Phases 1 & 2**

As directly identified in the Transportation portion of the Strategic Plan, Phase 2 will include the widening of Technology Drive from four to six lanes, add turn pockets, and implement traffic signal modifications at Sierra Highway. Phase 1 includes a traffic signal and intersection upgrade of 10<sup>th</sup> Street East and Rancho Vista Boulevard. The project will allow better traffic movement and will reduce idle times at these intersections. These preliminary phases prepare the way for Phase 3, the grade separation of the intersection of Sierra Highway and Rancho Vista Boulevard.

### **Palmdale Hybrid Power Project**

In FY 2010-11, the Palmdale Hybrid Power Project (PHPP) made significant progress in obtaining a permit from the California Energy Commission. The California Energy Commission Permit was granted on August 10, 2011 and U.S Environmental Protection Agency Permit was granted on October 18, 2011. The next stage of the project will entail securing construction financing and/or a financing partner and securing a power purchase agreement from a utility interested in using the power generated by the facility. Because this project offers unique economic development and community benefits, the City will continue to explore the viability of forming a Community Choice Aggregation to provide power to local electricity utility customers at below-retail rates. Funding for these second-stage efforts is significantly less than that required for permit processing. Therefore, although this effort remains a priority as set forth in the Strategic Plan, the budget obligation to continue this effort is minor.

## **Affordable Housing**

Over the past several years the downturn in the economy has had an impact on our local housing market. In an effort to counter the adverse financial affects to the local housing market, the Agency has taken steps to approve and revise certain programs and move forward with the development of new affordable housing. These programs and projects not only help to preserve and create affordable housing within our community but also provide the opportunity to create and preserve local jobs.

The Transit Village project, consisting of 156 apartment units and 122 owner-occupied townhome units, has received financing and will begin construction in June 2011. The project is located adjacent to the City's Transportation Center. The apartments and townhomes will be part of a common homeowners association that will offer after school programs for local children within the general community. This development is the first step in moving forward with the City's Transit Village Specific Plan.

## **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, 2010. This was the twentieth 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 2010-11 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, 2010

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



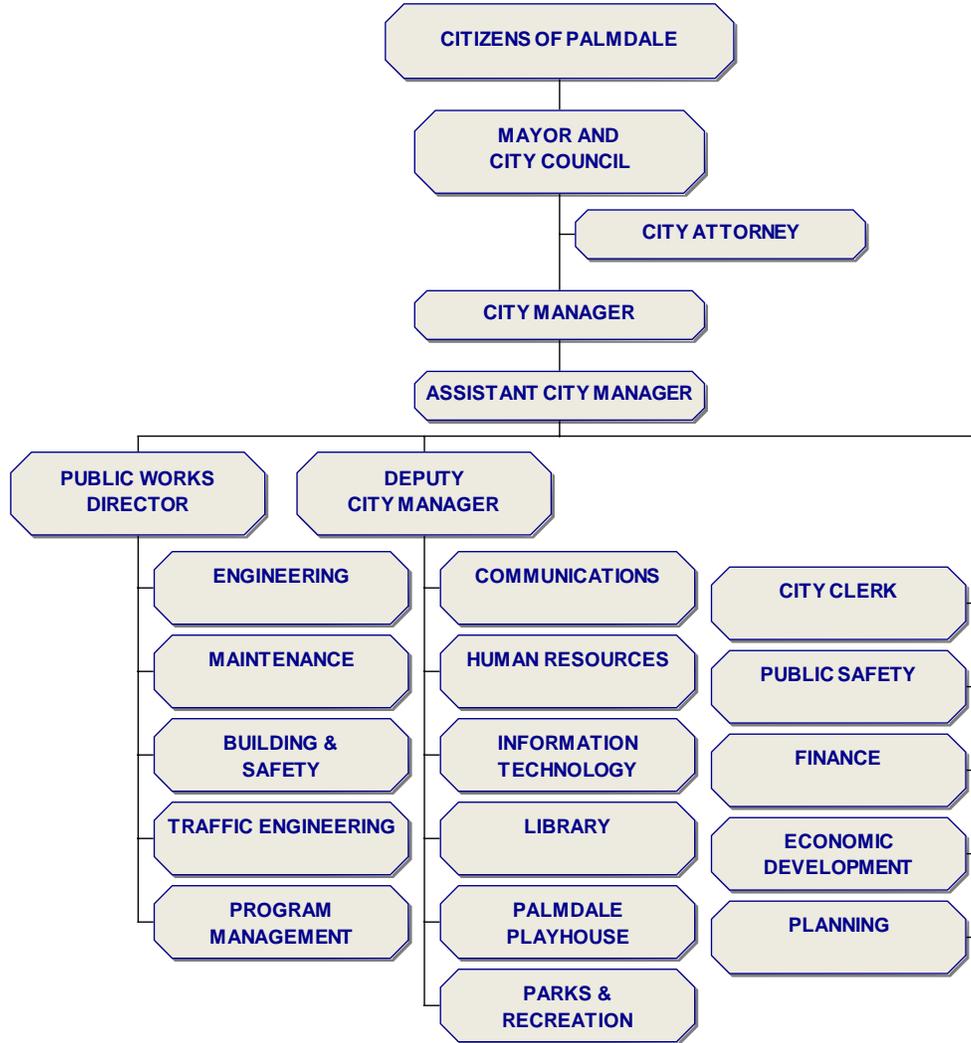
*Linda C. Danson*

President

*Jeffrey R. Enen*

Executive Director

## City of Palmdale Organizational Chart



City Officials

Year Ended June 30, 2011

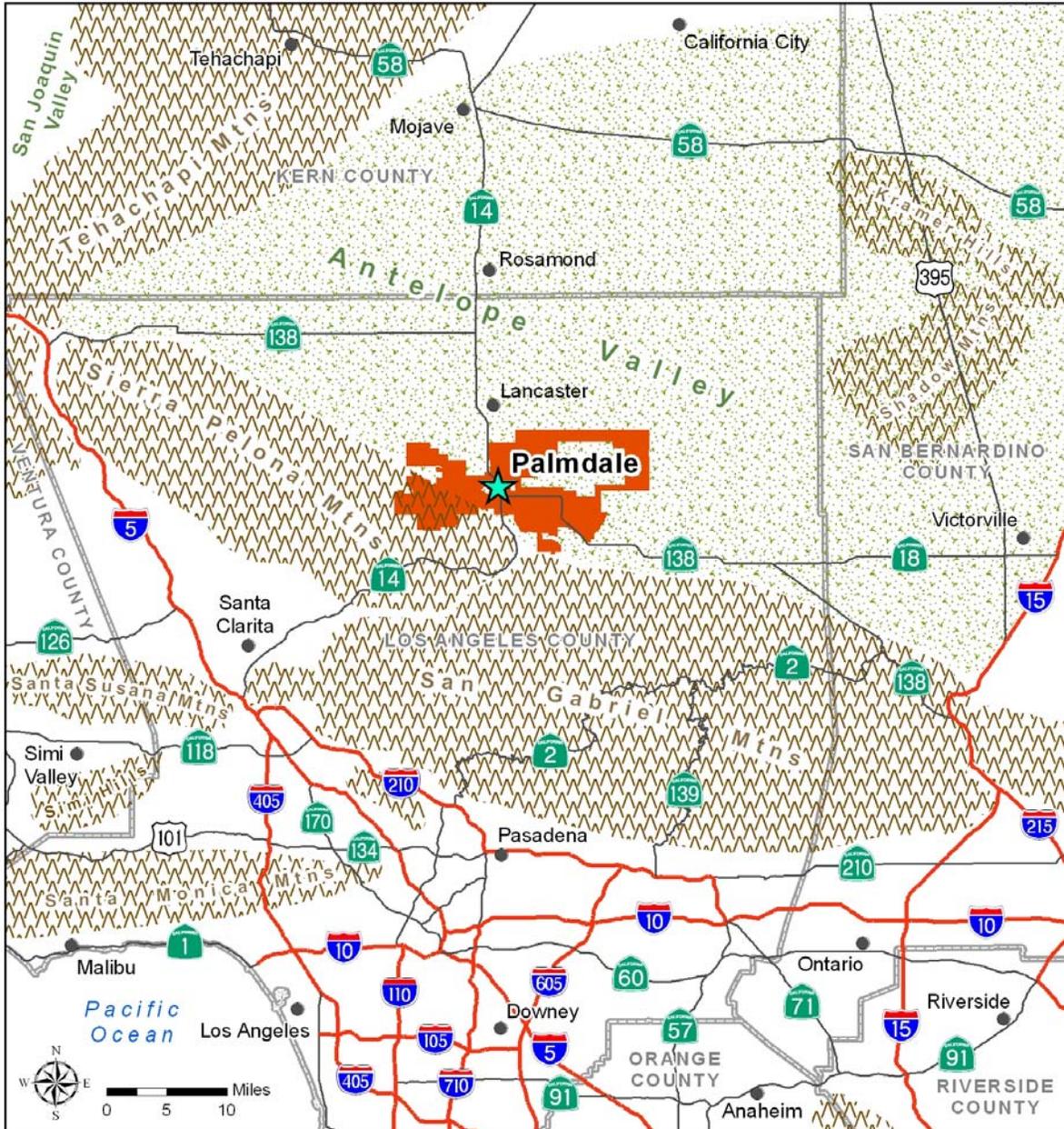
City Council

James C. Ledford, Jr.	Mayor
Mike Dispenza	Mayor Pro Tem
Laura Bettencourt	Councilmember
Steven D. Hofbauer	Councilmember
Tom Lackey	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, 2011*



## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council  
Of the City of Palmdale, California

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palmdale, California as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund, and the CRA Housing Development special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18 E and Note 19 to the financial statements, the California State Legislature enacted two different Assembly Bills, the first, AB X1 26, provided for the dissolution of redevelopment agencies, and the second, AB X1 27, provided a mechanism for the continuance of redevelopment agencies. On December 29, 2011 the California Supreme Court upheld that Assembly Bill X1 26, which dissolves redevelopment agencies, was constitutional and determined that AB X1 27 was unconstitutional. Additionally as described in Note 19, this event causes substantial doubt regarding the Palmdale Redevelopment Agency's (Agency) ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note 17 to the financial statements, during fiscal year 2010-11, the City and Agency took several actions including the transfer of certain assets held by the Agency to the City. These assets included properties held for resale, permits held for resale, and notes receivable.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedule of funding progress on pages 3 through 13 and page 88 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non major fund financial statements, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining, and 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 and statistical sections 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  
January 24, 2012

## 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, 2011. 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 \$731,880,138 (net assets). Of this amount \$10,796,604 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$519,250. 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 \$164,145,664, an increase of \$2,019,110 in comparison with the prior year. Details are discussed on page 10.
- The City of Palmdale's total debt decreased by \$7,698,053 or 3.2 percent during the current fiscal year. The decrease is primarily due to regular scheduled annual debt payments. Details are discussed in Note 10 and 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 are comprised 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).

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

## City of Palmdale

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 44 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, and the CRA Project Area No. 2A Debt Service Funds, the CRA Housing Debt Service fund, the City Housing Capital Projects fund, the City Project Area No. 1 and No 2A Capital Projects funds, the CRA Project Area No. 1 and CRA Project Area No. 2A Capital Projects funds and all of which are considered to be major funds. Data from the remaining 34 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 92-99.

The City of Palmdale adopts an annual appropriated budget for its General fund, its CRA Housing Development Special Revenue fund, its City Housing Special Revenue fund, and its City Project Area No. 1 and No 2A 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 19-29.

**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 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.

## City of Palmdale

**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 33-86 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 \$731,880,138 as of June 30, 2011.

The City of Palmdale's investment in capital assets, net of related debt reflects a balance of \$570,607,898. 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, net of accumulated depreciation, and 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>2011</u>	Governmental Activities <u>2010</u>
Current and Other Assets	\$ 199,735,864	\$ 197,459,696
Capital Assets	<u>799,779,866</u>	<u>807,335,873</u>
Total Assets	<u>999,515,730</u>	<u>1,004,795,569</u>
 Long-Term Liabilities Outstanding	 236,848,431	 235,153,359
Other Liabilities	<u>30,787,161</u>	<u>38,281,322</u>
Total Liabilities	<u>267,635,592</u>	<u>273,434,681</u>
 Net Assets:		
Invested in Capital Assets, Net of Related Debt	570,607,898	575,275,003
Restricted	150,475,636	146,856,238
Unrestricted	<u>10,796,604</u>	<u>9,229,647</u>
Total Net Assets	<u>\$ 731,880,138</u>	<u>\$ 731,360,888</u>

The City of Palmdale's restricted net assets of \$150,475,636 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$10,796,604 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>2011</u>	Governmental Activities <u>2010</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 37,855,691	\$ 32,435,510
Operating Grants and Contributions	8,568,420	7,454,967
Capital Grants and Contributions	25,479,096	34,558,609
General Revenues:		
Tax Increment	36,535,369	43,025,101
Property Taxes	14,730,451	16,593,602
Sales Taxes	14,921,645	14,104,937
Other Taxes	7,560,255	7,690,327
Unrestricted Investment Earnings	241,789	137,085
Land Sale Proceeds	-	310,632
Other	<u>847,760</u>	<u>803,398</u>
Total Revenues	<u>146,740,476</u>	<u>157,114,168</u>
Expenses:		
General Government	18,062,918	30,120,518
Public Safety	21,707,909	21,998,235
Public Services	43,029,300	43,942,305
Community Development	38,275,996	34,169,400
Cultural and Recreation	10,819,142	13,652,211
Health and Welfare	2,338,032	2,004,790
Interest on Long-Term Debt	<u>11,987,929</u>	<u>12,780,665</u>
Total Expenses	<u>146,221,226</u>	<u>158,668,124</u>
Increase (Decrease) in Net Assets	519,250	(1,553,956)
Net Assets – Beginning of Year	<u>731,360,888</u>	<u>732,914,844</u>
Net Assets – End of Year	<u>\$ 731,880,138</u>	<u>\$ 731,360,888</u>

## City of Palmdale

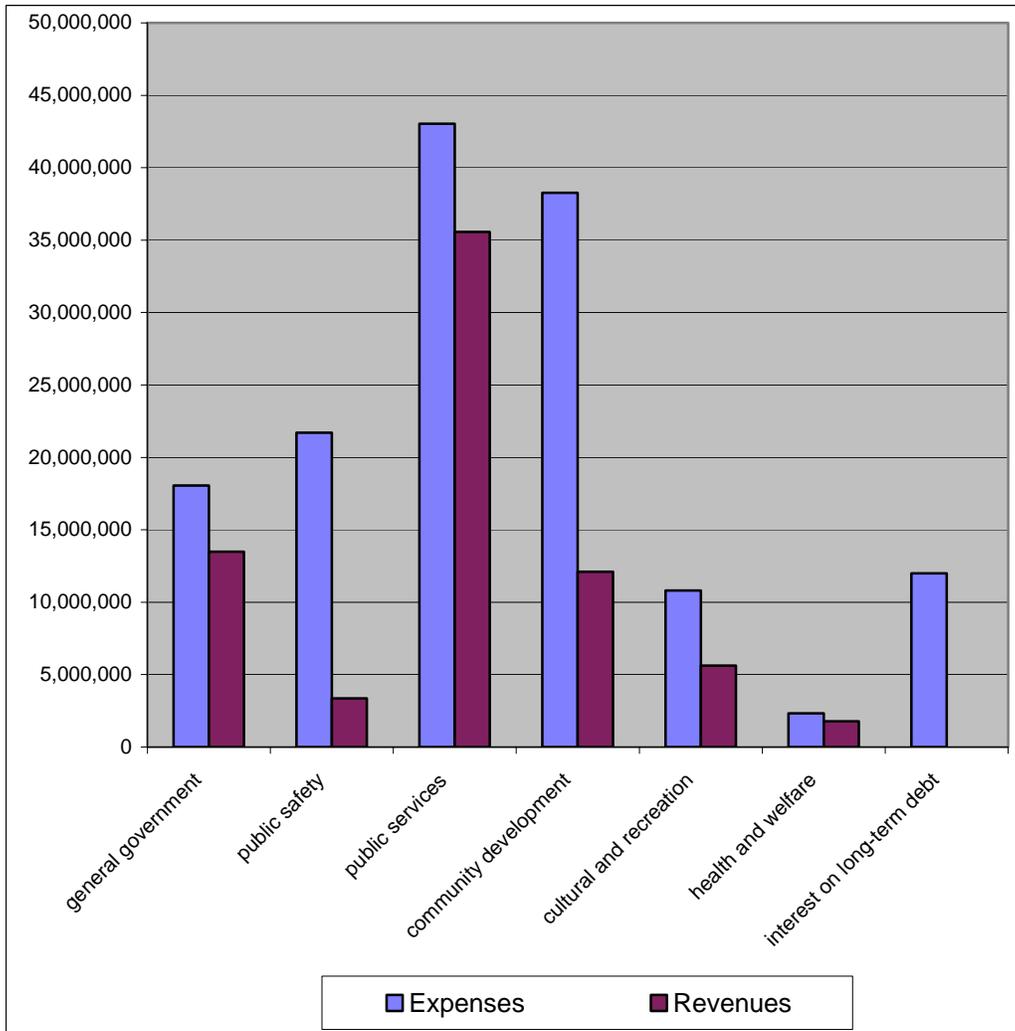
**Governmental Activities.** Governmental activities increased the City of Palmdale's net assets by 519,250, or 0.07 percent, during the current fiscal year. Key elements of the governmental activities net asset increase are as follows:

- Charges for Services increased by \$5,420,181, or 16.7 percent, as a result of higher redevelopment administrative fees of \$2.9 million, increased healthcare contributions of \$1.5 million, increased sewer assessments and capacity fees of \$1.0 million due to the collection of a full years' fees compared to the prior year, and increased legal settlements of \$0.4 million. These higher fees were offset primarily by decreases in building permits of \$0.2 million and landscape maintenance assessment collections of \$0.3 million.
- Operating grants and contributions increased by \$1,113,453, or 14.9 percent, primarily from a new motor vehicle fuel excise tax (Section 2103) that added \$1.1 million to gas tax receipts. In addition, this category of program revenues also registered increases in drainage fees of \$0.4 million, increases in county contributions to park maintenance of \$0.3 million, and increases in Workforce Investment Act program funding of \$0.1 million. Other revenue decreases included less Community Development Block Grant funding of \$0.4 million, Homeless Prevention funding of \$0.1 million, library funding of \$0.1 million, South Antelope Valley Emergency Services funding of \$0.1 million, and parks and recreation donations of \$0.1 million.
- Capital grants and contributions decreased by \$9,079,513, or 26.3 percent, primarily as a result of the decreases in donations in capital assets by \$12.6 million from the completion of developer infrastructure improvements on large capital projects transferred to the City during FY 2010-11 as compared to FY2009-10. Other revenue decreases included \$0.1 million less in development impact fees and \$0.1 million less in special sales tax revenues. The decreases were offset by increases in federal grants of \$3.5 million and county grants of \$0.4 million.
- Tax increment revenue decreased by \$6,489,732, or 15.1 percent, as a result of lower assessed values and increased appeals.
- Property Taxes decreased by \$1,863,151, or 11.2 percent due to the decline in FY2010-11 taxable assessed values as compared to the assessed values in FY 2009-10.
- Sales and Use Taxes increased by \$816,708, or 5.8 percent primarily due to higher food and oil prices and increased fuel receipts.
- General Government expenses decreased by \$12,056,600, or 40.0 percent primarily due to lower cash payments made to the State of California for the Supplemental Educational Revenue Augmentation Fund (SERAF) legislation in comparison to FY 2009-10.
- Public Service expenses decreased by \$913,005, or 2.1 percent as a result of a decrease in Anaverde Community Facilities District litigation fees of \$2.1 million as well as decreases in operational expenses (i.e., litigation costs, consultant services, and utilities) of \$1.1 million in the Public Works Administration, Engineering, Drainage Administration, Traffic Engineering, Street Maintenance, Transit Services, and Landscape Maintenance Districts departments. The decreases were offset by increases of \$0.2 million for residential street lighting services and \$0.5 million for the operation and maintenance of the City sewer system.

## City of Palmdale

- Community Development expenses increased by \$4,106,596 or 12.0 percent primarily due to increased redevelopment administrative fees of \$2.9 million and higher redevelopment plan amendment and project development costs of \$1.2 million, offset by \$0.7 million less in tax sharing payments to other governmental agencies. Other increases in expenses included \$0.2 million for the operation of the mobile home parks, \$0.2 million to fund a stimulus program for vehicle purchases, and \$0.1 million for the Homeless Prevention program.
- Cultural and Recreation expenses decreased by \$2,833,069 or 20.8 percent due to a reduction of workforce and programs offered in the Parks & Recreation, Library, and Playhouse departments.
- Interest on long-term debt decreased by \$792,736 primarily due to the decrease in total principal resulting from regularly scheduled debt service payments.

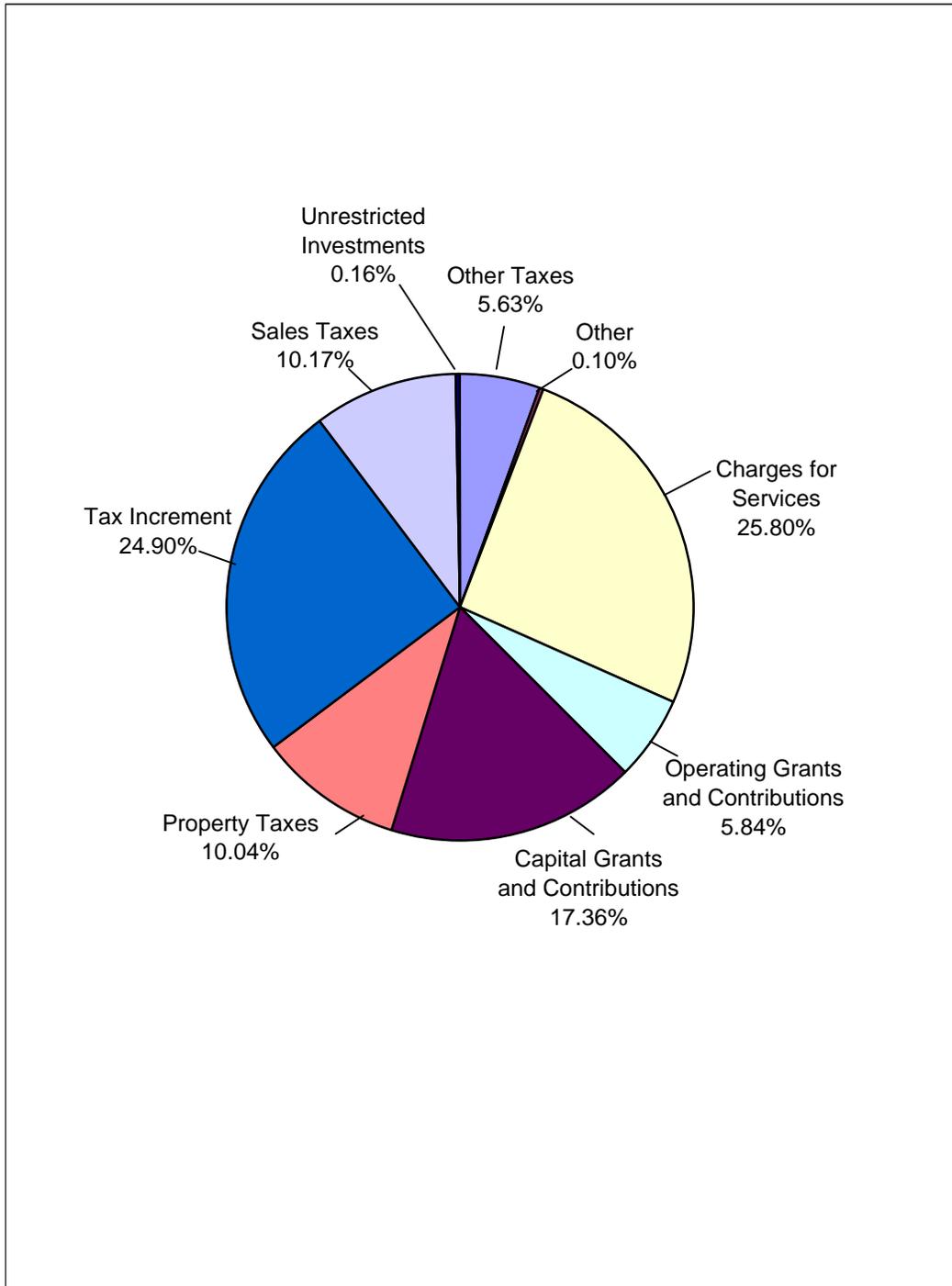
### Program Expenses and Program Revenues-Governmental Activities



The Statement of Activities reflects total expenses of \$146,221,226. Program and general revenues totaling \$146,740,476 were received by the government resulting in an increase in net assets of \$519,250. The graph above compares the cost of each governmental activity to the program revenue generated.

# City of Palmdale

## Revenues by Source-Governmental Activities



Total revenues in the Statement of Activities for the year ended June 30, 2011 were \$146,740,476. Of this amount, \$71,903,207 of the resources came from program revenues while the remainder of \$74,837,269 came from general revenues received by the government. The largest category of revenues was Charges for Services, followed by Tax Increment, and Capital Grants and Contributions.

## 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, 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 \$164,145,664, an increase of \$2,019,110 in comparison with the prior year. The fund balances, which are more fully discussed and detailed in pages 42 and pages 52-53 of the notes to the financial statements, have been classified into the following categories:

- \$4,779,709 is “Nonspendable” because the resources are not in a spendable form (i.e., prepaids, long-term receivables, or non-financial assets held for resale).
- \$140,356,828 is “Restricted” due to the existence of externally enforceable legal restrictions that are related primarily to special revenue funding sources and debt service reserves.
- \$21,537,618 is “Assigned” for specific purposes such as continuing appropriations, encumbrances, compensated absences, self-insurance and health insurance claims.
- \$(2,528,491) is “Unassigned” and represents residual resources that cannot be properly classified in one of the other fund balance categories. This category is made up of positive unassigned balances of \$12.6 million, offset overall by negative unassigned balances totaling \$17.1 million.

The General Fund is the chief operating fund of the City of Palmdale. At the end of the current fiscal year, the total fund balance of the general fund was \$29,325,007. Of this amount, \$4,180,275 was nonspendable, \$7,672,148 was assigned, and \$17,472,584 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 36.5 percent of total general fund expenditures, while total fund balance represents 61.2 percent of that same amount.

The City of Palmdale's general fund balance increased by \$5,800,040 during the current fiscal year. This increase is attributable primarily to personnel and operational reductions across the board in general government, public services, and cultural and recreational areas, coupled with increases in charges for services. These actions have been successful in offsetting the significant downturn in property taxes, development revenue and sales tax, while still maintaining an adequate fund balance reserve to continue providing necessary services to our residents in the current economic environment.

The City Housing Fund, City Project Area No. 1 Fund, and the City Project Area No. 2A Fund were all created in the current fiscal year through the transfer of notes receivable and land held for resale from the CRA Housing Development Fund, CRA Project Area No. 1 Fund, and the CRA Project Area No. 2A Fund, respectively. See Note 17 for further details. The City Housing Fund has a fund balance of \$23,439,869 and is restricted for low and moderate- income capital projects. The City Project Area No. 1 Fund has a fund balance of \$10,126,800, all of which is restricted for Community Development in Project Area No. 1. The City Project Area No 2A Fund has a fund balance of \$12,159,192, all of which is restricted for Community Development in Project Area No. 2A.

## City of Palmdale

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 \$26,098,101 and is restricted for Community Redevelopment. The CRA Housing fund balance decreased by \$21,567,786 during the current fiscal year, primarily due to the transfer of note receivables and land held for resale to the City.

The CRA Project Area No. 1 Debt Service Fund has a negative fund balance of \$3,972,087. The net decrease in fund balance during the current year was \$3,220,474, primarily resulting from the payment made to the Supplemental Educational Revenue Augmentation Fund (SERAF) of \$521,581 and lower tax increment revenue.

The CRA Project Area No. 2A Debt Service Fund has a negative fund balance of \$10,343,421. The net decrease in fund balance during the current year was \$3,053,363, primarily resulting from the payment made to the Supplemental Educational Revenue Augmentation Fund (SERAF) of \$1,867,705 and lower tax increment revenue.

The CRA Housing Debt Service Fund has a fund balance of \$930,372 all of which is restricted 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 \$58,307, primarily resulting from an increase of funding received from the Mobile Home Parks.

The CRA Project Area No. 1 Capital Projects Fund has a fund balance of \$12,690, all of which is restricted for ongoing capital projects. The net decrease in fund balance during the current year was \$11,903,841, primarily due to the transfer of land held for resale to the City.

The CRA Project Area No. 2A Capital Projects Fund has a fund balance of \$1,139,923, all of which is assigned for ongoing capital projects. The net decrease in fund balance during the current year was \$8,572,299, primarily due to the transfer of note receivables and land held for resale to the City.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget resulted in an increase of appropriations by \$3,960,880. 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 \$18,946,305 decrease in appropriations and can be briefly summarized as follows:

- \$3,380,936 decrease in general governmental activities.
- \$1,399,409 decrease in public safety contracts.
- \$10,006,957 decrease in public services.
- \$1,886,473 decrease in cultural and recreational programs.
- \$3 decrease in health and welfare services.
- \$2,179,301 decrease in capital projects.
- \$93,226 decrease in debt service payments.

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 and reclassifying activities to special revenue funds to comply with GASB 54. See Note No.1 Q.

**City of Palmdale**

Sales Tax Revenue differences between the final amended budget and actual resulted in a \$10,033,345 increase primarily as a result of the reclassification of \$9,687,750 from transfer in sources to sales revenue to comply with GASB 54.

Overall, the reclassifying of expenditures and revenues resulted in a \$20,751,893 reduction of transfers in and offsetting reduction to expenditures and revenues.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Palmdale's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$799,779,866 (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 0.94 percent.

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

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Land and Improvements	\$ 119,527,002	\$ 119,523,152
Buildings and Structures	51,026,291	45,864,112
Machinery and Equipment	1,997,666	2,953,232
Infrastructure	612,421,892	625,208,997
Construction in Progress	<u>14,807,015</u>	<u>13,786,380</u>
	<u>\$ 799,779,866</u>	<u>\$ 807,335,873</u>

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

- Contribution of sewer lines by Developers in the amount of \$1,956,713.
- Completion of various streets and resurfacing projects totaling \$5,097,605, of which \$3,300,807 were contributed by Developers.
- Completion of various storm drain and basin repair and mitigation improvements in the amount of \$1,225,555, of which \$813,522 were contributed by Developers.
- Completion of various park facility improvement projects in the amount of \$1,700,035.

Additional information on the City of Palmdale's capital assets can be found on page 57, Note 9.

**Long-Term Debt.** At the end of the current fiscal year, the City of Palmdale had total bonded debt outstanding of \$195,175,572. 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>2011</u>	Governmental Activities <u>2010</u>
Tax Allocation Bonds	\$ 89,612,082	\$ 90,607,264
Revenue Bonds	27,302,575	28,987,709
Certificates of Participation	80,450,000	82,045,000
Deferred Loss on Refinancing	(2,739,644)	(2,907,728)
Bond Premiums	<u>550,559</u>	<u>640,048</u>
Total	<u>\$ 195,175,572</u>	<u>\$ 199,372,293</u>

The remainder of the City of Palmdale's debt of \$41,672,859 was comprised of \$3,119,560 in compensated absences, \$1,411,636 in self-insurance liability claims, \$625,507 in capital leases payable for equipment purchases and \$36,516,156 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 \$7,698,053 or 3.2 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 56-73, Note 10 and Note 11.

#### **Economic Factors and Next Year's Budgets and Rates**

The City took into consideration the following factors in preparing the budget for the 2011-12 fiscal year:

- Property tax declines from homeowner appeals of property values.
- Continued slowdown in housing development.
- Modest sales tax increases as the result of higher oil prices and increased fuel receipts.
- The unemployment rate for the City is currently 15.6 percent, compared to a rate of 14.4 percent a year ago. This compares to the state's average unemployment rate of 11.7 percent and the national average rate of 9.2 percent.
- City funds impacted by State budget actions.
- City funds impacted by Assembly Bills XI 26 and 27. Additional information can be found at Note 17E and Note 18.

#### **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**

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**City of Palmdale**  
Statement of Net Assets  
June 30, 2011

	Governmental Activities
<b>Assets:</b>	
Cash	\$ 89,309
Investments	103,710,081
Accounts Receivable	6,588,372
Interest Receivable	1,084,536
Property Taxes Receivable	1,904,774
Due from Other Governmental Units	2,341,890
Net OPEB Asset	823,751
Notes and Liens	27,614,188
Deposits and Prepaids	603,763
Deferred Charges - Cost of Issuance	4,292,939
Land Held for Resale	19,449,267
Permit Held for Resale	9,367,322
Restricted Assets:	
Cash and Investments	21,849,438
Interest Receivable	16,234
Capital Assets:	
Not Being Depreciated:	
Land and Improvements	119,527,002
Construction in Progress	14,807,015
Being Depreciated, Net of Accumulated Depreciation:	
Buildings and Structures	51,026,291
Machinery, Equipment and Other Improvements	1,997,666
Infrastructure	612,421,892
Total Assets	999,515,730
<b>Liabilities:</b>	
Accounts Payable	6,733,913
Accrued Salaries & Employee Benefits	981,473
Due to Bank - Overnight Sweep	4,144,889
Due to Other Governmental Units	5,099,720
Deposits	9,548,871
Accrued Interest Payable	4,117,570
Unearned Revenue	160,725
Noncurrent Liabilities:	
Due Within One Year	8,624,390
Due in More than One Year	228,224,041
Total Liabilities	267,635,592
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	570,607,898
Restricted for:	
Public Safety	2,594,283
Public Services	58,162,625
Community Development	74,081,761
Cultural & Recreational	9,718,708
Health & Welfare	1,099
Debt Service	5,917,160
Unrestricted	10,796,604
Total Net Assets	\$ 731,880,138

See Accompanying Notes to the Financial Statements

**City of Palmdale**  
Statement of Activities  
For the Year Ended June 30, 2011

	Program Revenues				Net Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 18,062,918	\$ 13,101,053	\$ 389,714	\$ -	\$ (4,572,151)
Public Safety	21,707,909	2,712,950	465,891	179,837	(18,349,231)
Public Services	43,029,300	12,869,081	4,336,446	18,357,893	(7,465,880)
Community Development	38,275,996	4,539,129	1,377,795	6,179,302	(26,179,770)
Cultural and Recreational	10,819,142	4,345,598	506,346	762,064	(5,205,134)
Health and Welfare	2,338,032	287,880	1,492,228	-	(557,924)
Interest on Long-Term Debt	11,987,929	-	-	-	(11,987,929)
<b>Total Governmental Activities</b>	<b>\$ 146,221,226</b>	<b>37,855,691</b>	<b>8,568,420</b>	<b>25,479,096</b>	<b>(74,318,019)</b>

General Revenues:

Taxes:		
Tax Increment		36,535,369
Property Taxes		14,730,451
Sales and Use Taxes		14,921,645
Unrestricted Motor Vehicle in Lieu		702,684
Franchise Taxes		4,182,380
Transient Occupancy Taxes		2,633,405
Property Transfer Tax		299,959
Business License Taxes		444,511
Unrestricted Investment Earnings		241,789
Other		145,076
<b>Total General Revenues</b>		<b>74,837,269</b>
 Change in Net Assets		 519,250
Net Assets - Beginning of Year		<u>731,360,888</u>
Net Assets - End of Year		<u>\$ 731,880,138</u>

See Accompanying Notes to the Financial Statements

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# Governmental Fund Financial Statements

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**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 restricted or committed to expenditure for a specific purpose other than debt service or capital projects. The following funds have been classified as major funds:

**CRA Housing Development Fund**

This fund accounts for 20 percent set aside revenues from CRA property tax increments, as well as restricted 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.

**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:

**City Housing Fund**

This fund accounts for resources accumulated from land sale proceeds, principal and interest on notes receivable as well as expenditures related to low and moderate income housing needs.

**City Project Area No. 1 Fund**

This fund accounts for resources accumulated from land sale proceeds and assets that are held for the benefit of Project Area No. 1.

**City Project Area No. 2A Fund**

This fund accounts for resources accumulated from land sale proceeds, permit sale proceeds, principal and interest on notes receivable and assets that are held for the benefit of Project Area No. 2A.

**CRA Project Area No. 1 Fund**

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

**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, 2011**

<b>Assets</b>	Special Revenue Fund		Debt Service Funds		
	General	CRA Housing Development	CRA Project Area No. 1	CRA Project Area No. 2A	CRA Housing
Assets:					
Cash	\$ 80,608	-	-	-	-
Investments	29,836,373	8,015,781	33,672	3,177,624	904,645
Receivables:					
Accounts and Interest Receivable	2,460,990	43,618	219,082	1,241,700	60,977
Property Taxes Receivable	345,483	-	32,396	845,925	-
Due from Other Funds	2,535,675	789,167	-	-	242
Advances Due from Fiduciary Funds	-	-	-	-	-
Due from Other Governmental Units	1,758,031	-	-	-	-
Notes and Liens	183,711	-	-	-	-
Advances Due from Other Funds	4,642	15,857,215	-	53,193	-
Deposits and Prepays	456,971	-	-	-	-
Restricted Assets:					
Investments	-	1,949,453	1,457,253	1,671,886	-
Accounts Receivable	-	-	-	-	-
Interest Receivable	-	-	651	530	-
Land Held for Resale	-	-	-	-	-
Permit Held for Resale	3,534,951	-	-	-	-
<b>Total Assets</b>	<b>41,197,435</b>	<b>26,655,234</b>	<b>1,743,054</b>	<b>6,990,858</b>	<b>965,864</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts Payable	3,638,415	117,131	148,280	80,135	-
Due to Bank - Overnight Sweep	1,170,122	405,952	1,321	125,095	35,492
Due to Other Funds	-	9,047	74,444	1,618,924	-
Accrued Self Insurance Liability	279,647	-	-	-	-
Advances Due to Other Funds	-	-	3,410,513	12,446,702	-
Advances Due To Other Gov't Units	-	-	2,080,583	3,019,137	-
Deposits	4,918,901	25,003	-	44,286	-
Deferred Revenue	1,865,343	-	-	-	-
<b>Total Liabilities</b>	<b>11,872,428</b>	<b>557,133</b>	<b>5,715,141</b>	<b>17,334,279</b>	<b>35,492</b>
Fund Balances:					
Nonspendable	4,180,275	-	-	-	-
Restricted	-	26,098,101	1,457,904	1,672,416	930,372
Assigned	7,672,148	-	-	-	-
Unassigned	17,472,584	-	(5,429,991)	(12,015,837)	-
<b>Total Fund Balances</b>	<b>29,325,007</b>	<b>26,098,101</b>	<b>(3,972,087)</b>	<b>(10,343,421)</b>	<b>930,372</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 41,197,435</b>	<b>26,655,234</b>	<b>1,743,054</b>	<b>6,990,858</b>	<b>965,864</b>

See Accompanying Notes to the Financial Statements

Capital Projects Funds

City Housing Fund	City Project Area 1 Fund	City Project Area 2A	CRA Project Area No. 1	CRA Project Area No. 2A	Other Governmental Funds	Total Governmental Funds
-	-	-	-	-	8,700	\$ 89,308
930,800	-	-	22,688	1,433,800	59,354,707	103,710,090
425,298	-	-	2,991	500	3,217,752	7,672,908
-	-	-	-	-	680,971	1,904,775
-	-	-	-	-	253,449	3,578,533
-	-	-	-	-	583,859	583,859
-	-	-	-	-	-	1,758,031
18,044,263	-	4,780,094	-	-	4,606,119	27,614,187
1,626,821	-	-	-	-	-	17,541,871
-	-	-	-	-	146,792	603,763
-	-	-	-	-	16,770,845	21,849,437
-	-	-	-	-	15,043	15,043
-	-	-	-	-	10	1,191
2,859,089	10,126,800	1,546,727	-	-	4,916,651	19,449,267
-	-	5,832,371	-	-	-	9,367,322
<b>23,886,271</b>	<b>10,126,800</b>	<b>12,159,192</b>	<b>25,679</b>	<b>1,434,300</b>	<b>90,554,898</b>	<b>215,739,585</b>
-	-	-	12,099	238,125	3,481,203	7,715,388
21,104	-	-	890	56,252	2,328,660	4,144,888
-	-	-	-	-	1,876,118	3,578,533
-	-	-	-	-	-	279,647
-	-	-	-	-	1,684,656	17,541,871
-	-	-	-	-	-	5,099,720
-	-	-	-	-	4,560,681	9,548,871
425,298	-	-	-	-	1,394,362	3,685,003
<b>446,402</b>	<b>-</b>	<b>-</b>	<b>12,989</b>	<b>294,377</b>	<b>15,325,680</b>	<b>51,593,921</b>
-	-	-	-	-	599,434	4,779,709
23,439,869	10,126,800	12,159,192	-	-	64,472,174	140,356,828
-	-	-	12,690	1,139,923	12,712,857	21,537,618
-	-	-	-	-	(2,555,247)	(2,528,491)
<b>23,439,869</b>	<b>10,126,800</b>	<b>12,159,192</b>	<b>12,690</b>	<b>1,139,923</b>	<b>75,229,218</b>	<b>164,145,664</b>
<b>23,886,271</b>	<b>10,126,800</b>	<b>12,159,192</b>	<b>25,679</b>	<b>1,434,300</b>	<b>90,554,898</b>	<b>\$ 215,739,585</b>

**City of Palmdale**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2011

**Total Fund Balances - Total Governmental Funds (page 21)** \$ 164,145,664

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	\$ 1,157,395,548	
Less Accumulated Depreciation	<u>(357,615,682)</u>	799,779,866

Deferred Charge for Issuance Costs are not current financial resources and therefore  
are not reported in the Governmental Funds Balance Sheet. 4,292,933

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. 823,751

Accounts receivable not available to pay for current-period expenditures  
are deferred in the funds 3,524,278

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	(4,117,570)
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Long-Term Liabilities are not due and payable in the current period and therefore  
are not reported as a liability in the Governmental Funds Balance Sheet.

Compensated Absences	\$ 3,119,560	
Claims Payable	1,131,989	
Capital Leases Payable	625,507	
Notes Payable	36,516,156	
Bonds & Certificates of Participation Payable	197,364,657	
Less Deferred Loss on Refinance	(2,739,644)	
Plus Issuance Premiums	<u>550,559</u>	<u>(236,568,784)</u>

**Net Assets of Governmental Activities (page 16)** \$ 731,880,138

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, 2011**

	Special Revenue Fund		Debt Service Funds		
	General	CRA Housing Development	CRA Project Area No. 1	CRA Project Area No. 2A	CRA Housing
<b>Revenues:</b>					
Property Taxes	\$ 14,730,451	7,307,074	3,837,872	25,390,424	-
Sales and Use Taxes	14,921,674	-	-	-	-
Other Taxes	7,560,256	-	-	-	-
Subventions and Grants	107,439	-	-	-	-
Park Development Fees	-	-	-	-	-
Licenses and Permits	1,742,696	-	-	-	-
Motor Vehicle License Fees	702,684	-	-	-	-
Fines and Forfeitures	403,225	-	-	-	-
Special Assessments	-	-	-	-	-
Use of Property	467,034	-	-	-	-
Charges for Current Services	10,314,535	62,298	-	-	-
Drainage Fees	-	-	-	-	-
Traffic Impact Fees	-	-	-	-	-
Facilities Impact Fees	-	-	-	-	-
Interest	191,895	113,417	42,772	73,886	4,982
Net Decrease in the Fair Value of Investments:	(42,014)	(21,577)	(410)	(4,817)	(1,013)
Developer Contributions	-	-	-	-	-
State Contributions	-	-	-	-	-
County Contributions	-	-	-	-	-
Other	4,874,413	4,666	-	-	-
<b>Total Revenues</b>	<b>55,974,288</b>	<b>7,465,878</b>	<b>3,880,234</b>	<b>25,459,493</b>	<b>3,969</b>
<b>Expenditures:</b>					
Current:					
General Government	15,120,514	-	-	-	-
Public Safety	20,523,541	-	-	-	-
Public Services	1,496,513	-	-	-	-
Community Development	-	3,994,443	625,137	2,289,167	-
Cultural and Recreational	7,521,267	-	-	-	-
Health and Welfare	765,327	-	-	-	-
Intergovernmental - Tax Sharing	-	-	212,864	19,626,123	-
Capital Outlay	1,318,469	55,201	-	-	-
Debt service:					
Principal	1,169,220	-	1,771,586	1,713,836	685,000
Interest	(24,446)	-	2,643,869	2,972,281	1,186,059
<b>Total Expenditures</b>	<b>47,890,405</b>	<b>4,049,644</b>	<b>5,253,456</b>	<b>26,601,407</b>	<b>1,871,059</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,083,883	3,416,234	(1,373,222)	(1,141,914)	(1,867,090)
<b>Other Financing Sources (Uses):</b>					
Transfers In	3,713,347	-	59,555	1,454,877	1,925,397
Transfers Out	(5,997,190)	(24,984,020)	(1,906,807)	(3,366,326)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,283,843)</b>	<b>(24,984,020)</b>	<b>(1,847,252)</b>	<b>(1,911,449)</b>	<b>1,925,397</b>
<b>Net Change in Fund Balances</b>	<b>5,800,040</b>	<b>(21,567,786)</b>	<b>(3,220,474)</b>	<b>(3,053,363)</b>	<b>58,307</b>
Fund Balances - Beginning of Year	23,524,967	47,665,887	(751,613)	(7,290,058)	872,065
Fund Balances - End of Year	\$ 29,325,007	26,098,101	(3,972,087)	(10,343,421)	930,372

See Accompanying Notes to the Financial Statements

Capital Projects Funds

City Housing Fund	City Project Area 1 Fund	City Project Area 2A	CRA Project Area No. 1	CRA Project Area No. 2A	Other Governmental Funds	Total Governmental Funds
-	-	-	-	-	-	\$ 51,265,821
-	-	-	-	-	-	14,921,674
-	-	-	-	-	3,527,274	11,087,530
-	-	-	-	-	21,614,063	21,721,502
-	-	-	-	-	696,112	696,112
-	-	-	-	-	67,826	1,810,522
-	-	-	-	-	-	702,684
-	-	-	10,000	-	637,602	1,050,827
-	-	-	-	-	14,019,785	14,019,785
-	-	-	-	6,500	4,317,477	4,791,011
39,584	-	-	-	-	956,224	11,372,641
-	-	-	-	-	411,721	411,721
-	-	-	-	-	784,541	784,541
-	-	-	-	-	278,133	278,133
11,863	-	-	1,305	6,043	511,543	957,706
-	-	-	(337)	(1,835)	(104,957)	(176,960)
-	-	-	-	-	87,457	87,457
-	-	-	-	-	33,651	33,651
-	-	-	-	-	118,887	118,887
-	-	-	184	173	542,259	5,421,695
51,447	-	-	11,152	10,881	48,499,598	141,356,940
-	-	-	-	-	424,275	15,544,789
-	-	-	-	-	1,167,301	21,690,842
-	-	-	-	-	16,295,410	17,791,923
66,963	-	522,946	1,554,234	4,522,102	5,518,774	19,093,766
-	-	-	-	-	2,090,345	9,611,612
-	-	-	-	-	1,570,613	2,335,940
-	-	-	-	-	-	19,838,987
-	-	-	5,913	(929,012)	14,122,070	14,572,641
-	-	-	-	-	-	-
-	-	-	-	-	1,918,497	7,258,139
-	-	-	-	-	4,821,428	11,599,191
66,963	-	522,946	1,560,147	3,593,090	47,928,713	139,337,830
(15,516)	-	(522,946)	(1,548,995)	(3,582,209)	570,885	2,019,110
23,455,385	10,126,800	12,682,138	-	9,055,137	9,064,932	71,537,568
-	-	-	(10,354,846)	(14,045,227)	(10,883,152)	(71,537,568)
23,455,385	10,126,800	12,682,138	(10,354,846)	(4,990,090)	(1,818,220)	-
23,439,869	10,126,800	12,159,192	(11,903,841)	(8,572,299)	(1,247,335)	2,019,110
-	-	-	11,916,531	9,712,222	76,476,553	162,126,554
23,439,869	10,126,800	12,159,192	12,690	1,139,923	75,229,218	\$ 164,145,664

**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, 2011

**Net Change in Fund Balances - Total Governmental Funds (page 25)** \$ 2,019,110

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	\$ 16,532,158	
Less Depreciation Expense	<u>(24,088,165)</u>	(7,556,007)

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	(625,374)
Deferred Interest Revenue Earned but not received within the 60-day Accrual Period	(257,638)

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	\$ 215,426	
Principal Repayments:		
Capital Leases	786,252	
Notes Payable	1,708,569	
Bonds & Certificates of Participation Payable	<u>4,770,000</u>	7,480,247

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	\$ 235,746	
Accrued OPEB Obligations	(125,297)	
Accrued Interest on Debt	146,391	
Accreted Interest on Bonds	(494,684)	
Amortization of Deferred Loss	(168,084)	
Amortization of Issuance Costs	(224,649)	
Amortization of Bond Premiums	<u>89,489</u>	<u>(541,088)</u>

**Change in Net Assets of Governmental Activities (page 17)** \$ 519,250

See Accompanying Notes to the Financial Statements

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# **Budgetary Comparison Statements**

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**City of Palmdale**  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 14,917,980	14,541,200	14,730,451	189,251
Sales and Use Taxes	4,722,930	4,888,300	14,921,674	10,033,374
Other Taxes	6,953,500	7,354,000	7,560,256	206,256
Subventions and Grants	73,000	22,600	107,439	84,839
Licenses and Permits	1,598,000	1,523,500	1,742,696	219,196
Motor Vehicle License Fees	250,000	375,000	702,684	327,684
Fines and Forfeitures	348,600	368,650	403,225	34,575
Special Assessments	20	20	-	(20)
Use of Property	372,350	377,670	467,034	89,364
Charges for Current Services	7,018,400	10,753,910	10,314,535	(439,375)
Interest	260,500	26,100	191,895	165,795
Net Decrease in the Fair Value of Investments	-	-	(42,014)	(42,014)
Other	3,094,570	3,844,230	4,874,413	1,030,183
<b>Total Revenues</b>	<b>39,609,850</b>	<b>44,075,180</b>	<b>55,974,288</b>	<b>11,899,108</b>
<b>Expenditures:</b>				
Current:				
General Government	17,160,780	18,501,450	15,120,514	3,380,936
Public Safety	21,995,450	21,922,950	20,523,541	1,399,409
Public Services	11,880,260	11,503,470	1,496,513	10,006,957
Cultural and Recreational	9,740,530	9,407,740	7,521,267	1,886,473
Health and Welfare	751,100	765,330	765,327	3
Capital Outlay	112,600	3,497,770	1,318,469	2,179,301
Debt Service:				
Principal	1,161,060	1,163,950	1,169,220	(5,270)
Interest	74,050	74,050	(24,446)	98,496
<b>Total Expenditures</b>	<b>62,875,830</b>	<b>66,836,710</b>	<b>47,890,405</b>	<b>18,946,305</b>
Excess (Deficiency) of Revenues:				
Over (Under) Expenditures	(23,265,980)	(22,761,530)	8,083,883	30,845,413
<b>Other Financing Sources (Uses):</b>				
Transfers In	8,775,130	24,465,240	3,713,347	(20,751,893)
Transfers Out	(6,246,450)	(8,317,600)	(5,997,190)	2,320,410
<b>Total Other Financing Sources (Uses)</b>	<b>2,528,680</b>	<b>16,147,640</b>	<b>(2,283,843)</b>	<b>(18,431,483)</b>
<b>Net Change in Fund Balance</b>	<b>(20,737,300)</b>	<b>(6,613,890)</b>	<b>5,800,040</b>	<b>12,413,930</b>
Fund Balance - Beginning of Year	23,524,967	23,524,967	23,524,967	-
Fund Balance - End of Year	\$ 2,787,667	16,911,077	29,325,007	12,413,930

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$ -	-	7,307,074	7,307,074
Charges for Current Services	106,880	107,890	62,298	(45,592)
Interest	487,850	224,940	113,417	(111,523)
Net Decrease in the Fair Value of Investments	-	-	(21,577)	(21,577)
Other	-	-	4,666	4,666
<b>Total Revenues</b>	<u>594,730</u>	<u>332,830</u>	<u>7,465,878</u>	<u>7,133,048</u>
<b>Expenditures:</b>				
Current:				
Community Development	5,190,730	14,711,240	3,994,443	10,716,797
Capital Outlay	480,000	466,370	55,201	411,169
<b>Total Expenditures</b>	<u>5,670,730</u>	<u>15,177,610</u>	<u>4,049,644</u>	<u>11,127,966</u>
Excess (Deficiency) of Revenues: Over (Under) Expenditures	<u>(5,076,000)</u>	<u>(14,844,780)</u>	<u>3,416,234</u>	<u>18,261,014</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	8,430,120	10,313,440	-	(10,313,440)
Transfers Out	(559,120)	(4,410,180)	(24,984,020)	(20,573,840)
<b>Total Other Financing Sources (Uses)</b>	<u>7,871,000</u>	<u>5,903,260</u>	<u>(24,984,020)</u>	<u>(30,887,280)</u>
<b>Net Change in Fund Balance</b>	<u>2,795,000</u>	<u>(8,941,520)</u>	<u>(21,567,786)</u>	<u>(12,626,266)</u>
Fund Balance - Beginning of Year	<u>47,665,887</u>	<u>47,665,887</u>	<u>47,665,887</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 50,460,887</u>	<u>38,724,367</u>	<u>26,098,101</u>	<u>(12,626,266)</u>

See Accompanying Notes to the Financial Statements

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# Fiduciary Fund Financial Statement

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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, 2011**

	Agency Funds	OPEB Trust Funds
Assets:		
Investments	\$ 128,291	\$ -
Receivables:		
Accounts and Interest Receivable	32,636	-
Property Taxes Receivable	252,772	-
Restricted Assets:		
Cash and cash equivalents		47,354
Investments	11,928,744	4,924,401
Interest Receivable	1,617	-
Total Assets	12,344,060	4,971,755
Liabilities:		
Accounts Payable	23,527	-
Due to Bank - Overnight Sweep	48,920	-
Due to Other Governmental Units	583,859	-
Deposits	152,596	-
Payable to Bond Holders	11,535,158	-
Total Liabilities	12,344,060	-
Net Assets:		
Assets Held in Trust for OPEB	-	4,971,755
Total Net Assets	-	4,971,755
Total Liabilities and Net Assets	\$ 12,344,060	\$ 4,971,755

**City of Palmdale**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2011**

	OPEB Trust Funds
Additions:	
Contributions to Retiree Medical Trust	\$ 207,606
Investment and interest income	124,145
Net Gains	491,896
Total Additions	823,647
Deductions:	
Benefits paid to participants	497,033
Total Deductions	497,033
Change in Net Assets held in Trust	326,614
Net Assets Held in Trust for OPEB at July 1, 2010	4,645,141
Net Assets Held in Trust for OPEB at June 30, 2011	\$ 4,971,755

See Accompanying Notes to the Financial Statements

**Notes to the  
Financial Statements**



**CITY OF PALMDALE, CALIFORNIA**

*Year Ended June 30, 2011*

**City of Palmdale**  
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**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

**(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, 2011

**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, 2011

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, the CRA Project Area No. 1 and the CRA Project Area No. 2A Debt Service Funds and the City Housing Capital Projects Fund. In addition, the City electively added, as major funds, the CRA Housing Debt Service Fund, City Project Area 1 and City Project Area 2A Capital Projects Funds, and the CRA Project Area No. 1 and 2A Capital Projects Fund because the City believes the financial position and activities of these funds are significant to the City as a whole. Specific fund descriptions and purpose of each fund can be found on page 19 for all

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

major funds. Summarization of all non-major governmental funds is presented under the Other Governmental Funds column. The individual fund statements and descriptions and purpose of the non-major funds can be found on pages 89-99.

Three new capital project funds were created during FY2010-11, the City Housing Capital Projects Fund, the City Project Area 1 Capital Projects Fund and the City Project Area 2A Capital Projects Fund, as the result of transferring assets to the City. Council approved the transfer of assets that were received subsequent to enactment of legislation that affected the Redevelopment Agency to correctly classify the reporting of the transactions going forward. The City will receive and report the revenues in the respective Special Revenue Funds in the future. For further detail refer to Notes 17, 18E and 19.

**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

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

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 assigned fund balance in the General Fund since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

On March 10, 2011, Council approved the transfer of assets from the Agency to the City to be held in a capital project fund. The following Capital Project funds were created to hold the assets transferred from the Agency to the City: The City Housing Capital Projects Fund, the City Project Area 1 Capital Projects Fund and the City Project Area 2A Capital Projects Fund. It is the assumption by the City that when the Council approved this action that they approved any related revenue, expenditures and transfers related to the transaction. For further detail refer to Notes 17, 18E and 19.

**D. 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, 2011. 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, 2011.

**E. Trust Fund Investments**

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

**F. 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.

**G. 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.

**H. 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.

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

**I. 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 classified as nonspendable 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.

**J. 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 classified as nonspendable 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.

**K. 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.

**L. 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

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

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, 2011. 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.

**M. 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, 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.

**N. 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.

**O. Fund Equity**

In the Fund Financial Statements, governmental funds report fund balance into five components whereby each component identifies the extent to which the City is bound to

observe constraints imposed upon the use of the resources reported in governmental funds. The five components of the fund balance are as follows:

**Nonspendable:** Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.

**Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

**Committed:** Resources that are constrained to specific purposes by a formal action of the City Council such as an ordinance or resolution. The constraint remains binding unless removed in

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.

Assigned: Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Also, the residual balance of all other governmental funds except the General Fund.

Unassigned: Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

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

This policy delegates to the Finance Director the authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

**P. Deficit Fund Equity**

The following funds had a deficit undesignated fund balance at June 30, 2011 in the amount indicated:

Major Debt Service Funds	
CRA Project Area 1	\$ 3,972,087
CRA Project Area 2	\$ 10,343,421

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

Non-major Special Revenue Funds:	
Federal Grants Fund	\$ 277,006
Library	\$ 237,964
Local Transportation Article 3	\$ 23
Misc. Grants/Developer Contributions	\$ 389,092
Public Facilities Fund	\$ 111,897
State Grants Fund	\$ 291,448

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	\$ 1,473,661
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Management anticipates that this deficit will be resolved in the following fiscal year 2012 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, 2011

**Q. Expenditures Exceeding Appropriations**

For the year ended June 30, 2011, the City expenditures exceeding appropriation in the program/function (the legal level of budgetary control) as the result of implementing GASB 54. Budget appropriations approved were reported to the City Council as being paid out of General Fund and Federal Jobs Program Fund and funded through transfers in from special revenue funds. The following special revenue funds uses of their resources were reclassified from transfers out to the expenditure function level of the special revenue fund financial statements to comply with GASB 54 requirements. Gas Tax Fund, Public Safety Fund, Prop A Fund, Prop C Fund, Air Quality Fund, Article 8 Fund, Park Development Fund, Traffic Impact Fund, Drainage Funds, Federal Grant Funds, State Grant Funds, Park Assessments, Landscape Maintenance Fund, Street Lighting Fund, and Sewer Drainage Benefit Fund.

**R. 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 Los Angeles County Assessor and Tax Collector perform the duties of assessing and collecting property taxes, 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.

**S. 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.

**T. Implemented Accounting Pronouncements**

During fiscal year 2010-2011, the City adopted the provisions of 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. The implementation impact on the City’s financial statements are outlined in Note 1 Q.

During fiscal year 2010-2011, the City adopted the provisions of GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing

**City of Palmdale**  
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more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. 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, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash	\$ 89,309
Cash overdraft-Due to Bank	(4,144,889)
Investments	103,710,081
Restricted cash and investments	21,849,438
	<u>121,503,939</u>

Fiduciary funds:

Cash overdraft-Due to Bank	(48,920)
Investments	128,291
Restricted cash and investments	16,900,499
	<u>16,979,870</u>

Total cash and investments	<u>\$ 138,483,809</u>
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Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 14,608
Cash overdraft-Due to Bank	(4,193,809)
Deposits with financial institutions	74,701
Investments:	
Pooled	\$ 106,906,465
Held by trustees	<u>35,681,844</u>
	142,588,309
Total cash and investments	<u>\$ 138,483,809</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.

**City of Palmdale**  
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<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%

<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.

**City of Palmdale**  
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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>
Repurchase Agreements	\$ 7,186,509	\$ 7,186,509	\$ -	\$ -	\$ -
Federal Agency Securities	23,021,190	-	-	23,021,190	-
Certificates of Deposit	1,991,566	748,062	497,280	746,224	-
Money Market Funds	82,957	82,957	-	-	-
State Investment Pool	74,624,243	74,624,243	-	-	-
Held By Trustees:					
Money Market Funds	28,207,142	28,207,142	-	-	-
Mutual Funds	4,924,401	4,924,401	-	-	-
Investment Agreements	2,415,811	-	-	956,951	1,458,860
State Investment Pool	<u>134,490</u>	<u>134,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 142,588,309</u>	<u>\$ 115,907,804</u>	<u>\$ 497,280</u>	<u>\$ 24,724,365</u>	<u>\$ 1,458,860</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>	Minimum	Not Required	<u>NR/A1*</u>	<u>A+/Aa2*</u>	<u>AAA/Aaa*</u>
		<u>Legal Rating</u>	<u>To Be Rated</u>			
Repurchase agreement	\$ 7,186,509	N/A	\$ -	\$ -	\$ -	\$ 7,186,509
Federal agency securities	23,021,190	N/A	-	-	-	23,021,190
Certificates of Deposit	1,991,566	N/A	1,991,566	-	-	-
Money market funds	82,957	A	-	-	-	82,957
State investment pool	74,624,243	N/A	74,624,243	-	-	-
Held by bond trustees:						
Money market funds	28,207,142	A	-	-	-	28,207,142
Mutual Funds	4,924,401	N/A	4,924,401	-	-	-
Investment agreements	2,415,811	N/A	-	956,951	660,000	798,860
State investment pool	<u>134,490</u>	N/A	<u>134,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 142,588,309</u>		<u>\$ 81,674,700</u>	<u>\$ 956,951</u>	<u>\$ 660,000</u>	<u>\$ 59,296,658</u>

\* Ratings are from S&P & Moody's, respectively.

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.

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**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 Farm Credit Bank	Federal agency securities	\$ 9,975,000
Federal Home Loan Bank	Federal agency securities	8,037,940
Federal Ntl Mtg Assoc. – Overnight Sweep	Federal agency securities	7,186,509

**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 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: \$495,636 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, 2011, 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>
Certificates of Deposit	\$1,991,566
Federal agency securities	23,021,190

**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.

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**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) is 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) is 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.

**(3) Interfund Transfers - Interfund transfers for the year ended June 30, 2011 were as follows:**

<u>Transfer To:</u>	<u>Transfer From:</u>	<u>Amount</u>
<b>Major Funds:</b>		
General Fund	CRA Housing Development	\$ 104,323
	Non-Major Funds	<u>3,609,024</u>
		3,713,347
City Housing Fund	CRA Housing Development	23,455,385
City Project Area 1	CRA Project Area No. 1 Capital	10,126,800
City Project Area 2A	CRA Project Area No. 2A Capital	12,682,138
CRA Project Area 1 Debt Service	CRA Project Area No. 1 Capital	59,555
CRA Project Area 2A Debt Service	CRA Project Area 1 Debt Service	1,454,877
CRA Housing Debt Service	CRA Housing Development	521,496
	Non-Major Funds	<u>1,403,901</u>
		1,925,397
CRA Project Area No. 2A Capital	CRA Project Area 2A Debt Service	3,366,326
	Non-Major Funds	<u>5,688,811</u>
		9,055,137
<b>Non-Major Funds</b>	Non-Major Funds	181,415
	General Fund	5,997,190
	CRA Housing Development	902,816
	CRA Project Area 1 Debt Service	451,930
	CRA Project Area 1 Capital	168,492
	CRA Project Area 2A Capital	<u>1,363,089</u>
		9,064,932
<b>Total Interfund Transfers</b>		<u>\$ 71,537,568</u>

**City of Palmdale**  
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Remaining transfers resulted from the following transactions:

- 1) Moving revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires expending 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.
- 4) March 10, 2011 Council approved action described at Note 17.

**(4) Interfund Assets/Liabilities**

**A. Due From/To Other Funds for the year ended June 30, 2011 were as follows:**

<u>Payable To:</u>	<u>Payable From:</u>	<u>Amount</u>
<b>Major Funds:</b>		
General Fund	CRA Housing Development	\$ 9,047
	CRA Project Area 1 Debt Service	69,106
	CRA Project Area 2A Debt Service	1,198,190
	Non-Major Funds	<u>1,259,332</u>
		<u>2,535,675</u>
CRA Housing Development	CRA Project Area 1 Debt Service	5,338
	CRA Project Area 2A Debt Service	420,734
	Non-Major Funds	<u>363,095</u>
		<u>789,167</u>
CRA Housing Debt Service	Non-Major Funds	<u>242</u>
<b>Non-Major Funds:</b>	Non-Major Funds	<u>253,449</u>
<b>Total Due From/To Other Funds</b>		<u>\$ 3,578,533</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, 2011**

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.

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

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

	Fund Equity
Amargosa Drainage	\$ 1,279,173
Anaverde Drainage	(9,578,286)
Portal Ridge Drainage	479,901
Pearland Drainage	14,287,719
Littlerock Drainage	115,035
	\$ 6,583,542

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, 2011**

	Receivable	Payable
<b>Major Funds:</b>		
General Funds	\$ 4,642	\$ -
Special Revenue Funds:		
CRA Housing Development Fund	15,857,215	-
City Housing Fund	1,626,821	-
Debt Service Funds:		
CRA Project Area No. 1 Fund	-	3,410,513
CRA Project Area No. 2A Fund	53,193	12,446,702
Sub-Total Major Funds	17,541,871	15,857,215
<b>Non-Major Funds:</b>		
Special Revenue Funds:		
Housing Authority Mobile Home Parks Fund	-	1,684,656
<b>Grand Total All Funds</b>	<b>\$ 17,541,871</b>	<b>\$ 17,541,871</b>

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

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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.

In fiscal year 2010-11, the State required the Community Redevelopment Agency (CRA) to shift tax increment of \$2,389,286 to the Supplemental Education Revenue Augmentation Fund (SERAF). To assist in funding this shift, the CRA Housing Development fund advanced \$521,581 and \$1,867,705 (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 2010-2011 advance of \$2,389,286 will be repaid by June 2016.

The Housing Authority has advances due to the City Housing fund (\$1,626,821), CRA, Area 2A debt service fund (\$53,193) and the City's General fund (\$4,642) 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.

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) Fund Balance Classification**

The Governmental Fund Balances at June 30, 2011 were classified as follows:

	General	Special Revenue Fund CRA Housing Development	Capital Projects Fund City Housing	Capital Projects Fund City Project Area 1	Capital Projects Fund City Project Area 2A	Debt Service Fund CRA Project Area No. 1
Nonspendable:						
					\$	
Deposits and Prepaids	\$ 456,971	\$ -	\$ -	\$ -	-	\$ -
Permit for Resale	3,534,951	-	-	-	-	-
Long Term Receivables	4,642	-	-	-	-	-
Notes and Loans	183,711	-	-	-	-	-
Total Nonspendable	<u>4,180,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:						
Debt Service	-	1,949,453	-	-	-	1,457,904
Public Safety	-	-	-	-	-	-
Public Services	-	-	-	-	-	-
Community Development	-	24,148,648	23,439,869	10,126,800	12,159,192	-
Cultural and Recreation	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Housing Auth Operations	-	-	-	-	-	-
MH Park Operations	-	-	-	-	-	-
Total Restricted	<u>-</u>	<u>26,098,101</u>	<u>23,439,869</u>	<u>10,126,800</u>	<u>12,159,192</u>	<u>1,457,904</u>

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	Debt Service Fund CRA Project Area 2A General	Debt Service Fund CRA Housing	Capital Projects Fund CRA Project Area No. 1	Capital Projects Fund CRA Project Area No. 2A	Other Governmental Funds	Total Governmental Funds
<b>Assigned:</b>						
Capital Projects	-	-	-	-	-	-
Encumbrances	230,600	-	-	-	-	-
Appropriations	1,692,040	-	-	-	-	-
Compensated Absences	1,988,760	-	-	-	-	-
Self Insurance Claims	1,131,989	-	-	-	-	-
Health Insurance	2,628,759	-	-	-	-	-
Total Assigned	<u>7,672,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned:	<u>17,472,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,429,991)</u>
Total Fund Balance	<u>\$ 29,325,007</u>	<u>\$26,098,101</u>	<u>\$23,439,869</u>	<u>\$10,126,800</u>	<u>\$12,159,192</u>	<u>\$ (3,972,087)</u>
<b>Nonspendable:</b>						
Deposits and Prepaids	\$ -	\$ -	\$ -	\$ -	\$ 15,575	\$ 472,546
Permit for Resale	-	-	-	-	-	3,534,951
Long Term Receivables	-	-	-	-	-	4,642
Notes and Loans	-	-	-	-	583,859	767,570
Total Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,434</u>	<u>4,779,709</u>
<b>Restricted:</b>						
Debt Service	1,672,416	930,372	-	-	3,931,363	9,941,508
Public Safety	-	-	-	-	2,594,281	2,594,281
Public Services	-	-	-	-	38,817,578	38,817,578
Community Development	-	-	-	-	9,395,518	79,270,027
Cultural and Recreation	-	-	-	-	9,607,618	9,607,618
Health and Welfare	-	-	-	-	1,102	1,102
Housing Auth Operations	-	-	-	-	124,714	124,714
Total Restricted	<u>1,672,416</u>	<u>930,372</u>	<u>-</u>	<u>-</u>	<u>64,472,174</u>	<u>140,356,828</u>
<b>Assigned:</b>						
Capital Projects	-	-	12,690	1,139,923	9,045,679	9,314,891
Encumbrances	-	-	-	-	2,777,680	3,904,940
Appropriations	-	-	-	-	8,606,700	17,591,695
Compensated Absences	-	-	-	-	887,202	2,980,420
Self Insurance Claims	-	-	-	-	-	1,131,989
Health Insurance Claims	-	-	-	-	-	2,628,759
Total Assigned	<u>-</u>	<u>-</u>	<u>12,690</u>	<u>1,139,923</u>	<u>12,712,857</u>	<u>21,537,618</u>
Unassigned:	<u>(12,015,837)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,555,247)</u>	<u>(2,528,491)</u>
Total Fund Balance	<u>\$ (10,343,421)</u>	<u>\$ 930,372</u>	<u>\$ 12,690</u>	<u>\$ 1,139,923</u>	<u>\$ 74,991,254</u>	<u>\$164,145,664</u>

**(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, 2011, (unaudited) Antelope Valley Transit Authority's financial position was as follows:

**City of Palmdale**  
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Assets	<u>\$ 43,645,265</u>
Liabilities	2,493,499
Fund Equity	<u>41,151,766</u>
Total Liabilities and Fund Equity	<u>43,645,265</u>
Revenues	19,409,687
Expenses	<u>19,488,109</u>
Decrease in Fund Equity	<u>\$ 78,422</u>

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.

**(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 2010-2011, \$592,436 was paid in general liability claims and \$320,044 was paid in liability administrative costs. At June 30, 2011, \$1,234,869 was accrued for general liability claims in the Government-Wide Financial Statements. The portion estimated to be due within one year is \$102,880 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 2010-2011, \$1,392,182 was paid in health claims and \$54,408 was paid in health administrative costs. At June 30, 2011, \$127,871 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 2010-2011, \$321,305 was paid in dental and vision claims and \$18,643 was paid in dental and vision administrative costs. At June 30, 2011, \$48,896 was accrued for dental and vision 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.

**City of Palmdale**  
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The total liability is calculated considering the effects of inflation, recent favorable claim settlement trends including frequency and amount of payouts, 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, 2011, 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:

	General Liability	Medical Benefits	Dental and Vision Claims	Total
Balance, June 30, 2009	\$ 1,398,970	\$ 272,975	\$ 70,390	\$ 1,742,335
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	1,454,200	301,769	61,488	1,817,457
Claims Incurred	373,105	1,218,284	308,713	1,900,102
Claims Paid	(592,436)	(1,392,182)	(321,305)	(2,305,923)
Balance, June 30, 2011	<u>\$ 1,234,869</u>	<u>\$ 127,871</u>	<u>\$ 48,896</u>	<u>\$ 1,411,636</u>

**(8) Deferred Revenue/Unearned 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	\$ 82,861
Fees received for facility rental not yet used	21,521
Fees received for business licenses paid in advance	2,930
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>\$ 160,725</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 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:

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<b>Major Funds:</b>	
General Fund	\$ 1,758,031
CRA Housing	425,29
<b>Non-Major Special Revenue Funds:</b>	
Federal Funds Fund	277,006
Federal Home Program Fund	549,581
Misc Grants/Developer Contributions	224,670
State Grants Fund	289,692
<b>Total Deferred Unavailable Revenue for Governmental Funds</b>	<u>\$ 3,524,278</u>

**(9) Capital Assets**

Capital Assets of the City for the year ended June 30, 2011, consisted of the following:

Capital Assets, Not Being Depreciated				
Land and Improvements	\$ 119,523,152	3,850	-	\$ 119,527,002
Construction in Progress	13,786,380	11,743,711	(10,723,076)	14,807,015
Total Capital Assets, Not Being Depreciated	<u>133,309,532</u>	<u>11,747,561</u>	<u>(10,723,076)</u>	<u>134,334,017</u>
Capital Assets, Being Depreciated				
Buildings and Structures	56,608,635	6,454,471	(168,116)	62,894,990
Improvements Other than Buildings	91,349	-	-	91,349
Machinery and Equipment	13,745,147	236,940	(1,366,846)	12,615,241
Infrastructure	937,108,727	10,351,224	-	947,459,951
Total Capital Assets, Being Depreciated	<u>1,007,553,858</u>	<u>17,042,635</u>	<u>(1,534,962)</u>	<u>1,023,061,531</u>
Less Accumulated Depreciation for:				
Buildings and Structures	10,744,523	1,199,267	(75,091)	11,868,699
Improvements Other than Buildings	72,750	3,848	-	76,598
Machinery and Equipment	10,810,514	1,153,464	(1,331,652)	10,632,326
Infrastructure	311,899,730	23,138,329	-	335,038,059
Total Accumulated Depreciation	<u>333,527,517</u>	<u>25,494,908</u>	<u>(1,406,743)</u>	<u>357,615,682</u>
Total Capital Assets, Being Depreciated, Net	<u>674,026,341</u>	<u>(8,452,273)</u>	<u>(128,219)</u>	<u>665,445,849</u>
Total Capital Assets, Net	<u>\$ 807,335,873</u>	<u>3,295,288</u>	<u>(10,851,295)</u>	<u>\$ 799,779,866</u>

For the year ended June 30, 2011, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$ 681,898
Cultural & Recreational	1,056,587
Community Development	39,525
Health & Welfare	5,603
Public Safety	93,310
Public Services	23,617,985
Total Depreciation Expense	<u>\$ 25,494,908</u>

**(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, 2011, amounted to \$1,310. The lease was paid in full during the 2010-11 Fiscal Year.

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**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, 2011, amounted to \$17,392. The lease was paid in full during the 2010-11 Fiscal Year.

**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, 2011, amounted to \$4,431. The lease was paid in full during the 2010-11 Fiscal Year.

**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, 2011, amounted to \$25,159. The lease was paid in full during the 2010-11 Fiscal Year.

**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, 2011, amounted to \$712,774. At the end of the lease, there is a one-dollar buy out cost.

<u>Year Ending</u>	<u>Amount</u>
2012	\$ 510,358
2013	153,971
Total minimum lease payments	664,329
Less: amount representing interest	(38,822)
Present value of minimum lease payments	<u>\$ 625,507</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>
2012	\$ 50,000	-	50,000
Totals	<u>\$ 50,000</u>	<u>-</u>	<u>50,000</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. On September 1, 2010, the Community Redevelopment Agency of the City of Palmdale issued \$11,001,339 of 2010 Series A Tax

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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 were 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. Interest on the notes is payable semi-annually on March 1 and September 1, beginning March 1, 2011. Principal installments are payable September 1 and March 1 of each year from 2011 through 2026. The 2010 Series A Notes bear a fixed interest rate of 5.97% per annum and the 2010 Series B Notes bear a fixed interest rate of 6.2% per annum. The value of the notes as of June 30, 2011, is \$26,970,022.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,120,714	1,629,947	2,750,661
2013	1,190,968	1,559,692	2,750,660
2014	1,265,627	1,485,033	2,750,660
2015	1,344,967	1,405,693	2,750,660
2016	1,429,282	1,321,378	2,750,660
2017-2021	8,608,202	5,145,099	13,753,301
2022-2026	12,010,262	2,112,861	14,123,123
Totals	<u>\$ 26,970,022</u>	<u>14,659,703</u>	<u>41,629,725</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 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 \$88,836 and the balance remaining to be paid from pledged future revenues total \$702,386 as of June 30, 2011.

**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 \$324,147 and the balance remaining to be paid from pledged future revenues total \$1,560,748 as of June 30, 2011.

**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

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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, 2011 is \$4,383,000.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	244,000	171,079	415,079
2017-2021	1,406,000	654,848	2,060,848
2022-2026	1,861,000	261,991	2,122,991
Totals	<u>\$ 4,383,000</u>	<u>1,868,112</u>	<u>6,251,112</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 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, 2011, 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, 2011 is \$2,850,000 with \$397,438 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 \$1,961,625. Net sales tax and incremental property tax totaled \$13,378,985 for the year. At year-end, pledged future revenues totaled \$46,696,250 which was the amount of the remaining principal and interest on the Bonds.

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<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	740,000	1,211,500	1,951,500
2017-2021	4,320,000	5,445,750	9,765,750
2022-2026	5,510,000	4,222,500	9,732,500
2027-2031	7,030,000	2,663,250	9,693,250
2032-2035	7,000,000	721,250	7,721,250
Totals	<u>\$ 27,240,000</u>	<u>19,456,250</u>	<u>46,696,250</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.

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>
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	115,000	138,737	253,737
2017-2021	680,000	588,500	1,268,500
2022-2026	880,000	374,825	1,254,825
2027-2030	905,000	102,712	1,007,712
Totals	<u>\$ 2,990,000</u>	<u>1,818,850</u>	<u>4,808,850</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.

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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 \$5,351,479 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>
2012	\$ -	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017-2021	3,340,411	1,499,589	4,840,000
2022-2026	2,486,174	2,368,826	4,855,000
2027-2031	1,934,448	3,170,552	5,105,000
2032-2033	761,049	1,693,951	2,455,000
Totals	<u>\$ 8,522,082</u>	<u>8,732,918</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 \$379,160. Net incremental property tax (20% Set-Aside) totaled \$6,339,146 for the year. At year-end, pledged future revenues totaled \$7,277,628 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>
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	190,000	179,102	369,102
2017-2021	1,015,000	777,593	1,792,593
2022-2026	1,085,000	552,822	1,637,822
2027-2029	1,805,000	182,044	1,987,044
Totals	<u>\$ 4,805,000</u>	<u>2,472,628</u>	<u>7,277,628</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.

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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 \$369,423. Net incremental property tax (20% Set-Aside) totaled \$6,339,146 for the year. At year-end, pledged future revenues totaled \$13,674,711 which was the amount of the remaining principal and interest on the Bonds.

Year Ending	Principal	Interest	Total
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	35,000	338,332	373,332
2017-2021	185,000	1,668,952	1,853,952
2022-2026	225,000	1,623,519	1,848,519
2027-2031	3,190,000	1,421,835	4,611,835
2032-2033	3,330,000	165,130	3,495,130
Totals	<u>\$ 7,090,000</u>	<u>6,584,711</u>	<u>13,674,711</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 \$986,625. Net sales tax and incremental property tax totaled \$13,378,985 for the year. At year-end, pledged future revenues totaled \$31,698,375 which was the amount of the remaining principal and interest on the Bonds.

Year Ending	Principal	Interest	Total
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	320,000	842,750	1,162,750
2017-2021	3,015,000	3,811,625	6,826,625
2022-2026	3,860,000	2,956,500	6,816,500
2027-2031	4,920,000	1,864,000	6,784,000
2032-2035	4,900,000	505,000	5,405,000
Totals	<u>\$ 18,195,000</u>	<u>13,503,375</u>	<u>31,698,375</u>

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**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 \$5,351,479 for the year. At year-end, pledged future revenues totaled \$10,418,708 which was the amount of the remaining principal and interest on the Bonds.

Year Ending	Principal	Interest	Total
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	165,000	252,890	417,890
2017-2021	825,000	1,171,845	1,996,845
2022-2026	1,035,000	952,400	1,987,400
2027-2031	1,295,000	673,669	1,968,669
2032-2034	2,165,000	214,106	2,379,106
Totals	<u>\$ 6,090,000</u>	<u>4,328,708</u>	<u>10,418,708</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 \$970,404. Net incremental property tax (20% Set-Aside) totaled \$6,339,146 for the year. At year-end, pledged future revenues totaled \$16,936,215 which was the amount of the remaining principal and interest on the Bonds.

Year Ending	Principal	Interest	Total
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	570,000	407,479	977,479
2017-2021	3,265,000	1,675,077	4,940,077
2022-2026	4,160,000	901,713	5,061,713
2027-2028	1,970,000	87,281	2,057,281
Totals	<u>\$ 12,015,000</u>	<u>4,921,215</u>	<u>16,936,215</u>

**City of Palmdale**  
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**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 \$152,073. Net incremental property tax (20% Set-Aside) totaled \$6,339,146 for the year. At year-end, pledged future revenues totaled \$4,875,521 which was the amount of the remaining principal and interest on the Bonds.

Year Ending	Principal	Interest	Total
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	40,000	110,976	150,976
2017-2021	210,000	530,977	740,977
2022-2026	265,000	481,900	746,900
2027-2031	175,000	425,538	600,538
2032-2034	1,835,000	204,412	2,039,412
Totals	<u>\$ 2,665,000</u>	<u>2,210,521</u>	<u>4,875,521</u>

**C. 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.

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.

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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 and the 1993 Bonds have now been paid in full.

**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 \$185,000. Net sales tax and incremental property tax totaled \$13,378,985 for the year. At year-end, pledged future revenues totaled \$882,575 which was the amount of the remaining principal on the Bonds.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 188,127	-	188,127
2013	181,539	-	181,539
2014	179,270	-	179,270
2015	168,229	-	168,229
2016	165,410	-	165,410
Totals	<u>\$ 882,575</u>	<u>-</u>	<u>882,575</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

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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 \$932,001. Net sales tax and incremental property tax totaled \$13,378,985 for the year. At year-end, pledged future revenues totaled \$4,643,657 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>
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	905,000	25,340	930,340
Totals	<u>\$ 4,055,000</u>	<u>588,657</u>	<u>4,643,657</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.

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 \$870,106. Net incremental property tax totaled \$3,535,709 for the year. At year-end, pledged future revenues totaled \$22,625,156 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>
2012	\$ 780,000	737,638	1,517,638
2013	810,000	705,837	1,515,837
2014	845,000	672,737	1,517,737
2015	875,000	638,338	1,513,338
2016	910,000	602,637	1,512,637
2017-2021	5,220,000	2,331,094	7,551,094
2022-2026	6,635,000	861,875	7,496,875
Totals	<u>\$ 16,075,000</u>	<u>6,550,156</u>	<u>22,625,156</u>

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**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 \$450,145. Net incremental property tax totaled \$3,535,709 for the year. At year-end, pledged future revenues totaled \$11,056,510 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>
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	150,000	332,376	482,376
2017-2021	830,000	1,547,032	2,377,032
2022-2026	1,095,000	1,275,750	2,370,750
2027-2028	3,685,000	224,250	3,909,250
Totals	<u>\$ 6,290,000</u>	<u>4,766,510</u>	<u>11,056,510</u>

**D. 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

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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.

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.

Year Ending	Principal	Interest	Total
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	395,000	392,200	787,200
2017-2021	2,290,000	1,637,137	3,927,137
2022-2026	2,895,000	1,010,219	3,905,219
2027-2030	2,715,000	256,969	2,971,969
Totals	\$ 9,705,000	5,043,765	14,748,765

**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.

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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 40<sup>th</sup> 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 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>
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	845,000	1,939,700	2,784,700
2017-2021	5,940,000	8,941,981	14,881,981
2022-2026	9,730,000	6,942,375	16,672,375
2027-2031	14,805,000	3,896,125	18,701,125
2032-2033	7,715,000	392,875	8,107,875
Totals	<u>\$ 41,515,000</u>	<u>30,162,069</u>	<u>71,677,069</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.

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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.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	660,000	327,694	987,694
2017-2021	3,705,000	1,213,903	4,918,903
2022-2025	3,575,000	337,138	3,912,138
Totals	<u>\$ 10,360,000</u>	<u>3,411,378</u>	<u>13,771,378</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.

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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.

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>
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	395,000	1,099,517	1,494,517
2017-2021	2,340,000	5,116,968	7,456,968
2022-2026	3,180,000	4,282,329	7,462,329
2027-2031	4,315,000	3,144,140	7,459,140
2032-2036	5,865,000	1,598,576	7,463,576
2037	1,405,000	88,670	1,493,670
Totals	<u>\$ 18,870,000</u>	<u>19,928,796</u>	<u>38,798,796</u>

**E. Current Year Defeasance of Debt**

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.

**City of Palmdale**  
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**F. Change in Long-Term Liabilities - Activity for the year ended June 30, 2011 was as follows:**

	Balance at July 1, 2010	Additions	Retirements	Balance at June 30, 2011	Due Within One Year
Compensated Absences Payable					
General Fund	\$ 2,395,764	4,086,537	(4,493,540)	1,988,761	636,537
Gas Tax Fund	587,665	1,375,999	(1,431,548)	532,116	303,414
Prop A Fund	8,959	10,072	(13,554)	5,477	5,477
Drainage Funds	28,031	125,641	(131,656)	22,016	3,057
Water Park Fund	59,099	90,915	(108,811)	41,203	14,420
Library Fund	95,207	125,845	(173,674)	47,378	44,052
Landscape Maintenance Fund	134,122	479,049	(487,846)	125,325	76,065
Sewer Maintenance Fund	52,078	630,339	(500,071)	182,346	42,608
Housing Development Fund	208,014	157,947	(261,503)	104,458	31,131
CRA Redevelopment Fund	151,311	303,138	(383,969)	70,480	34,575
Total Compensated Absences	<u>\$ 3,720,250</u>	<u>7,385,482</u>	<u>(7,986,172)</u>	<u>3,119,560</u>	<u>1,191,336</u>
Liability Claims (General Fund)	<u>\$ 1,817,457</u>	<u>1,900,102</u>	<u>(2,305,923)</u>	<u>1,411,636</u>	<u>279,647</u>
Leases Payable					
Xerox Doc Center Amend 13 Lease	1,274	-	(1,274)	-	-
Xerox Doc Center Amend 14 Lease	20,380	-	(20,380)	-	-
Xerox Doc Center Amend 17 Lease	6,848	-	(6,848)	-	-
Munis Lease	122,686	-	(122,686)	-	-
Equipment & Vehicle Lease	1,260,571	-	(635,064)	625,507	476,294
Total Leases Payable	<u>\$ 1,411,759</u>	<u>-</u>	<u>(786,252)</u>	<u>625,507</u>	<u>476,294</u>
Notes Payable					
Palmdale Plaza	\$ 150,000	-	(100,000)	50,000	50,000
Fairway Business Park	27,966,608	-	(996,586)	26,970,022	1,120,714
Dillard's Infrastructure	791,222	-	(88,836)	702,386	-
Hoprock Infrastructure	1,884,895	-	(324,147)	1,560,748	-
Section 108 HUD Loan	4,582,000	-	(199,000)	4,383,000	204,000
HOME Loan	2,850,000	-	-	2,850,000	-
Total Notes Payable	<u>\$ 38,224,725</u>	<u>-</u>	<u>(1,708,569)</u>	<u>36,516,156</u>	<u>1,374,714</u>
Bonds Payable					
1998 Tax Allocation Bonds	\$ 27,825,000	-	(585,000)	27,240,000	615,000
1999 Tax Allocation Bonds	3,080,000	-	(90,000)	2,990,000	95,000
2002 Tax Allocation Bonds	8,082,264	439,818	-	8,522,082	-
2003 Tax Allocation Bonds	4,975,000	-	(170,000)	4,805,000	175,000
2003 Tax Allocation Bonds	7,115,000	-	(25,000)	7,090,000	30,000
2004 Tax Allocation Bonds	18,270,000	-	(75,000)	18,195,000	280,000
2004 Tax Allocation Bonds	6,090,000	-	-	6,090,000	145,000
2005 Tax Allocation Bonds	12,470,000	-	(455,000)	12,015,000	475,000
2005 Tax Allocation Bonds	2,700,000	-	(35,000)	2,665,000	35,000
1993 Revenue Bonds	660,000	-	(660,000)	-	-
1994 Revenue Bonds	1,012,709	54,866	(185,000)	882,575	188,127
1997 Revenue Bonds	4,745,000	-	(690,000)	4,055,000	730,000
2003 Revenue Bonds	16,190,000	-	(115,000)	16,075,000	780,000
2009 Revenue Bonds	6,380,000	-	(90,000)	6,290,000	125,000
1999 Certificates of Participation	10,020,000	-	(315,000)	9,705,000	330,000
2002 Certificates of Participation	41,935,000	-	(420,000)	41,515,000	495,000
2004 Certificates of Participation	10,920,000	-	(560,000)	10,360,000	575,000
2007 Certificates of Participation	19,170,000	-	(300,000)	18,870,000	315,000
Less Deferred Loss on Refinancing	(2,907,728)	-	168,084	(2,739,644)	(168,084)
Plus Deferred Issuance Premiums	640,048	-	(89,489)	550,559	82,356
Total Bonds Payable	<u>\$ 199,372,293</u>	<u>494,684</u>	<u>(4,691,405)</u>	<u>195,175,572</u>	<u>5,302,399</u>
Total	<u>\$ 244,546,484</u>	<u>9,780,268</u>	<u>(17,478,321)</u>	<u>236,848,431</u>	<u>8,624,390</u>

**City of Palmdale**  
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**(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.

**A. Bonds Outstanding**

**Assessment District No. 88-1 (10<sup>th</sup> 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 10<sup>th</sup> 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 10<sup>th</sup> Street West Assessment District No. 88-1 Series 1989-A Limited Obligation Improvement Bonds. As of June 30, 2011, a total of \$4,280,000 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 (7<sup>th</sup> 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 7<sup>th</sup> 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 7<sup>th</sup> Street West Assessment District No. 90-2 Series 1990-A Limited Obligation Improvement Bonds. As of June 30, 2011, a total of \$1,525,000 in Series 2007-A Bonds, \$6,810,000 in Series 2007-B Bonds, and \$2,155,000 of original 90-2 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, 2011, 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 (52<sup>nd</sup> Street East) Limited Obligation Improvement Bonds -**

In October 1992, the City issued \$1,260,727 of special assessment Bonds for the construction

**City of Palmdale**  
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of street improvements, sewers, fire hydrants, and street lighting. As of June 30, 2011, a total of \$265,000 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 52<sup>nd</sup> 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, 2011, a total of \$33,500,000 in Bonds was outstanding for Ritter Ranch Community Facilities District No. 93-1. 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, 2011, a total of \$25,995,000 in Series 2005-A Bonds and \$1,390,000 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 10<sup>th</sup> 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, 2011, a total of \$5,435,000 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 7<sup>th</sup> Street West Assessment District No. 90-2 Series 1990-A Limited Obligation Improvement Bonds. As of June 30, 2011, 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, 2011, a total of \$1,595,000 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.

**City of Palmdale**  
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**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 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, \$91,657.31 on June 1, 2010, \$56,248 on December 28, 2010, and \$93,480.87 on June 1, 2011. 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, 2011 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, 2011. 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, 2011, there were \$8,220,600 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) 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. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions, as well as other requirements. 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.

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**Funding Policy** - Active plan members in the Miscellaneous Plan are required to contribute 8.00% of their annual covered salary. However, the City on behalf of the employees as an additional benefit pays 4% of this contribution. 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 2010-11 was 18.102% 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 2010-11, the City of Palmdale's annual pension cost was \$3,558,652 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2010-11 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) 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.60%. 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, 2010 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
06/30/2009	\$ 5,111,493	100%	-
06/30/2010	4,870,747	100%	-
06/30/2011	3,558,652	100%	-

**Funded Status and Funding Progress** - As of June 30, 2010, the most recent actuarial valuation date, the plan was 81.4% percent funded. The actuarial accrued liability for benefits was \$108,394,465, and the actuarial value of assets was \$88,229,640, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,164,825. The covered payroll (annual payroll of active employees covered by the plan) was \$18,969,559, and the ratio of the UAAL to the covered payroll was 63.9 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.

**City of Palmdale**  
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**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 the employee contribute an amount equal to 7.50% of the employee's earnings. The covered employees made the required 7.50% contributions. The City of Palmdale's Council has the authority for establishing or amending the plan's provision or contribution requirements.

**(15) 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 Post employment 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.

**Funding Policies:**

**Defined Benefit Plan:** Current retirees receive a max of \$250 deposited into the Plan per month beginning January 1, 2009. As of June 30, 2011, there were 57 retirees who met those eligibility requirements and were active participating members in the plan. There are 41 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.

**City of Palmdale**  
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**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 factor at expected retirement age. Currently, 16 employees are receiving benefits. 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 \$206,991 in FY 2010-2011 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, 2011	\$2,600,370	\$4,686,030	2,085,660	55.49%	10,428,300	20.00%

**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, 2011 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; (i) Blended invested return rate of 6% and (j) 10% inflation rate. 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.

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	\$ 275,519
Interest on net OPEB obligation	124,145
Adjustment to annual required contribution	<u>(66,761)</u>
Annual OPEB cost (expense)	332,903
Contributions made	<u>(207,606)</u>
Net OPEB obligation (asset)	125,297
Net OPEB obligation (asset), beginning of the year	<u>(949,048)</u>
Net OPEB obligation (asset), end of the year	<u>\$ (823,751)</u>

The contributions made to the OPEB trust include an implicit subsidy of \$162,226.

**City of Palmdale**  
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For the Year Ended June 30, 2011

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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	384.80%	(\$949,048)
June 30, 2011	\$ 332,903	120.83%	(\$823,751)

The above noted actuarial accrued liability was based on the June 30, 2011 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, 2011:

**Statement of Net Assets  
June 30, 2011**

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
<u>Assets:</u>			
Cash and cash equivalents	\$ 40,665	6,689	\$ 47,354
<u>Investments:</u>			
Mutual Funds	2,330,720	2,593,681	4,924,401
Total Assets	<u>2,371,385</u>	<u>2,600,370</u>	<u>4,971,755</u>
<u>Net Assets:</u>			
Held in trust for OPEB benefits	2,371,385	2,600,370	4,971,755
Total Net Assets	<u>\$ 2,371,385</u>	<u>2,600,370</u>	<u>\$ 4,971,755</u>

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

**Statement of Changes in Net Assets**  
**For the Year Ended June 30, 2011**

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
<u>Additions:</u>			
Contributions to Retiree Medical Trust	\$ 615	206,991	\$ 207,606
Investment and interest income	67,797	56,348	124,145
Net Realized and Unrealized Gains (Losses)	323,457	168,439	491,896
Total Additions	391,869	431,778	823,647
<u>Deductions:</u>			
Benefits paid to participants	299,603	197,430	497,033
Total Deductions	299,603	197,430	497,033
Change in Net Assets held in Trust	92,266	234,348	326,614
Net Assets Held in Trust at July 1, 2010	2,279,119	2,366,022	4,645,141
Net Assets Held in Trust at June 30, 2011	<u>\$ 2,371,385</u>	<u>2,600,370</u>	<u>\$ 4,971,755</u>

**(16) 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, 2011 the permit process is approximately 95% complete and the California Energy Commission Permit was granted on August 10, 2011 and the U.S. Environmental Protection Agency Permit was granted on October 18, 2011. The City has spent a total of \$9,367,322 on the permit process and it is anticipated to cost an additional \$350,000 to complete the process and will be funded through the City's General Fund. Receipt of the permit above creates additional assurance that the project will be constructed and the City continues to pursue additional activities to improve project readiness for construction. It is currently the City's intention to sell this permit upon completion of the permitting process.

**(17) Transfer of Assets and Other Agency Related Transactions**

**A. Assets Transferred by Agency to City:**

At a joint meeting of the City of Palmdale and the Community Redevelopment Agency of the City of Palmdale (Agency) on March 10, 2011, the following properties and assets were transferred from the Agency to the City. Conveying the properties to the City pursuant to Section 33220(g) of the Health and Safety Code would allow for the potential redevelopment of these properties within local control and in accordance with the redevelopment plans. Land Held for Resale was transferred at a carrying value that is the lower of historical cost or estimated net realizable value. Other assets were transferred at book value.

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

Land Held For Resale Transfer From:	Amount
Housing Development Fund	\$ 2,859,089
Project Area No. 1 Capital Fund	10,126,800
Project Area No. 2A Capital Fund	<u>1,546,727</u>
	14,532,616
Permit Held For Resale Transfer	
Project Area No. 2A Capital Fund	<u>5,832,371</u>
Note Receivables Transfer From:	
Housing Development Fund	20,596,296
Project Area No. 2A Capital Fund	<u>5,303,040</u>
	<u>25,899,336</u>
Total Transferred to City	<u>\$ 46,264,323</u>

**B. Sales Tax Revenue:**

As the result of GASB 54, the Sales Tax Revenue previously reported under CRA Project Area No. 1 and 2A Debt Service Funds are reported under General Fund totaling \$9,687,750 for FY2010-11.

**(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:

FY2011-12	22,610,566
FY2012-13	23,779,863
FY2013-14	<u>25,064,385</u>
Total	<u>\$ 71,454,814</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 \$4,007,970 at June 30, 2011.

**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.

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

**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 2010-2011 and \$2,389,286 in fiscal year 2011-2012.

**E. Recent Changes in Legislation Affecting California Redevelopment Agencies**

On June 28, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 27 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. Pursuant to the Authority, set forth in Assembly Bill X1 27, the City of Palmdale intends to use available monies of its redevelopment agency (Agency) for this purpose and the City and Agency have approved a remittance agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26. As also noted in Note 17, on March 10, 2011, at a joint meeting of the City and Agency, the Agency transferred assets to the City pursuant to Section 33220(g) of the Health and Safety Code. The City and Agency may be impacted if the assets transferred are required to be returned.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011, on behalf of cities, counties, and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

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

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

On December 29, 2011, the California Supreme Court upheld that Assembly Bill 1X 26 was constitutional. Assembly Bill X1 26 dissolves redevelopment agencies and redirects their property tax revenues. Assemble Bill X1 27 was struck down by the Supreme Court. As discussed previously, AB X1 26 contains provisions relating to transfers of assets. Certain transfers were made as discussed at Note 17. This decision may impact those transfers.

On January 4, 2012, the City of Palmdale adopted resolution No. CC 2012-002 designating the City of Palmdale as the successor agency under Part 1.85 of the Health and Safety Code. The Agency’s management is evaluating the impact of this event and the details of the outcome are not yet known.

**F. Land Held for Resale**

The City has land held for development in the amount of \$19,449,267, 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**

**A. Voluntary Alternative Redevelopment Program**

On July 28, 2011, Ordinance No. 1421 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency, in the event Assembly Bills X1 26 and 27 are upheld as constitutional. The initial payment by the City is estimated to be \$11.6 million, with one half due on January 15, 2012, and the other half due on May 15, 2012. Thereafter, an estimated \$2.7 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due January 15 and

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

May 15 of each year and would increase or decrease with changes in the tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. This ordinance also requires the Agency to transfer annual portions of its tax increment to the City in amounts not to exceed the annual community remittance payments to enable the City, directly or indirectly, to make the annual remittance payments. The City Council does not intend, by enactment of this ordinance, to pledge and of its General Fund revenues or assets to make the remittance payments. Assembly Bill X1 27 allows a one-year reprieve on the Agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the State. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding. On August 29, 2011, the Agency adopted the Enforceable Obligation Payment Schedule (EOPS), and on September 7, 2011, the Recognized Obligation Payment Schedule (ROPS) was also adopted.

On or about September 29, 2011 a Compliant for Declaratory and Injunctive Relief and Petition for Writ of Mandate was filed by the City of Cerritos and nine other cities and their respective redevelopment agencies, a nonprofit affordable housing corporation, and an individual taxpayer (the "Cerritos Lawsuit") challenging the constitutionality of Assembly Bill X1 26 and 27. This action was filed with the Sacramento Superior Court.

On December 29, 2011, the California Supreme Court upheld that Assembly Bill X1 26 was constitutional and therefore dissolves redevelopment agencies and redirects their property tax revenues. Assembly Bill X1 27 was struck down by the Supreme Court.

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

The Agency's management is evaluating the impact of the Supreme Court's decision to uphold Assembly Bill X1 26, which dissolves redevelopment agencies. As discussed previously, AB X1 26 contains provisions relating to transfers of assets. Certain transfers were made as discussed at Note 17. This decision may impact those transfers. The details of the outcome are not yet known, however, this event causes substantial doubt regarding the Agency's ability to continue as a going concern.

**B. 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,

**City of Palmdale**  
Notes to the Financial Statements  
For the Year Ended June 30, 2011

2011 the permit process is approximately 95% complete and the California Energy Commission Permit was granted on August 10, 2011 and the U.S. Environmental Protection Agency Permit was granted on October 18, 2011. The City has spent a total of \$9,367,322 on the permit process and it is anticipated to cost an additional \$350,000 to complete the process and will be funded through the City's Community Redevelopment Agency. Receipt of the permit above creates additional assurance that the project will be constructed and the City continues to pursue additional activities to improve project readiness for construction. It is currently the City's intention to sell this permit upon completion of the permitting process.

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**Required**  
**Supplementary Information**



**CITY OF PALMDALE, CALIFORNIA**

*Year Ended June 30, 2011*

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## **Required Supplementary Information**

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**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, 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%
June 30, 2010	108,394,465	88,229,640	20,164,825	81.4%	18,969,559	63.9%

**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%
June 30, 2011	2,371,386	4,686,030	2,085,660	55.49%	10,428,300	20.00%

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# Combining Statements - Non-Major Governmental Funds

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**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.

## 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.

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

## 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.

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## Combining Statements - Non-Major Governmental Funds

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**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.

**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.

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**City of Palmdale**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2011**

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
<b>Assets:</b>								
Cash	\$ -	200	-	-	-	-	-	-
Investments	10,192	96,036	6,858,067	369,679	-	-	5,516	2,667,192
Receivables:								
Accounts and Interest Receivable	11	129,001	7,405	399	464,770	618,908	363,028	2,880
Property Taxes Receivable	-	-	-	2,006	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Advances Due from Fiduciary Funds	-	-	-	-	-	-	-	-
Notes and Liens	-	6,119	-	-	-	4,600,000	-	-
Deposits and Prepaids	-	131,217	-	-	-	-	-	-
Restricted Assets:								
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Land Held for Resale	-	4,916,651	-	-	-	-	-	-
<b>Total Assets</b>	<b>10,203</b>	<b>5,279,224</b>	<b>6,865,472</b>	<b>372,084</b>	<b>464,770</b>	<b>5,218,908</b>	<b>368,544</b>	<b>2,670,072</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts Payable	-	165,771	1,177	2,279	14,002	60,804	368,326	-
Due To Bank Overnight Sweep	400	3,767	269,062	14,504	-	-	216	104,642
Due To Other Funds	-	224,420	-	-	450,502	7,027	-	-
Advances Due To Other Funds	-	-	-	-	-	-	-	-
Deposits	-	91,244	11,691	-	266	-	-	-
Deferred Revenue	-	-	-	-	277,006	549,581	-	-
<b>Total Liabilities</b>	<b>400</b>	<b>485,202</b>	<b>281,930</b>	<b>16,783</b>	<b>741,776</b>	<b>617,412</b>	<b>368,542</b>	<b>104,642</b>
<b>Fund Balances:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	9,803	4,794,022	6,583,542	355,301	-	4,601,496	2	2,565,430
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(277,006)	-	-	-
<b>Total Fund Balances</b>	<b>9,803</b>	<b>4,794,022</b>	<b>6,583,542</b>	<b>355,301</b>	<b>(277,006)</b>	<b>4,601,496</b>	<b>2</b>	<b>2,565,430</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,203</b>	<b>5,279,224</b>	<b>6,865,472</b>	<b>372,084</b>	<b>464,770</b>	<b>5,218,908</b>	<b>368,544</b>	<b>2,670,072</b>

Special Revenue Funds (continued)

Gas Tax	HA Mobile Home Park	Housing Authority	Landscape Maintenance	Local Transportation Article 3	Local Transportation Article 8	Measure R	Misc Grants/ Developer Contributions	Parks Assessments	Park Development
-	2,000	-	-	-	-	-	-	-	-
5,572,764	223,201	-	6,994,606	-	-	2,239,796	2,147,782	-	10,343,637
52,636	532,235	3,998	7,553	-	300,056	2,418	224,705	-	11,169
-	-	-	281,816	-	-	-	-	83,664	-
-	-	253,449	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
5,625,400	757,436	257,447	7,283,975	-	300,056	2,242,214	2,372,487	83,664	10,354,806
426	103,080	86	309,703	-	-	981	983,694	1,500	307,318
218,636	8,757	-	274,419	-	-	87,874	84,264	-	405,811
-	253,689	131,647	-	23	299,453	-	-	23,455	-
-	1,684,656	-	-	-	-	-	-	-	-
2,366,909	180,915	1,000	-	-	-	-	1,468,951	-	-
-	-	-	-	-	-	-	224,670	-	53,413
2,585,971	2,231,097	132,733	584,122	23	299,453	88,855	2,761,579	24,955	766,542
-	-	-	-	-	-	-	-	-	-
3,039,429	-	124,714	6,699,853	-	603	2,153,359	-	58,709	9,588,264
-	-	-	-	-	-	-	-	-	-
-	(1,473,661)	-	-	(23)	-	-	(389,092)	-	-
3,039,429	(1,473,661)	124,714	6,699,853	(23)	603	2,153,359	(389,092)	58,709	9,588,264
5,625,400	757,436	257,447	7,283,975	-	300,056	2,242,214	2,372,487	83,664	10,354,806

**City of Palmdale**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2011**

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	2,472,267	1,488,195	-	-	4,381	7,123,822	869,623	100,165
Receivables:								
Accounts and Interest Receivable	2,672	1,607	-	125,078	11,658	7,692	939	330,744
Property Taxes Receivable	-	-	-	89,284	-	161,948	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Advances Due from Fiduciary Funds	-	-	-	-	-	-	-	-
Notes and Liens	-	-	-	-	-	-	-	-
Deposits and Prepays	-	-	-	-	-	-	-	12,120
Restricted Assets:								
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	<u>2,474,939</u>	<u>1,489,802</u>	<u>-</u>	<u>214,362</u>	<u>16,039</u>	<u>7,293,462</u>	<u>870,562</u>	<u>443,029</u>
<b>Liabilities and Fund Balances</b>								
Liabilities								
Accounts Payable	-	-	-	-	14,767	213,949	-	55,383
Due To Bank Overnight Sweep	96,994	58,386	-	-	172	279,489	34,118	3,930
Due To Other Funds	-	-	111,897	185,511	-	-	-	-
Advances Due To Other Funds	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	385,472
Deferred Revenue	-	-	-	-	-	-	-	289,692
Total Liabilities	<u>96,994</u>	<u>58,386</u>	<u>111,897</u>	<u>185,511</u>	<u>14,939</u>	<u>493,438</u>	<u>34,118</u>	<u>734,477</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	12,120
Restricted	2,377,945	1,431,416	-	28,851	1,100	6,800,024	836,444	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(111,897)	-	-	-	-	(303,568)
Total Fund Balances	<u>2,377,945</u>	<u>1,431,416</u>	<u>(111,897)</u>	<u>28,851</u>	<u>1,100</u>	<u>6,800,024</u>	<u>836,444</u>	<u>(291,448)</u>
Total Liabilities and Fund Balances	<u>\$ 2,474,939</u>	<u>1,489,802</u>	<u>-</u>	<u>214,362</u>	<u>16,039</u>	<u>7,293,462</u>	<u>870,562</u>	<u>443,029</u>

Special Revenue Funds (continued)			Debt Service Funds		Capital Projects Funds					Total Non-Major Governmental Funds	
Street Lighting Assessment District	Traffic Impact	Water Park	Total Special Revenue	Palmdale Civic Authority	Total Debt Service Funds	CFD/ Assessment Districts	CRA Redevelopment	CRA Housing	Palmdale Civic Authority	Total Capital	
-	-	6,500	8,700	-	-	-	-	-	-	-	8,700
2,445,034	6,941,932	132,019	59,105,906	22,168	22,168	20,214	150,393	4,636	51,390	226,633	59,354,707
2,640	7,496	5,690	3,217,388	24	24	22	258	5	55	340	3,217,752
62,253	-	-	680,971	-	-	-	-	-	-	-	680,971
-	-	-	253,449	-	-	-	-	-	-	-	253,449
-	-	-	-	-	-	583,859	-	-	-	583,859	583,859
-	-	-	4,606,119	-	-	-	-	-	-	-	4,606,119
-	-	-	143,337	-	-	-	399	3,056	-	3,455	146,792
-	-	-	-	3,895,211	3,895,211	12,271,872	-	-	603,762	12,875,634	16,770,845
-	-	-	-	14,830	14,830	213	-	-	-	213	15,043
-	-	-	-	-	-	-	-	-	10	10	10
-	-	-	4,916,651	-	-	-	-	-	-	-	4,916,651
2,509,927	6,949,428	144,209	72,932,521	3,932,233	3,932,233	12,876,180	151,050	7,697	655,217	13,690,144	90,554,898
41,831	578,096	67,292	3,290,465	-	-	97,900	89,782	3,056	-	190,738	3,481,203
95,926	272,352	5,180	2,318,899	870	870	793	5,900	182	2,016	8,891	2,328,660
-	-	-	1,687,624	-	-	188,494	-	-	-	188,494	1,876,118
-	-	-	1,684,656	-	-	-	-	-	-	-	1,684,656
-	-	-	4,506,448	-	-	-	54,233	-	-	54,233	4,560,681
-	-	-	1,394,362	-	-	-	-	-	-	-	1,394,362
137,757	850,448	72,472	14,882,454	870	870	287,187	149,915	3,238	2,016	442,356	15,325,680
-	-	-	12,120	-	-	583,859	399	3,056	-	587,314	599,434
2,372,170	6,098,980	19,354	60,540,811	3,931,363	3,931,363	-	-	-	-	-	64,472,174
-	-	52,383	52,383	-	-	12,005,134	736	1,403	653,201	12,660,474	12,712,857
-	-	-	(2,555,247)	-	-	-	-	-	-	-	(2,555,247)
2,372,170	6,098,980	71,737	58,050,067	3,931,363	3,931,363	12,588,993	1,135	4,459	653,201	13,247,788	75,229,218
2,509,927	6,949,428	144,209	72,932,521	3,932,233	3,932,233	12,876,180	151,050	7,697	655,217	13,690,144	90,554,898

**City of Palmdale**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2011

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
<b>Revenues:</b>								
Other Taxes	-	-	-	-	-	-	-	-
Subventions and Grants	75,000	7,312,579	-	-	2,830,234	267,852	1,051,892	-
Park Development Fees	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	53,711	-	-	-	-
Use of Property	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	-	-	-	-
Drainage Fees	-	-	411,721	-	-	-	-	-
Traffic Impact Fees	-	-	-	-	-	-	-	-
Facilities Impact Fees	-	-	-	-	-	-	-	164,152
Interest	78	-	94,842	2,707	-	-	-	20,921
Net Decrease in the Fair Value of Investments:	(19)	-	(14,273)	(664)	-	-	-	(5,238)
Developer Contributions	-	-	-	-	-	-	-	-
State Contributions	-	-	-	-	-	-	-	-
County Contributions	-	-	-	-	-	-	-	-
Other	-	42,893	-	692	-	-	-	-
<b>Total Revenues</b>	<b>75,059</b>	<b>7,355,472</b>	<b>492,290</b>	<b>56,446</b>	<b>2,830,234</b>	<b>267,852</b>	<b>1,051,892</b>	<b>179,835</b>
<b>Expenditures:</b>								
Current:								
General Government	-	-	52,000	-	-	-	-	8,208
Public Safety	75,000	-	-	-	225,646	-	-	-
Public Services	-	-	203,014	15,663	17,351	-	-	-
Community Development	-	310,952	-	-	-	246,356	-	-
Cultural and Recreational	-	-	-	-	-	-	-	-
Health and Welfare	-	272,893	-	-	98,490	-	1,166,462	-
Capital Outlay	-	1,393,218	1,936,305	-	1,213,027	-	42,785	277,719
Debt Service:								
Principal	-	199,000	-	-	-	-	-	-
Interest	-	215,409	38,149	-	-	-	-	-
<b>Total Expenditures</b>	<b>75,000</b>	<b>2,391,472</b>	<b>2,229,468</b>	<b>15,663</b>	<b>1,554,514</b>	<b>246,356</b>	<b>1,209,247</b>	<b>285,927</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	59	4,964,000	(1,737,178)	40,783	1,275,720	21,496	(157,355)	(106,092)
<b>Other Financing Sources(Uses):</b>								
Transfers In	-	15,845	150,000	-	-	5,000	157,357	-
Transfers Out	-	(15,845)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>157,357</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>59</b>	<b>4,964,000</b>	<b>(1,587,178)</b>	<b>40,783</b>	<b>1,275,720</b>	<b>26,496</b>	<b>2</b>	<b>(106,092)</b>
Fund Balances - Beginning of Year	9,744	(169,978)	8,170,720	314,518	(1,552,726)	4,575,000	-	2,671,522
Fund Balances - End of Year	\$ 9,803	4,794,022	6,583,542	355,301	(277,006)	4,601,496	2	2,565,430

Special Revenue Funds (continued)

Gas Tax	HA Mobile Home Parks	Housing Authority	Landscape Maintenance	Local Transportation Article 3	Local Transportation Article 8	Measure R	Misc Grants/ Developer Contributions	Parks Assessments	Park Development
3,527,274	-	-	-	-	-	-	-	-	-
-	-	-	-	(74,355)	3,600,664	1,269,104	812,423	-	267,000
-	-	-	-	-	-	-	-	-	696,112
-	-	-	-	-	-	-	-	-	-
-	-	-	5,599,392	-	-	-	-	2,232,483	-
-	4,253,105	-	-	-	-	-	-	-	-
-	-	36,664	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
30,523	1,498	-	48,956	158	4	13,905	-	(15)	89,186
(5,941)	(354)	-	(12,057)	(56)	(1)	(3,112)	-	-	(23,234)
-	-	-	-	-	-	-	76,957	-	-
33,651	-	-	-	-	-	-	-	-	-
118,887	-	-	-	-	-	-	-	-	-
245,219	-	5,000	120,360	-	-	-	-	29,261	1,525
<u>3,949,613</u>	<u>4,254,249</u>	<u>41,664</u>	<u>5,756,651</u>	<u>(74,253)</u>	<u>3,600,667</u>	<u>1,279,897</u>	<u>889,380</u>	<u>2,261,729</u>	<u>1,030,589</u>
117,225	-	-	40,220	-	-	-	-	76,622	65,000
-	-	-	-	-	-	-	-	60,000	-
2,354,549	-	-	4,685,058	-	3,600,664	-	-	-	40,758
-	3,440,325	55,403	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	888,040	146,853
-	-	-	-	-	-	-	-	-	-
42,495	5,300	-	78,019	-	-	40,293	1,119,758	-	2,867,130
-	-	-	34,497	-	-	-	-	-	-
-	38,529	-	5,940	-	-	-	-	-	-
<u>2,514,269</u>	<u>3,484,154</u>	<u>55,403</u>	<u>4,843,734</u>	<u>-</u>	<u>3,600,664</u>	<u>40,293</u>	<u>1,119,758</u>	<u>1,024,662</u>	<u>3,119,741</u>
1,435,344	770,095	(13,739)	912,917	(74,253)	3	1,239,604	(230,378)	1,237,067	(2,089,152)
-	897,816	-	-	-	-	-	-	-	-
(247,534)	(1,403,901)	-	-	-	-	-	-	(1,829,934)	(250,000)
(247,534)	(506,085)	-	-	-	-	-	-	(1,829,934)	(250,000)
1,187,810	264,010	(13,739)	912,917	(74,253)	3	1,239,604	(230,378)	(592,867)	(2,339,152)
1,851,619	(1,737,671)	138,453	5,786,936	74,230	600	913,755	(158,714)	651,576	11,927,416
<u>3,039,429</u>	<u>(1,473,661)</u>	<u>124,714</u>	<u>6,699,853</u>	<u>(23)</u>	<u>603</u>	<u>2,153,359</u>	<u>(389,092)</u>	<u>58,709</u>	<u>\$ 9,588,264</u>

**City of Palmdale**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2011

Special Revenue Funds (continued)

	Proposition A	Proposition C	Public Facilities	Public Safety	SAVES	Sewer Maint Assessment District	Sewer Upgrade	State Grants
<b>Revenues:</b>								
Other Taxes	-	-	-	-	-	-	-	-
Subventions and Grants	2,046,916	1,683,642	-	176,579	32,768	-	-	261,765
Park Development Fees	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	67,826	-	-
Fines and Forfeitures	-	-	-	637,602	-	-	-	-
Special Assessments	-	-	-	-	-	5,215,178	-	-
Use of Property	-	-	-	-	-	-	-	-
Charges for Current Services	-	-	-	-	-	132,093	-	-
Drainage Fees	-	-	-	-	-	-	-	-
Traffic Impact Fees	-	-	-	-	-	-	-	-
Facilities Impact Fees	-	-	113,981	-	-	-	-	-
Interest	19,008	8,503	-	218	99	43,792	6,684	-
Net Decrease in the Fair Value of Investments:	(4,646)	(1,828)	-	(54)	(32)	(10,128)	(1,663)	-
Developer Contributions	-	-	-	-	-	-	-	-
State Contributions	-	-	-	-	-	-	-	-
County Contributions	-	-	-	-	-	-	-	-
Other	12,733	-	-	-	-	27,755	-	-
<b>Total Revenues</b>	<b>2,074,011</b>	<b>1,690,317</b>	<b>113,981</b>	<b>814,345</b>	<b>32,835</b>	<b>5,476,516</b>	<b>5,021</b>	<b>261,765</b>
<b>Expenditures:</b>								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	806,655	-	-	-	-
Public Services	1,313,988	771,600	-	-	-	2,102,003	-	212,509
Community Development	-	-	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	32,768	-	-	-
Capital Outlay	16,428	10,982	-	-	-	173,366	-	226,436
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,330,416</b>	<b>782,582</b>	<b>-</b>	<b>806,655</b>	<b>32,768</b>	<b>2,275,369</b>	<b>-</b>	<b>438,945</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	743,595	907,735	113,981	7,690	67	3,201,147	5,021	(177,180)
<b>Other Financing Sources(Uses):</b>								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	(652,850)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(652,850)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>743,595</b>	<b>254,885</b>	<b>113,981</b>	<b>7,690</b>	<b>67</b>	<b>3,201,147</b>	<b>5,021</b>	<b>(177,180)</b>
Fund Balances - Beginning of Year	1,634,350	1,176,531	(225,878)	21,161	1,033	3,598,877	831,423	(114,268)
Fund Balances - End of Year	2,377,945	1,431,416	(111,897)	28,851	1,100	6,800,024	836,444	(291,448)

Special Revenue Funds (continued)			Debt Service Funds			Capital Projects Funds					Total Non-Major Governmental Funds
Street Lighting Assessment District	Traffic Impact	Water Park	Total Special Revenue	Palmdale Civic Authority	Total Debt Service Funds	CFD/Assessment District	CRA Redevelopment	CRA Housing	Palmdale Civic Authority	Total Capital Projects	
-	-	-	3,527,274	-	-	-	-	-	-	-	3,527,274
-	-	-	21,614,063	-	-	-	-	-	-	-	21,614,063
-	-	-	696,112	-	-	-	-	-	-	-	696,112
-	-	-	67,826	-	-	-	-	-	-	-	67,826
-	-	-	637,602	-	-	-	-	-	-	-	637,602
919,021	-	-	14,019,785	-	-	-	-	-	-	-	14,019,785
-	-	64,372	4,317,477	-	-	-	-	-	-	-	4,317,477
-	-	659,826	828,583	-	-	-	127,641	-	-	127,641	956,224
-	-	-	411,721	-	-	-	-	-	-	-	411,721
-	784,541	-	784,541	-	-	-	-	-	-	-	784,541
-	-	-	278,133	-	-	-	-	-	-	-	278,133
17,659	61,622	655	461,003	45,125	45,125	3,107	2,145	36	127	5,415	511,543
(4,345)	(16,384)	(134)	(104,163)	(33)	(33)	(39)	(1,010)	(9)	297	(761)	(104,957)
10,500	-	-	87,457	-	-	-	-	-	-	-	87,457
-	-	-	33,651	-	-	-	-	-	-	-	33,651
-	-	-	118,887	-	-	-	-	-	-	-	118,887
9,330	-	47,491	542,259	-	-	-	-	-	-	-	542,259
952,165	829,779	772,210	48,322,211	45,092	45,092	3,068	128,776	27	424	132,295	48,499,598
-	65,000	-	424,275	-	-	-	-	-	-	-	424,275
-	-	-	1,167,301	-	-	-	-	-	-	-	1,167,301
626,333	-	-	15,943,490	-	-	351,920	-	-	-	351,920	16,295,410
-	-	-	4,053,036	-	-	-	1,465,738	-	-	1,465,738	5,518,774
-	-	1,055,452	2,090,345	-	-	-	-	-	-	-	2,090,345
-	-	-	1,570,613	-	-	-	-	-	-	-	1,570,613
-	2,591,266	-	12,034,527	-	-	2,069,238	-	-	18,305	2,087,543	14,122,070
-	-	-	233,497	1,685,000	1,685,000	-	-	-	-	-	1,918,497
-	-	-	298,027	4,523,401	4,523,401	-	-	-	-	-	4,821,428
626,333	2,656,266	1,055,452	37,815,111	6,208,401	6,208,401	2,421,158	1,465,738	-	18,305	3,905,201	47,928,713
325,832	(1,826,487)	(283,242)	10,507,100	(6,163,309)	(6,163,309)	(2,418,090)	(1,336,962)	27	(17,881)	(3,772,906)	570,885
-	-	283,764	1,509,782	6,165,376	6,165,376	-	1,389,774	-	-	1,389,774	9,064,932
-	(742,600)	-	(5,142,664)	-	-	-	(5,740,488)	-	-	(5,740,488)	(10,883,152)
-	(742,600)	283,764	(3,632,882)	6,165,376	6,165,376	-	(4,350,714)	-	-	(4,350,714)	(1,818,220)
325,832	(2,569,087)	522	6,874,218	2,067	2,067	(2,418,090)	(5,687,676)	27	(17,881)	(8,123,620)	(1,247,335)
2,046,338	8,668,067	71,215	51,175,849	3,929,296	3,929,296	15,007,083	5,688,811	4,432	671,082	21,371,408	76,476,553
2,372,170	6,098,980	71,737	58,050,067	3,931,363	3,931,363	12,588,993	1,135	4,459	653,201	13,247,788	75,229,218

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# **Budgetary Comparison Schedule**

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**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Air Quality Improvement  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 75,000	75,000	75,000	-
Interest	350	350	78	(272)
Net Decrease in the Fair Value of Investments:	-	-	(19)	(19)
Total Revenues	75,350	75,350	75,059	(291)
<b>Expenditures:</b>				
Current:				
Public Safety	-	-	75,000	(75,000)
Total Expenditures	-	-	75,000	(75,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,350	75,350	59	(75,291)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(75,000)	-	75,000
Total Other Financing Sources (Uses)	-	(75,000)	-	75,000
Net Change in Fund Balance	75,350	350	59	(291)
Fund Balance - Beginning of Year	9,744	9,744	9,744	-
Fund Balance - End of Year	\$ 85,094	10,094	9,803	(291)

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 2,002,460	10,251,130	7,312,579	(2,938,551)
Other	55,500	74,500	42,893	(31,607)
<b>Total Revenues</b>	<b>2,057,960</b>	<b>10,325,630</b>	<b>7,355,472</b>	<b>(2,970,158)</b>
<b>Expenditures:</b>				
Current:				
Community Development	620,840	867,360	310,952	556,408
Health and Welfare	285,500	306,880	272,893	33,987
Capital Outlay	736,200	8,738,350	1,393,218	7,345,132
Debt Service:				
Principal	199,000	199,000	199,000	-
Interest	216,420	216,420	215,409	1,011
<b>Total Expenditures</b>	<b>2,057,960</b>	<b>10,328,010</b>	<b>2,391,472</b>	<b>7,936,538</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,380)	4,964,000	4,966,380
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	19,000	15,845	(3,155)
Transfers Out	-	(19,000)	(15,845)	3,155
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(2,380)</b>	<b>4,964,000</b>	<b>4,966,380</b>
Fund Balance - Beginning of Year	(169,978)	(169,978)	(169,978)	-
Fund Balance - End of Year	<u>\$ (169,978)</u>	<u>(172,358)</u>	<u>4,794,022</u>	<u>4,966,380</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Drainage  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Drainage Fees	\$ -	407,980	411,721	3,741
Interest	206,790	74,150	94,842	20,692
Net Decrease in the Fair Value of Investments	-	-	(14,273)	(14,273)
Total Revenues	206,790	482,130	492,290	10,160
<b>Expenditures:</b>				
Current:				
General Government	-	-	52,000	(52,000)
Public Services	-	-	203,014	(203,014)
Capital Outlay	2,247,000	2,199,030	1,936,305	262,725
Debt Service:				
Principal	-	-	-	-
Interest	58,400	58,400	38,149	20,251
Total Expenditures	2,305,400	2,257,430	2,229,468	27,962
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,098,610)	(1,775,300)	(1,737,178)	38,122
<b>Other Financing Sources (Uses):</b>				
Transfers In	150,000	150,000	150,000	-
Transfers Out	-	(289,210)	-	289,210
Total Other Financing Sources (Uses)	150,000	(139,210)	150,000	289,210
Net Change in Fund Balance	(1,948,610)	(1,914,510)	(1,587,178)	327,332
Fund Balance - Beginning of Year	8,170,720	8,170,720	8,170,720	-
Fund Balance - End of Year	\$ 6,222,110	6,256,210	6,583,542	327,332

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special Assessments	\$ 47,570	51,890	53,711	1,821
Interest	4,840	600	2,707	2,107
Net Decrease in the Fair Value of Investments:	-	-	(664)	(664)
Other	500	500	692	192
<b>Total Revenues</b>	<b>52,910</b>	<b>52,990</b>	<b>56,446</b>	<b>3,456</b>
<b>Expenditures:</b>				
Current:				
Public Services	28,810	40,040	15,663	24,377
Capital Outlay	17,500	17,500	-	17,500
<b>Total Expenditures</b>	<b>46,310</b>	<b>57,540</b>	<b>15,663</b>	<b>41,877</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,600	(4,550)	40,783	45,333
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>6,600</b>	<b>(4,550)</b>	<b>40,783</b>	<b>45,333</b>
Fund Balance - Beginning of Year	314,518	314,518	314,518	-
Fund Balance - End of Year	<u>\$ 321,118</u>	<u>309,968</u>	<u>355,301</u>	<u>45,333</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Federal Funds  
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Subventions and Grants	\$ 6,408,310	3,300,540	2,830,234	(470,306)
Total Revenues	<u>6,408,310</u>	<u>3,300,540</u>	<u>2,830,234</u>	<u>(470,306)</u>
<b>Expenditures:</b>				
Current:				
Public Safety	-	-	225,646	(225,646)
Public Services	-	-	17,351	(17,351)
Health and Welfare	-	-	98,490	(98,490)
Capital Outlay	6,074,200	2,634,930	1,213,027	1,421,903
Total Expenditures	<u>6,074,200</u>	<u>2,634,930</u>	<u>1,554,514</u>	<u>1,080,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>334,110</u>	<u>665,610</u>	<u>1,275,720</u>	<u>610,110</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(695,430)	-	695,430
Total Other Financing Sources (Uses)	<u>-</u>	<u>(695,430)</u>	<u>-</u>	<u>695,430</u>
Net Change in Fund Balance	334,110	(29,820)	1,275,720	1,305,540
Fund Balance - Beginning of Year	<u>(1,552,726)</u>	<u>(1,552,726)</u>	<u>(1,552,726)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (1,218,616)</u>	<u>(1,582,546)</u>	<u>(277,006)</u>	<u>1,305,540</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 508,230	2,308,580	267,852	(2,040,728)
Interest	136,500	136,500	-	(136,500)
Total Revenues	644,730	2,445,080	267,852	(2,177,228)
<b>Expenditures:</b>				
Current:				
Community Development	758,230	3,613,640	246,356	3,367,284
Total Expenditures	758,230	3,613,640	246,356	3,367,284
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,500)	(1,168,560)	21,496	1,190,056
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	627,820	5,000	(622,820)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	627,820	5,000	(622,820)
Net Change in Fund Balance	(113,500)	(540,740)	26,496	567,236
Fund Balance - Beginning of Year	4,575,000	4,575,000	4,575,000	-
Fund Balance - End of Year	\$ 4,461,500	4,034,260	4,601,496	567,236

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Federal Jobs Program  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 613,530	1,158,310	1,051,892	(106,418)
Total Revenues	613,530	1,158,310	1,051,892	(106,418)
<b>Expenditures:</b>				
Current:				
Health and Welfare	859,590	1,663,810	1,166,462	497,348
Capital Outlay	-	45,000	42,785	2,215
Total Expenditures	859,590	1,708,810	1,209,247	499,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	(246,060)	(550,500)	(157,355)	393,145
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	246,060	157,357	(88,703)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	246,060	157,357	(88,703)
Net Change in Fund Balance	(246,060)	(304,440)	2	304,442
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ (246,060)	(304,440)	2	304,442

**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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fire Facilities Impact Fees	\$ 270,000	100,000	164,152	64,152
Interest	61,620	2,000	20,921	18,921
Net Decrease in the Fair Value of Investments	-	-	(5,238)	(5,238)
<b>Total Revenues</b>	<u>331,620</u>	<u>102,000</u>	<u>179,835</u>	<u>77,835</u>
<b>Expenditures:</b>				
Current:				
General Government	13,500	5,000	8,208	(3,208)
Capital Outlay	-	280,000	277,719	2,281
<b>Total Expenditures</b>	<u>13,500</u>	<u>285,000</u>	<u>285,927</u>	<u>(927)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>318,120</u>	<u>(183,000)</u>	<u>(106,092)</u>	<u>76,908</u>
Net Change in Fund Balance	318,120	(183,000)	(106,092)	76,908
Fund Balance - Beginning of Year	<u>2,671,522</u>	<u>2,671,522</u>	<u>2,671,522</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 2,989,642</u>	<u>2,488,522</u>	<u>2,565,430</u>	<u>76,908</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Gas Tax  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other Taxes	\$ 3,773,810	3,450,830	3,527,274	76,444
Interest	40,760	40,760	30,523	(10,237)
Net Decrease in the Fair Value of Investments:	-	-	(5,941)	(5,941)
State Contributions	45,000	28,000	33,651	5,651
County Contributions	125,000	125,000	118,887	(6,113)
Other	1,000	203,600	245,219	41,619
<b>Total Revenues</b>	<b>3,985,570</b>	<b>3,848,190</b>	<b>3,949,613</b>	<b>101,423</b>
<b>Expenditures:</b>				
Current:				
General Government	-	-	117,225	(117,225)
Public Services	-	-	2,354,549	(2,354,549)
Capital Outlay	1,217,970	1,104,560	42,495	1,062,065
<b>Total Expenditures</b>	<b>1,217,970</b>	<b>1,104,560</b>	<b>2,514,269</b>	<b>(1,409,709)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,767,600	2,743,630	1,435,344	(1,308,286)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(3,834,420)	(247,534)	3,586,886
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(3,834,420)</b>	<b>(247,534)</b>	<b>3,586,886</b>
<b>Net Change in Fund Balance</b>	<b>2,767,600</b>	<b>(1,090,790)</b>	<b>1,187,810</b>	<b>2,278,600</b>
Fund Balance - Beginning of Year	1,851,619	1,851,619	1,851,619	-
Fund Balance - End of Year	\$ 4,619,219	760,829	3,039,429	2,278,600

**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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of Property	\$ 4,029,300	4,029,300	4,253,105	223,805
Interest	2,750	250	1,498	1,248
Net Decrease in the Fair Value of Investments	-	-	(354)	(354)
<b>Total Revenues</b>	<u>4,032,050</u>	<u>4,029,550</u>	<u>4,254,249</u>	<u>224,699</u>
<b>Expenditures:</b>				
Current:				
Community Development	3,349,510	3,482,000	3,440,325	41,675
Capital Outlay			5,300	(5,300)
Debt Service:				
Principal	-	-	-	-
Interest	77,000	77,000	38,529	38,471
<b>Total Expenditures</b>	<u>3,426,510</u>	<u>3,559,000</u>	<u>3,484,154</u>	<u>74,846</u>
Excess (Deficiency) of Revenues: Over (Under) Expenditures	<u>605,540</u>	<u>470,550</u>	<u>770,095</u>	<u>299,545</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	897,816	897,816
Transfers Out	(1,349,560)	(1,349,560)	(1,403,901)	(54,341)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,349,560)</u>	<u>(1,349,560)</u>	<u>(506,085)</u>	<u>843,475</u>
<b>Net Change in Fund Balance</b>	<u>(744,020)</u>	<u>(879,010)</u>	<u>264,010</u>	<u>1,143,020</u>
Fund Balance - Beginning of Year	<u>(1,737,671)</u>	<u>(1,737,671)</u>	<u>(1,737,671)</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ (2,481,691)</u>	<u>(2,616,681)</u>	<u>(1,473,661)</u>	<u>1,143,020</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Housing Authority  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Current Services	\$ 36,660	36,660	36,664	4
Other	-	-	5,000	5,000
Total Revenues	36,660	36,660	41,664	5,004
<b>Expenditures:</b>				
Current:				
Community Development	60,700	61,790	55,403	6,387
Total Expenditures	60,700	61,790	55,403	6,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,040)	(25,130)	(13,739)	11,391
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(24,040)	(25,130)	(13,739)	11,391
Fund Balance - Beginning of Year	138,453	138,453	138,453	-
Fund Balance - End of Year	\$ 114,413	113,323	124,714	11,391

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Landscape Maintenance  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special Assessments	\$ 4,886,000	5,468,840	5,599,392	130,552
Interest	58,210	11,000	48,956	37,956
Net Decrease in the Fair Value of Investments:	-	-	(12,057)	(12,057)
Developer Contributions	10,000	10,000	-	(10,000)
Other	15,000	15,110	120,360	105,250
Total Revenues	4,969,210	5,504,950	5,756,651	251,701
<b>Expenditures:</b>				
Current:				
General Government	-	-	40,220	(40,220)
Public Services	5,561,210	5,565,540	4,685,058	880,482
Capital Outlay	156,690	157,190	78,019	79,171
Debt Service:				
Principal	34,500	34,500	34,497	3
Interest	5,940	5,940	5,940	-
Total Expenditures	5,758,340	5,763,170	4,843,734	919,436
Excess (Deficiency) of Revenues Over (Under) Expenditures	(789,130)	(258,220)	912,917	1,171,137
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out		(65,220)		65,220
Total Other Financing Sources (Uses)	-	(65,220)	-	65,220
Net Change in Fund Balance	(789,130)	(323,440)	912,917	1,236,357
Fund Balance - Beginning of Year	5,786,936	5,786,936	5,786,936	-
Fund Balance - End of Year	\$ 4,997,806	5,463,496	6,699,853	1,236,357

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 61,720	60,810	(74,355)	(135,165)
Interest	910	300	158	(142)
Net Decrease in the Fair Value of Investments:	-	-	(56)	(56)
Total Revenues	62,630	61,110	(74,253)	(135,363)
<b>Expenditures:</b>				
Capital Outlay	55,000	-	-	-
Total Expenditures	55,000	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,630	61,110	(74,253)	(135,363)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	7,630	61,110	(74,253)	(135,363)
Fund Balance - Beginning of Year	74,230	74,230	74,230	-
Fund Balance - End of Year	\$ 81,860	135,340	(23)	(135,363)

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 3,511,650	3,600,660	3,600,664	4
Interest	-	-	4	4
Net Decrease (Decrease) in the Fair Value of Investments	-	-	(1)	(1)
<b>Total Revenues</b>	<b>3,511,650</b>	<b>3,600,660</b>	<b>3,600,667</b>	<b>7</b>
<b>Expenditures:</b>				
Current:	-	-	-	-
Public Services	-	-	3,600,664	(3,600,664)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>3,600,664</b>	<b>(3,600,664)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,511,650	3,600,660	3	(3,600,657)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(3,600,660)	-	3,600,660
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(3,600,660)</b>	<b>-</b>	<b>3,600,660</b>
<b>Net Change in Fund Balance</b>	<b>3,511,650</b>	<b>-</b>	<b>3</b>	<b>3</b>
Fund Balance - Beginning of Year	600	600	600	-
Change in Accounting Principle	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ 3,512,250</b>	<b>600</b>	<b>603</b>	<b>3</b>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Measure R  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 1,268,980	1,268,980	1,269,104	124
Interest	-	1,500	13,905	12,405
Net Decrease in the Fair Value of Investments:	-	-	(3,112)	(3,112)
<b>Total Revenues</b>	<b>1,268,980</b>	<b>1,270,480</b>	<b>1,279,897</b>	<b>9,417</b>
<b>Expenditures:</b>				
Capital Outlay	650,000	715,630	40,293	675,337
<b>Total Expenditures</b>	<b>650,000</b>	<b>715,630</b>	<b>40,293</b>	<b>675,337</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	618,980	554,850	1,239,604	684,754
<b>Other Financing Sources (Uses):</b>				
Transfers Out	-	(311,940)	-	311,940
Transfers In	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(311,940)</b>	<b>-</b>	<b>311,940</b>
<b>Net Change in Fund Balance</b>	<b>618,980</b>	<b>242,910</b>	<b>1,239,604</b>	<b>996,694</b>
Fund Balance - Beginning of Year	913,755	913,755	913,755	-
Fund Balance - End of Year	<u>\$ 1,532,735</u>	<u>1,156,665</u>	<u>2,153,359</u>	<u>996,694</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 3,518,000	1,693,710	812,423	(881,287)
Developer Contributions	1,000,000	230,760	76,957	(153,803)
Other Agency Contributions	-	408,000	-	(408,000)
<b>Total Revenues</b>	<b>4,518,000</b>	<b>2,332,470</b>	<b>889,380</b>	<b>(1,443,090)</b>
<b>Expenditures:</b>				
Capital Outlay	4,518,000	2,332,470	1,119,758	1,212,712
<b>Total Expenditures</b>	<b>4,518,000</b>	<b>2,332,470</b>	<b>1,119,758</b>	<b>1,212,712</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(230,378)	(230,378)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	-	-	-	-
Transfers In	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(230,378)</b>	<b>(230,378)</b>
Fund Balance - Beginning of Year	(158,714)	(158,714)	(158,714)	-
Change in Accounting Principle	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ (158,714)</b>	<b>(158,714)</b>	<b>(389,092)</b>	<b>(230,378)</b>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Parks Assessments  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special Assessments	\$ 1,780,000	2,200,000	2,232,483	32,483
Interest	520	520	(15)	(535)
Other	20,000	20,000	29,261	9,261
Total Revenues	1,800,520	2,220,520	2,261,729	41,209
<b>Expenditures:</b>				
Current:				
General Government	94,110	94,110	76,622	17,488
Public Safety	-	-	60,000	(60,000)
Cultural and Recreational	-	-	888,040	(888,040)
Total Expenditures	94,110	94,110	1,024,662	(930,552)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,706,410	2,126,410	1,237,067	(889,343)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(1,889,940)	(1,829,934)	(60,006)
Total Other Financing Sources (Uses)	-	(1,889,940)	(1,829,934)	(60,006)
Net Change in Fund Balance	1,706,410	236,470	(592,867)	(829,337)
Fund Balance - Beginning of Year	651,576	651,576	651,576	-
Fund Balance - End of Year	\$ 2,357,986	888,046	58,709	(829,337)

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Park Development  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 145,000	110,000	267,000	157,000
Park Development Fees	1,350,000	620,000	696,112	76,112
Interest	193,560	25,000	89,186	64,186
Net Decrease in the Fair Value of Investments:	-	-	(23,234)	(23,234)
Other	-	1,520	1,525	5
<b>Total Revenues</b>	<b>1,688,560</b>	<b>756,520</b>	<b>1,030,589</b>	<b>274,069</b>
<b>Expenditures:</b>				
Current:				
General Government	-	-	65,000	(65,000)
Public Services	-	-	40,758	(40,758)
Cultural and Recreational	-	-	146,853	(146,853)
Capital Outlay	4,197,950	5,688,460	2,867,130	2,821,330
<b>Total Expenditures</b>	<b>4,197,950</b>	<b>5,688,460</b>	<b>3,119,741</b>	<b>2,568,719</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,509,390)	(4,931,940)	(2,089,152)	2,842,788
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(607,160)	(250,000)	357,160
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(607,160)</b>	<b>(250,000)</b>	<b>357,160</b>
<b>Net Change in Fund Balance</b>	<b>(2,509,390)</b>	<b>(5,539,100)</b>	<b>(2,339,152)</b>	<b>3,199,948</b>
Fund Balance - Beginning of Year	11,927,416	11,927,416	11,927,416	-
Fund Balance - End of Year	<u>\$ 9,418,026</u>	<u>6,388,316</u>	<u>9,588,264</u>	<u>3,199,948</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Proposition A  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 2,039,820	2,039,820	2,046,916	7,096
Interest	30,910	4,000	19,008	15,008
Net Decrease in the Fair Value of Investments	-	-	(4,646)	(4,646)
Other	-	-	12,733	12,733
<b>Total Revenues</b>	<b>2,070,730</b>	<b>2,043,820</b>	<b>2,074,011</b>	<b>30,191</b>
<b>Expenditures:</b>				
Current:				
Public Services	-	-	1,313,988	(1,313,988)
Capital Outlay	155,000	369,850	16,428	353,422
<b>Total Expenditures</b>	<b>155,000</b>	<b>369,850</b>	<b>1,330,416</b>	<b>(960,566)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,915,730</b>	<b>1,673,970</b>	<b>743,595</b>	<b>(930,375)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(1,621,300)	-	1,621,300
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,621,300)</b>	<b>-</b>	<b>1,621,300</b>
<b>Net Change in Fund Balance</b>	<b>1,915,730</b>	<b>52,670</b>	<b>743,595</b>	<b>690,925</b>
Fund Balance - Beginning of Year	1,634,350	1,634,350	1,634,350	-
Fund Balance - End of Year	<u>\$ 3,550,080</u>	<u>1,687,020</u>	<u>2,377,945</u>	<u>690,925</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Proposition C  
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Subventions and Grants	\$ 1,691,980	1,691,980	1,683,642	(8,338)
Interest	10,380	500	8,503	8,003
Net Decrease in the Fair Value of Investments:	-	-	(1,828)	(1,828)
<b>Total Revenues</b>	<u>1,702,360</u>	<u>1,692,480</u>	<u>1,690,317</u>	<u>(2,163)</u>
<b>Expenditures:</b>				
Current:				
Public Services	-	-	771,600	(771,600)
Capital Outlay	1,604,470	162,000	10,982	151,018
<b>Total Expenditures</b>	<u>1,604,470</u>	<u>162,000</u>	<u>782,582</u>	<u>(620,582)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>97,890</u>	<u>1,530,480</u>	<u>907,735</u>	<u>(622,745)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(1,452,850)	(652,850)	800,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,452,850)</u>	<u>(652,850)</u>	<u>800,000</u>
<b>Net Change in Fund Balance</b>	<u>97,890</u>	<u>77,630</u>	<u>254,885</u>	<u>177,255</u>
Fund Balance - Beginning of Year	<u>1,176,531</u>	<u>1,176,531</u>	<u>1,176,531</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,274,421</u>	<u>1,254,161</u>	<u>1,431,416</u>	<u>177,255</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Facilities Impact Fees	\$ 120,000	70,000	113,981	43,981
Total Revenues	<u>120,000</u>	<u>70,000</u>	<u>113,981</u>	<u>43,981</u>
<b>Expenditures:</b>				
Current:	-	-	-	-
General Government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>120,000</u>	<u>70,000</u>	<u>113,981</u>	<u>43,981</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	120,000	70,000	113,981	43,981
Fund Balance - Beginning of Year	<u>(225,878)</u>	<u>(225,878)</u>	<u>(225,878)</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ (105,878)</u></u>	<u><u>(155,878)</u></u>	<u><u>(111,897)</u></u>	<u><u>43,981</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 100,000	100,000	176,579	76,579
Fines and Forfeitures	515,500	503,000	637,602	134,602
Interest	-	-	218	218
Net Decrease in the Fair Value of Investments:	-	-	(54)	(54)
Total Revenues	615,500	603,000	814,345	211,345
<b>Expenditures:</b>				
Current:				
Public Safety	-	-	806,655	(806,655)
Total Expenditures	-	-	806,655	(806,655)
Excess (Deficiency) of Revenues Over (Under) Expenditures	615,500	603,000	7,690	(595,310)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(613,000)	-	613,000
Total Other Financing Sources (Uses)	-	(613,000)	-	613,000
Net Change in Fund Balance	615,500	(10,000)	7,690	17,690
Fund Balance - Beginning of Year	21,161	21,161	21,161	-
Fund Balance - End of Year	\$ 636,661	11,161	28,851	17,690

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 55,070	76,180	32,768	(43,412)
Interest	-	-	99	99
Net Decrease in the Fair Value of Investments:	-	-	(32)	(32)
Total Revenues	55,070	76,180	32,835	(43,345)
<b>Expenditures:</b>				
Current:				
Health and Welfare	55,070	76,180	32,768	43,412
Total Expenditures	55,070	76,180	32,768	43,412
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	67	67
Net Change in Fund Balance	-	-	67	67
Fund Balance - Beginning of Year	1,033	1,033	1,033	-
Fund Balance - End of Year	\$ 1,033	1,033	1,100	67

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and Permits	\$ 25,000	76,000	67,826	(8,174)
Special Assessments	3,960,000	5,000,000	5,215,178	215,178
Charges for Current Services	-	80,000	132,093	52,093
Interest	-	6,000	43,792	37,792
Net Decrease in the Fair Value of Investments:	-	-	(10,128)	(10,128)
Other	7,500	13,500	27,755	14,255
Total Revenues	3,992,500	5,175,500	5,476,516	301,016
<b>Expenditures:</b>				
Current:				
Public Services	3,760,180	4,224,230	2,102,003	2,122,227
Capital Outlay	1,450,000	587,200	173,366	-
Total Expenditures	5,210,180	4,811,430	2,275,369	2,122,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,217,680)	364,070	3,201,147	2,837,077
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(50,000)	-	50,000
Total Other Financing Sources (Uses)	-	(50,000)	-	50,000
Net Change in Fund Balance	(1,217,680)	314,070	3,201,147	2,887,077
Fund Balance - Beginning of Year	3,598,877	3,598,877	3,598,877	-
Fund Balance - End of Year	<u>\$ 2,381,197</u>	<u>3,912,947</u>	<u>6,800,024</u>	<u>2,887,077</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Sewer Upgrade  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Sewer Upgrade Fees	\$ 5,000	-	-	-
Interest	14,100	2,000	6,684	4,684
Net Decrease in the Fair Value of Investments:	-	-	(1,663)	(1,663)
<b>Total Revenues</b>	<u>19,100</u>	<u>2,000</u>	<u>5,021</u>	<u>3,021</u>
<b>Expenditures:</b>				
Capital Outlay	824,620	-	-	-
<b>Total Expenditures</b>	<u>824,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(805,520)</u>	<u>2,000</u>	<u>5,021</u>	<u>3,021</u>
<b>Net Change in Fund Balance</b>	<u>(805,520)</u>	<u>2,000</u>	<u>5,021</u>	<u>3,021</u>
Fund Balance - Beginning of Year	<u>831,423</u>	<u>831,423</u>	<u>831,423</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 25,903</u>	<u>833,423</u>	<u>836,444</u>	<u>3,021</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
State Grants  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Subventions and Grants	\$ 1,970,900	4,026,960	261,765	(3,765,195)
Total Revenues	1,970,900	4,026,960	261,765	(3,765,195)
<b>Expenditures:</b>				
Current:	-	-	-	-
Public Services	-	-	212,509	(212,509)
Capital Outlay	1,911,000	1,593,370	226,436	1,366,934
Total Expenditures	1,911,000	1,593,370	438,945	1,366,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,900	2,433,590	(177,180)	(2,610,770)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(2,220,000)	-	2,220,000
Total Other Financing Sources (Uses)	-	(2,220,000)	-	2,220,000
Net Change in Fund Balance	59,900	213,590	(177,180)	(390,770)
Fund Balance - Beginning of Year	(114,268)	(114,268)	(114,268)	-
Fund Balance - End of Year	\$ (54,368)	99,322	(291,448)	(390,770)

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special Assessments	\$ 710,960	710,960	919,021	208,061
Interest	23,830	4,000	17,659	13,659
Net Decrease in the Fair Value of Investments:	-	-	(4,345)	(4,345)
Developer Contributions	4,500	7,000	10,500	3,500
Other	3,200	3,200	9,330	6,130
<b>Total Revenues</b>	<b>742,490</b>	<b>725,160</b>	<b>952,165</b>	<b>227,005</b>
<b>Expenditures:</b>				
Current:				
Public Services	511,980	623,410	626,333	(2,923)
<b>Total Expenditures</b>	<b>511,980</b>	<b>623,410</b>	<b>626,333</b>	<b>(2,923)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	230,510	101,750	325,832	224,082
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(10,000)	-	10,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>10,000</b>
<b>Net Change in Fund Balance</b>	<b>230,510</b>	<b>91,750</b>	<b>325,832</b>	<b>234,082</b>
Fund Balance - Beginning of Year	2,046,338	2,046,338	2,046,338	-
Fund Balance - End of Year	<u>\$ 2,276,848</u>	<u>2,138,088</u>	<u>2,372,170</u>	<u>234,082</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Traffic Impact  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Traffic Impact Fees	\$ 350,000	625,000	784,541	159,541
Interest	159,640	15,000	61,622	46,622
Net Decrease in the Fair Value of Investments:	-	-	(16,384)	(16,384)
<b>Total Revenues</b>	<b>509,640</b>	<b>640,000</b>	<b>829,779</b>	<b>189,779</b>
<b>Expenditures:</b>				
Current:				
General Government	-	-	65,000	(65,000)
Capital Outlay	6,409,430	4,432,540	2,591,266	1,841,274
<b>Total Expenditures</b>	<b>6,409,430</b>	<b>4,432,540</b>	<b>2,656,266</b>	<b>1,776,274</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,899,790)	(3,792,540)	(1,826,487)	1,966,053
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(778,300)	(742,600)	35,700
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(778,300)</b>	<b>(742,600)</b>	<b>35,700</b>
<b>Net Change in Fund Balance</b>	<b>(5,899,790)</b>	<b>(4,570,840)</b>	<b>(2,569,087)</b>	<b>2,001,753</b>
Fund Balance - Beginning of Year	8,668,067	8,668,067	8,668,067	-
Fund Balance - End of Year	<u>\$ 2,768,277</u>	<u>4,097,227</u>	<u>6,098,980</u>	<u>2,001,753</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Water Park  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of Property	\$ 60,000	69,000	64,372	(4,628)
Charges for Current Services	710,200	708,000	659,826	(48,174)
Interest			655	655
Net Decrease in the Fair Value of Investments	-	-	(134)	(134)
Other	32,500	47,500	47,491	(9)
<b>Total Revenues</b>	<u>802,700</u>	<u>824,500</u>	<u>772,210</u>	<u>(52,290)</u>
<b>Expenditures:</b>				
Current:				
Cultural and Recreational	1,330,970	1,202,010	1,055,452	146,558
<b>Total Expenditures</b>	<u>1,330,970</u>	<u>1,202,010</u>	<u>1,055,452</u>	<u>146,558</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(528,270)</u>	<u>(377,510)</u>	<u>(283,242)</u>	<u>94,268</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	528,270	283,764	(244,506)
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>528,270</u>	<u>283,764</u>	<u>(244,506)</u>
<b>Net Change in Fund Balance</b>	<u>(528,270)</u>	<u>150,760</u>	<u>522</u>	<u>(150,238)</u>
Fund Balance - Beginning of Year	<u>71,215</u>	<u>71,215</u>	<u>71,215</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (457,055)</u>	<u>221,975</u>	<u>71,737</u>	<u>(150,238)</u>

**City of Palmdale**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Debt Service - Palmdale Civic Authority 1999 COP \$12.3M  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of Property	\$ -	44,780	45,125	345
Interest	44,790	-	-	-
Net Decrease in the Fair Value of Investments	-	-	(33)	(33)
<b>Total Revenues</b>	<u>44,790</u>	<u>44,780</u>	<u>45,092</u>	<u>312</u>
<b>Expenditures:</b>				
Debt Service				
Principal	1,685,000	1,685,000	1,685,000	
Interest	4,523,410	4,523,410	4,523,401	
<b>Total Expenditures</b>	<u>6,208,410</u>	<u>6,208,410</u>	<u>6,208,401</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,163,620)</u>	<u>(6,163,630)</u>	<u>(6,163,309)</u>	<u>321</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers In	5,758,260	6,210,190	6,165,376	(44,814)
<b>Total Other Financing Sources (Uses)</b>	<u>5,758,260</u>	<u>6,210,190</u>	<u>6,165,376</u>	<u>(44,814)</u>
Net Change in Fund Balance	(405,360)	46,560	2,067	(44,493)
Fund Balance - Beginning of Year	<u>3,929,296</u>	<u>3,929,296</u>	<u>3,929,296</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 3,523,936</u>	<u>3,975,856</u>	<u>3,931,363</u>	<u>(44,493)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 8,836,210	8,994,730	3,837,872	(5,156,858)
Sales and Use Taxes	1,465,670	1,465,670	-	(1,465,670)
Interest	112,010	38,460	42,772	4,312
Net Decrease in the Fair Value of Investments	-	-	(410)	(410)
<b>Total Revenues</b>	<b>10,413,890</b>	<b>10,498,860</b>	<b>3,880,234</b>	<b>(6,618,626)</b>
<b>Expenditures:</b>				
Current:				
General Government	523,920	521,580	-	521,580
Community Development	489,900	412,220	625,137	(212,917)
Intergovernmental - Tax Sharing	-	-	212,864	(212,864)
Debt Service:				
Principal	1,714,840	1,771,590	1,771,586	4
Interest	3,227,240	3,035,800	2,643,869	391,931
Payments to Adv Refund Escrow	60,000	60,000	-	60,000
<b>Total Expenditures</b>	<b>6,015,900</b>	<b>5,801,190</b>	<b>5,253,456</b>	<b>547,734</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,397,990	4,697,670	(1,373,222)	(6,070,892)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	523,920	-	(523,920)
Transfers Out	(2,524,470)	(9,350,480)	(1,847,252)	7,503,228
<b>Total Other Financing Sources (Uses)</b>	<b>(2,524,470)</b>	<b>(8,826,560)</b>	<b>(1,847,252)</b>	<b>6,979,308</b>
Net Change in Fund Balance	1,873,520	(4,128,890)	(3,220,474)	908,416
Fund Balance - Beginning of Year	(751,613)	(751,613)	(751,613)	-
Fund Balance - End of Year	<u>\$ 1,121,907</u>	<u>(4,880,503)</u>	<u>(3,972,087)</u>	<u>908,416</u>

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 33,314,370	31,472,440	25,390,424	(6,082,016)
Sales and Use Taxes	6,745,380	6,745,380		(6,745,380)
Interest	344,180	82,350	73,886	(8,464)
Net Decrease in the Fair Value of Investments:	-	-	(4,817)	(4,817)
<b>Total Revenues</b>	<b>40,403,930</b>	<b>38,300,170</b>	<b>25,459,493</b>	<b>(12,840,677)</b>
<b>Expenditures:</b>				
Current:				
General Government	1,876,080	1,867,710	-	1,867,710
Community Development	21,984,210	20,861,100	2,289,167	18,571,933
Intergovernmental - Tax Sharing	-	-	19,626,123	(19,626,123)
Debt Service:				
Principal	1,730,000	1,730,000	1,713,836	16,164
Interest	2,972,310	2,972,310	2,972,281	29
<b>Total Expenditures</b>	<b>28,562,600</b>	<b>27,431,120</b>	<b>26,601,407</b>	<b>829,713</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,841,330	10,869,050	(1,141,914)	(12,010,964)
<b>Other Financing Sources (Uses):</b>				
Transfers In	757,230	6,259,260	1,454,877	(4,804,383)
Transfers Out	(6,662,880)	(14,944,860)	(3,366,326)	11,578,534
<b>Total Other Financing Sources (Uses)</b>	<b>(5,905,650)</b>	<b>(8,685,600)</b>	<b>(1,911,449)</b>	<b>6,774,151</b>
Net Change in Fund Balance	5,935,680	2,183,450	(3,053,363)	(5,236,813)
Fund Balance - Beginning of Year	(7,290,058)	(7,290,058)	(7,290,058)	-
Fund Balance - End of Year	\$ (1,354,378)	(5,106,608)	(10,343,421)	(5,236,813)

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest	\$ 6,330	710	4,982	4,272
Net Decrease in the Fair Value of Investments	-	-	(1,013)	(1,013)
<b>Total Revenues</b>	<u>6,330</u>	<u>710</u>	<u>3,969</u>	<u>3,259</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	685,000	685,000	685,000	-
Interest	1,186,070	1,186,070	1,186,059	11
<b>Total Expenditures</b>	<u>1,871,070</u>	<u>1,871,070</u>	<u>1,871,059</u>	<u>11</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,864,740)</u>	<u>(1,870,360)</u>	<u>(1,867,090)</u>	<u>3,270</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,871,070	1,871,070	1,925,397	54,327
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,871,070</u>	<u>1,871,070</u>	<u>1,925,397</u>	<u>54,327</u>
Net Change in Fund Balance	6,330	710	58,307	57,597
Fund Balance - Beginning of Year	872,065	872,065	872,065	-
Fund Balance - End of Year	<u>\$ 878,395</u>	<u>872,775</u>	<u>930,372</u>	<u>57,597</u>

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## **Statement of Agency Funds**

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### **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, 2011**

	<u>Assessment and Community Facilities Districts Agency Fund</u>
<b>Assets:</b>	
Investments	\$ 128,291
<b>Receivables:</b>	
Accounts and Interest Receivable	32,636
Property Taxes Receivable	252,772
<b>Restricted Assets:</b>	
Investments	11,928,744
Interest Receivable	<u>1,617</u>
<b>Total Assets</b>	<u><u>12,344,060</u></u>
 <b>Liabilities:</b>	
Accounts Payable	23,527
Due to Bank - Overnight Sweep	48,920
Due to Other Governmental Units	583,859
Deposits	152,596
Held in Trust	<u>11,535,158</u>
<b>Total Liabilities</b>	<u><u>\$ 12,344,060</u></u>

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## **Statement of Changes - Fiduciary Net Assets**

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**City of Palmdale**  
Statement of Changes in Assets and Liabilities  
Assessment and Community Facilities Districts Agency Fund  
For the Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<b>Assets:</b>				
Investments	\$ 122,469	5,822	-	\$ 128,291
<b>Receivables:</b>				
Accounts and Interest Receivable	117,485	-	84,849	32,636
Property Taxes Receivable	112,479	140,293	-	252,772
<b>Restricted Assets:</b>				
Investments	16,887,878	-	4,959,134	11,928,744
Interest Receivable	678	939	-	1,617
<b>Total Assets</b>	<u>17,240,989</u>	<u>147,054</u>	<u>5,043,983</u>	<u>12,344,060</u>
<b>Liabilities:</b>				
Accounts Payable	56,336	-	32,809	23,527
Due to Bank - Overnight Sweep	36,814	12,106	-	48,920
Advances Due to Other Governmental Units	583,859	-	-	583,859
Deposits	152,595	1	-	152,596
Held in Trust	16,411,355	-	4,876,197	11,535,158
<b>Total Liabilities</b>	<u>\$ 17,240,959</u>	<u>12,107</u>	<u>4,909,006</u>	<u>\$ 12,344,060</u>

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**Statistical**

**Section**



**CITY OF PALMDALE, CALIFORNIA**

*Year Ended June 30, 2011*

**City of Palmdale**

**STATISTICAL SECTION**

June 30, 2011

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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	142
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property taxes.	147
<b>Debt Capacity</b> 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.	154
<b>Demographic and Economic Information</b> 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.	161
<b>Operating Information</b> 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.	163

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)**

	2003	2004	2005	2006 (2)	2007	2008	2009	2010	2011
<b>Governmental Activities</b>									
Invested in Capital Assets, Net of Related Debt	(1,057,171)	(2,514,976)	29,508,319	526,315,947	518,102,215	551,714,600	576,227,953	575,275,003	570,607,898
Restricted Assets	67,321,871	87,145,082	107,143,484	127,252,604	161,463,622	140,198,738	141,959,138	146,856,238	150,475,636
Unrestricted	5,516,834	9,563,253	21,868,619	21,594,901	29,571,281	26,992,948	17,804,191	9,229,647	10,796,604
<b>Total Governmental Activities Net Assets</b>	<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>	<u>731,880,138</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 Ten Fiscal Years**  
**(Accrual basis of accounting)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
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	18,062,918
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	21,707,909
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	43,029,300
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	38,275,996
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	10,819,142
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	2,338,032
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	11,987,929
Total Governmental Activities Expenses	<u>68,805,808</u>	<u>76,378,251</u>	<u>91,592,143</u>	<u>111,602,620</u>	<u>116,268,523</u>	<u>148,186,648</u>	<u>162,764,248</u>	<u>159,890,285</u>	<u>158,668,124</u>	<u>146,221,226</u>
<b>Program Revenues</b>										
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	13,101,053
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	2,712,950
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	12,869,081
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	4,539,129
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	4,345,598
Health and Welfare	554,999	600,621	542,568	533,697	563,806	383,453	438,066	320,888	297,947	287,880
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	8,568,420
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	25,479,096
Total Primary Governmental Activities Program Revenues	<u>32,927,956</u>	<u>46,205,271</u>	<u>52,061,855</u>	<u>97,282,513</u>	<u>75,195,032</u>	<u>93,869,991</u>	<u>80,700,402</u>	<u>84,447,128</u>	<u>74,449,086</u>	<u>71,903,207</u>
<b>Net Revenues (Expenses)</b>	<u>(35,877,852)</u>	<u>(30,172,980)</u>	<u>(39,530,288)</u>	<u>(14,320,107)</u>	<u>(41,073,491)</u>	<u>(54,316,657)</u>	<u>(82,063,846)</u>	<u>(75,443,157)</u>	<u>(84,219,038)</u>	<u>(74,318,019)</u>
<b>General Revenues and other Changes in Net Assets:</b>										
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	36,535,369
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	4,765,792
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	14,921,645
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	10,967,302
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	4,182,380
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	2,633,405
Business License Taxes	355,259	351,704	374,864	398,795	424,065	465,301	444,099	455,216	428,916	444,511
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	241,789
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	145,076
Special Item-MHP Acquisition (Note 1)	-	(2,311,704)	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>49,438,749</u>	<u>55,158,726</u>	<u>61,942,113</u>	<u>75,821,079</u>	<u>80,795,978</u>	<u>88,290,323</u>	<u>91,833,014</u>	<u>92,528,155</u>	<u>82,665,082</u>	<u>74,837,269</u>
<b>Change in Net Assets</b>	<u>13,560,897</u>	<u>24,985,746</u>	<u>22,411,825</u>	<u>61,500,972</u>	<u>39,722,487</u>	<u>33,973,666</u>	<u>9,769,168</u>	<u>17,084,998</u>	<u>(1,553,956)</u>	<u>519,250</u>

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 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 Ten Fiscal Years  
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	See Note 2011
<b>General Fund</b>										
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	-
<b>Total General Fund</b>	<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>	<u>-</u>
<b>All Other Governmental Funds</b>										
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	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<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>	<u>-</u>
<b>Total Governmental Funds</b>	<u><u>91,706,797</u></u>	<u><u>136,741,880</u></u>	<u><u>132,815,273</u></u>	<u><u>144,620,609</u></u>	<u><u>160,692,729</u></u>	<u><u>200,226,900</u></u>	<u><u>187,837,206</u></u>	<u><u>174,461,892</u></u>	<u><u>162,126,554</u></u>	<u><u>-</u></u>

The Following Fund Balances are classified in compliance to GASB 54:

	2011
<b>General Fund</b>	
Nonspendable	4,180,275
Restricted	-
Assigned	7,672,148
Unassigned	<u>17,472,584</u>
<b>Total General Fund</b>	<u>29,325,007</u>
<b>All Other Governmental Funds</b>	
Nonspendable	599,434
Restricted	140,356,828
Assigned	13,865,470
Unassigned	<u>(20,001,075)</u>
<b>Total All Other Governmental Funds</b>	<u>134,820,657</u>
<b>Total Governmental Funds</b>	<u><u>164,145,664</u></u>

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

FY2010-11 is the first year that the City implemented GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The City chose not to restate the prior year information.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes (see page 147 )	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	77,274,996
Subventions and Grants	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	21,721,531
Fees and Charges	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	20,087,670
Licenses and Permits	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	1,810,522
Special Assessments	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	14,019,785
Interest	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	957,706
Capital Contributions	1,893,474	319,574	1,426,459	27,898,227	1,180,186	2,812,722	752,247	1,468,992	296,693	239,995
Net Increase (Decrease) in the Fair Value of Investments:	(51,129)	(57,668)	(569,608)	(67,167)	140,958	914,287	313,160	390,484	(395,472)	(176,960)
Other revenue	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	5,421,695
<b>Total Revenues</b>	<b>80,634,667</b>	<b>95,189,896</b>	<b>103,784,785</b>	<b>164,735,958</b>	<b>163,631,529</b>	<b>172,039,109</b>	<b>152,031,316</b>	<b>146,386,539</b>	<b>136,008,739</b>	<b>141,356,940</b>
<b>Expenditures:</b>										
Current:										
General Government	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	15,544,789
Public Safety	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	21,690,842
Public Services	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	17,791,923
Community Development	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	19,093,766
Cultural and Recreational	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	9,611,612
Health and Welfare	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	2,335,940
Other	1,517,900	4,632	2,273	-	-	-	-	-	-	-
Intergovernmental - Tax Sharing	11,187,712	13,328,054	15,535,347	16,873,680	20,724,822	23,345,814	24,052,674	26,522,289	9,501,128	17,449,701
Intergovernmental - ERAF	-	538,034	953,850	1,878,430	1,847,224	-	-	-	11,605,102	2,389,286
Capital Outlay	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	14,572,641
Debt service:										
Principal	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	7,258,139
Interest	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	11,599,191
Cost of Issuance	-	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	-	-	-	-	-
<b>Total Expenditures</b>	<b>84,332,689</b>	<b>114,534,799</b>	<b>124,739,773</b>	<b>181,095,066</b>	<b>153,662,499</b>	<b>167,448,418</b>	<b>167,075,779</b>	<b>160,025,751</b>	<b>154,126,410</b>	<b>139,337,830</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(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)	2,019,110

(continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other Financing Sources (Uses):</b>										
Capital Lease Proceeds	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	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	71,537,568
Transfers Out	(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)	(71,537,568)
<b>Total Other Financing Sources (Uses)</b>	<b>298,417</b>	<b>62,704,141</b>	<b>17,138,502</b>	<b>28,164,444</b>	<b>6,103,090</b>	<b>34,943,480</b>	<b>2,654,049</b>	<b>263,898</b>	<b>2,510,632</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(3,399,605)</b>	<b>43,359,238</b>	<b>(3,816,486)</b>	<b>11,805,336</b>	<b>16,072,120</b>	<b>39,534,171</b>	<b>(12,390,414)</b>	<b>(13,375,314)</b>	<b>(15,607,039)</b>	<b>2,019,110</b>
Debt service as a percentage of noncapital expenditures	10.03%	8.86%	11.59%	8.26%	11.61%	20.39%	13.67%	16.66%	18.41%	15.36%

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 <sup>a</sup>	Sales and Use Taxes <sup>b</sup>	Business License Tax	Franchise Tax	Gasoline Tax	Transient Occupancy Tax <sup>c</sup>	Real Property Transfer Tax <sup>d</sup>	Total
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 <sup>e</sup>	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
2010-11	51,265,821	14,921,645	444,511	4,182,380	3,527,274	2,633,405	299,960	77,274,996
Change 2001-2010	105.56%	33.45%	25.12%	40.73%	15.18%	196.59%	-18.95%	76.56%

<sup>a</sup> 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.

<sup>b</sup> 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.

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

<sup>d</sup> 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.

<sup>e</sup> An overpayment of Sales Tax was received in FY2004-05 that was repaid in FY2005-06.

Source: City of Palmdale, Finance Department

**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
2001-02	3,778,128,268	503,368,371	301,610,852	21,580,550	532,304	8,679,497	2,373,178	814,674	9,935,296
2002-03	4,180,782,500	537,473,997	311,172,260	22,080,218	565,788	8,380,632	2,400,772	830,963	9,025,782
2003-04	4,727,688,656	598,680,856	321,515,688	1,870,236	94,381	9,929,425	1,749,265	847,580	12,076,603
2004-05	5,438,324,605	670,278,004	354,265,015	2,668	-	10,557,906	2,066,305	863,400	12,327,005
2005-06	6,543,712,941	741,444,328	385,705,596	1,069,068	156,594	12,055,290	2,627,121	880,665	13,579,103
2006-07	8,067,558,110	899,495,661	412,892,148	1,090,447	159,725	16,694,034	2,240,244	898,275	15,629,875
2007-08	9,499,096,328	967,572,888	444,099,165	2,828	255,739	20,170,777	2,244,637	916,237	29,358,075
2008-09	9,529,419,713	1,017,772,708	492,863,922	2,883	166,177	100,743,049	2,287,961	934,557	28,452,126
2009-10	7,547,774,554	1,194,241,824	513,340,677	2,940	169,500	91,841,308	2,332,151	953,245	28,990,541
2010-11	6,323,973,473	1,241,846,521	502,928,731	2,932	127,500	91,029,408	2,299,903	950,982	28,415,152

Fiscal Year	Secured Property				Total Secured	SBE Nonunitary Property	Unsecured Property	Total Taxable Assessed Value	Total Direct Tax Rate	(See Note 2 ) Estimated Actual Taxable Value
	Vacant Land Property	Cross Reference Property	Exempt Property	Unknown Property						
2001-02	282,166,614	152,700,126	(51,313,246)	411,705	5,010,988,189	2,762,381	188,491,699	5,202,242,269	0.43831%	-
2002-03	272,219,670	139,610,025	(49,264,365)	1,271,570	5,436,549,812	2,734,539	207,215,563	5,646,499,914	0.45919%	-
2003-04	311,111,995	138,488,882	(49,157,569)	428,335	6,075,324,333	3,098,738	209,287,479	6,287,710,550	0.45328%	-
2004-05	323,578,129	146,643,148	(64,273,500)	-	6,894,632,685	3,306,483	199,951,396	7,097,890,564	0.45668%	-
2005-06	420,731,110	156,016,034	(52,320,239)	-	8,225,657,611	3,154,293	255,179,559	8,483,991,463	0.44421%	-
2006-07	485,302,199	163,520,208	(67,405,844)	22	9,998,075,104	2,984,430	272,283,947	10,273,343,481	0.43553%	-
2007-08	551,890,393	171,236,008	(55,802,504)	-	11,631,040,571	1,983,798	272,633,914	11,905,658,283	0.42304%	-
2008-09	571,143,768	160,491,656	(71,343,928)	-	11,832,934,592	1,950,352	308,284,491	12,143,169,435	0.42380%	-
2009-10	513,904,333	166,240,555	(76,284,071)	-	9,983,507,557	1,877,452	331,325,052	10,316,710,061	0.44557%	-
2010-11	450,752,702	157,088,446	(78,398,849)	6,022	8,721,022,923	1,601,400	337,572,964	9,060,197,287	0.45828%	-

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 2001/02 - 2010/11 Combined Tax Rolls

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

	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>Basic Levy<sup>1</sup></b>	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%	0.02178%	0.03150%
Antelope Valley Community College	0.00000%	0.00000%	0.00000%	0.00000%	0.01633%	0.02905%	0.00983%	0.01682%	0.02459%	0.02539%
Antelope Valley Union High	0.00000%	0.02650%	0.02428%	0.02571%	0.02266%	0.01996%	0.01907%	0.02095%	0.02421%	0.02902%
Antelope Valley East Kern Water Agency	0.07234%	0.07138%	0.07055%	0.07054%	0.07050%	0.07049%	0.07049%	0.07049%	0.07049%	0.07049%
County Detention Facilities 1987 Debt	0.00113%	0.00103%	0.00099%	0.00092%	0.00080%	0.00066%	0.00000%	0.00000%	0.00000%	0.00000%
Eastside Union School District	0.03128%	0.08283%	0.11380%	0.08407%	0.06574%	0.05531%	0.05414%	0.05789%	0.06700%	0.08172%
LA County Flood Control	0.00107%	0.00088%	0.00046%	0.00025%	0.00005%	0.00005%	0.00000%	0.00000%	0.00000%	0.00000%
LA County Water Works	0.00413%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Lancaster School District	0.02607%	0.02411%	0.02243%	0.01989%	0.01858%	0.01515%	0.01604%	0.01855%	0.02282%	0.03061%
Palm Ranch Irrigation District	0.03900%	0.03552%	0.03044%	0.02506%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Palmdale School District	0.00000%	0.02994%	0.02639%	0.02593%	0.02092%	0.01619%	0.01678%	0.01827%	0.01988%	0.02337%
Palmdale Water District	0.25491%	0.37511%	0.09133%	0.16389%	0.15228%	0.11965%	0.12544%	0.12593%	0.31737%	0.31356%
Westside Union School District	0.02586%	0.02626%	0.02642%	0.02272%	0.01933%	0.01407%	0.01470%	0.01729%	0.03359%	0.05571%
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.45580%</b>	<b>1.67357%</b>	<b>1.40711%</b>	<b>1.43898%</b>	<b>1.38718%</b>	<b>1.34059%</b>	<b>1.32650%</b>	<b>1.34618%</b>	<b>1.60175%</b>	<b>1.66136%</b>
<b>City Share of 1% Levy per Prop 13<sup>3</sup></b>	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%	0.06629%
<b>General Obligation Debt Rate</b>	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
<b>Redevelopment Rate<sup>4</sup></b>	1.07761%	1.07242%	1.07155%	1.07146%	1.07129%	1.07115%	1.07049%	1.07049%	1.07049%	1.07049%
<b>Total Direct Rate<sup>5</sup></b>	0.43831%	0.45919%	0.45328%	0.45668%	0.44421%	0.43553%	0.42304%	0.42380%	0.44557%	0.45828%

**Notes:**

<sup>1</sup>In 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

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

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

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

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

Data Source: L.A. County Assessor 2001/02 - 2010/11 Tax Rate Table

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

<u>Taxpayer</u>	2010-11		2001-02	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Lockheed Corporation	\$ 308,044,794	3.37%	\$ 223,345,054	4.25%
Antelope Valley Mall Developers Limited	115,490,355	1.26%	73,338,663	1.40%
Northrop Grumman Systems Corporation	110,223,555	1.21%	65,030,607	1.24%
Wal Mart Real Estate Business Trust/Sam's West Inc	73,805,621	0.81%		
Lancaster Hospital Corporation	73,638,381	0.81%		
Palmdale Hills Property	71,032,615	0.78%		
El Pollo Loco Inc	68,400,126	0.75%		
Lockheed Martin Aeronautics Company	45,307,234	0.50%	44,771,358	0.85%
Time Warner NY Cable LLC	39,297,818	0.43%		
Federal National Mortgage Association	38,838,876	0.42%		
Boeing North American Inc			26,978,991	0.51%
Anderson Barrows Metals Corporation			19,787,489	0.38%
City Ranch LLC			15,103,645	0.29%
Trishul			16,334,085	0.31%
Mcalpin Company			14,203,969	0.27%
IXC Business Services LLC			12,872,630	0.25%
Top Ten Total	\$ 944,079,375	10.33%	\$ 511,766,491	9.74%
Total City Taxable Assessed Value	\$ 9,138,596,136	100.00%	5,263,555,515	100.00%

Source: HdL Coren & Cone, Los Angeles County Assessor 2001/02 and 2010/11 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)		
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%
2010-11	4,151,172	4,191,087	100.96%	145,044	165,780	70,326	4,572,236	110.14%

- (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)		
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%
2010-11	30,191,396	29,318,184	97.11%	248,945	1,941,469	(23,744)	31,484,854	104.28%

- (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)		
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%
2010-11	6,905,431	6,739,033	97.59%	47,490	269,806	(8,994)	7,047,335	102.05%

- (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)
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
2011	78,260,915	89,612,082	-	27,302,575	625,507	36,516,156	232,317,235	7.08%	1,522

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
2002	52,845,825	49,257,175	102,103,000	1.96%	825
2003	58,153,232	47,821,263	105,974,495	1.88%	833
2004	84,761,546	30,058,724	114,820,270	1.83%	875
2005	90,561,705	29,100,050	119,661,755	1.69%	875
2006	93,983,966	28,010,778	121,994,744	1.44%	865
2007	93,134,622	26,886,479	120,021,101	1.17%	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	1.16%	784
2011	89,612,082	27,302,575	116,914,657	1.29%	766

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

**City of Palmdale**  
Direct and Overlapping Governmental Activities Debt  
June 30, 2011

City Assessed Valuation	\$ 5,647,261,739
Redevelopment Agency Incremental Valuation	<u>3,491,334,397</u>
Total Assessed Valuation	<u>\$ 9,138,596,136</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 Bond	\$ 33,373,452	89.903%	\$ 30,003,617
464.50-Eastside Union Elem School District 1998 Series A Debt Service	3,867,548	11.196%	432,997
464.51-Eastside Union School District Series 2002	4,220,000	11.196%	472,457
464.52-Eastside Union School District Series 2003	3,020,000	11.196%	338,109
529.50-Lancaster School District 1999 Series 99 A Debt Service	3,314,669	0.590%	19,543
529.51-Lancaster School District 1999 Series 2001 A Debt Service	10,440,730	0.586%	61,204
529.52-Lancaster School District Ref Bond Series 2009	8,710,000	0.586%	51,059
593.50-Palmdale School District 2001 Series 2002 Debt Service	16,758,371	94.093%	15,768,487
593.52-Palmdale School District 2001 Series 2003 Debt Service	3,476,456	94.093%	3,271,108
689.53-Westside Union School District Series C Debt Service	2,790,000	38.629%	1,077,755
689.54-Westside Union School District 1998 Series A Debt Service	5,592,120	38.629%	2,160,193
689.55-Westside Union School District 1998 Series 2001 A Debt Service	3,445,718	38.629%	1,331,054
689.56-Westside Union School District 1998 Series 2002 A Debt Service	3,061,250	38.629%	1,182,537
689.61-Westside Union School District 2008 Series A Debt Service	9,329,852	38.629%	3,604,050
689.62-Westside Union School District Debt Service 2008 Series B	34,998,931	38.629%	13,519,816
717.51-Antelope Valley Union High School District 2002 Series A Debt Service	43,425,000	40.384%	17,536,853
717.52-Antelope Valley Union High School District 2002 Series B Debt Service	30,076,694	40.384%	12,146,242
717.53-Antelope Valley Unified High School District 2002 DS Series 2005	17,313,179	40.384%	6,991,794
792.51-Antelope Valley CCD DS 2004 Series A Debt Service	55,490,276	38.123%	21,154,503
792.52-Antelope Valley CCD 2004 Series B Debt Service	1,915,000	37.557%	719,220
792.53-Antelope Valley CCD 2006 Ref Bonds	21,117,294	37.557%	7,931,064
792.54-Antelope Valley CC 2004 Series C Debt Service	52,536,256	37.557%	19,731,145
935.52-Action-Agua Dulce USD 2008 Debt Service Series A	12,999,437	0.007%	923
TOTAL OVERLAPPING DEBT			<u>\$ 159,505,730</u>
City of Palmdale's Direct Debt			<u>\$ -</u>
Total Direct and Overlapping Debt			<u>\$ 159,505,730</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.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Palmdale. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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
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%
2010-11	9,138,596,136	342,697,355	116,914,657	34.12%

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, 2011.

**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
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
2011	660,000	-	115,000	755,106	-	-	90,000	36,045

Fiscal Year	Debt Summary			Pledged Revenue				Coverage
	Total Principal	Total Interest	Total Debt Service	Gross Tax Increment (2)	Less: Operating Expenses (3)	Net Available		
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	
2011	865,000	791,151	1,656,151	4,797,340	1,261,631	3,535,709	2.13	

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 Debt Service		2002 TAB 5.3 Debt Service		2004 TAB 6.09 Debt Service		2004 TAB 18.5 Debt Service		1998 TAB 30.6 Debt Service		1994 Revenue Bonds Debt Service (1)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	-
2011	90,000	166,925	-	-	-	275,105	75,000	911,625	585,000	1,376,625	193,191	-

Fiscal Year	1997 Revenue Bonds Debt Service		Debt Summary			Pledged Revenue				
	Principal	Interest	Total Principal	Total Interest	Total Debt Service	Sales Tax (2)	Increment (2)	Expenses (3)	Net Available	Coverage
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
2011	690,000	242,001	1,633,191	2,972,281	4,605,472	8,027,506	31,695,731	26,344,253	13,378,984	2.91

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
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	-	-	-	-
2010	165,000	214,185	25,000	345,157	445,000	532,316	25,000	117,990	-	-	-	-
2011	170,000	209,160	25,000	344,423	455,000	515,404	35,000	117,073	-	-	-	-

**Debt Summary**

**Pledged Revenue**

Fiscal Year	Total Principal	Total Interest	Total Debt Service	20% Set Aside Tax Increment (3)	Net Available	Coverage
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
2011	685,000	1,186,060	1,871,060	6,339,147	6,339,147	3.39

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**

Calendar Year	(1) Population	(2) Personal Income <i>(thousands of dollars)</i>	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate	(5) % of Pop 25+ with HS Degree	(5) % of Pop 25+ with Bachelor's Degree
2001	119,824	1,989,867	16,607	29.10	35,016	7.1%		
2002	123,603	2,061,093	16,675	29.10	48,584	8.5%		
2003	126,968	2,175,375	17,133	28.39	39,521	8.7%		
2004	130,889	2,367,465	18,088	30.53	45,650	8.2%		
2005	135,677	2,578,933	19,008	29.20	42,425	6.7%		
2006	139,677	2,845,967	20,375	28.30	58,255	6.0%		
2007	143,243	3,048,806	21,284	28.30	57,880	6.4%		
2008	145,973	3,137,576	21,494	28.30	44,025	9.3%		
2009	150,782	3,141,641	20,836	29.00	43,208	14.4%	79.8%	16.4%
2010	152,622	2,665,238	17,463	28.40	39,737	15.6%	73.3%	14.6%

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Source:

- (1) California State Department of Finance
- (2) U.S. Census Bureau, most recent American Community Survey
- (3) Greater Antelope Valley Economic Alliance, AVUSD
- (4) California Employment Development Department
- (5) Last available Census (2001 through 2008 data is not available)

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

Employer	2011			2002			
	Products	Number of Employees	Percentage of Total Valley Employment	Employer	Products	Number of Employees	Percentage of Total Valley Employment
Edwards Air Force Base	Aerospace/Military	10,610	7.76%	Edwards Air Force Base	Aerospace/Military	10,900	8.66%
China Lake NWC	Aerospace/Military	6,734	4.93%	Lockheed Martin	Aerospace/Military	3,900	3.10%
County of Los Angeles	County Services	3,953	2.89%	Palmdale Elementary SD	Education	2,950	2.34%
Lockheed Martin	Aerospace/Military	3,100	2.27%	Antelope Valley Hospital	Medical/Hospital	2,004	1.59%
Palmdale School District	Education	2,739	2.00%	A.v. Union HS District	Education	1,600	1.27%
A.V. Hospital	Medical/Hospital	2,722	1.99%	Lancaster School District	Education	1,600	1.27%
Northrop-Grumman	Aerospace	2,611	1.91%	Northrop Grumman	Aerospace	1,300	1.03%
A.V. Union HS District	Education	2,054	1.50%	California State Prison	Corrections	1,300	1.03%
CA State Prison-Tehachapi	Corrections	1,911	1.40%	Wal-Mart	Retail Store	900	0.71%
Bank of America	Financial Institution	1,846	1.35%	County of Los Angeles	County Services	900	0.71%

Source: City of Palmdale Economic Development Department 2011 GAVEA Report)

Note 1: FY2011 represents employment reported for calendar year 2010 and the most recent year available. Calendar year 2011 will not be available until Jan 2012.

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: 2002 total employment used to calculate the percentage of principal employers is an estimate. The estimate is based on the ratio of the 2002 employment to total population and then applied to total population reported for the calendar year 2002.

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Government</b>										
City Manager	5.00	5.00	8.00	8.00	10.00	10.00	10.00	7.00	6.00	6.00
City Clerk	4.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	3.00	3.00
Records Management	-	-	-	-	1.00	1.00	1.00	-	-	-
Human Resources	3.00	3.00	3.00	4.00	4.00	5.00	7.00	6.00	3.00	3.00
City Attorney	4.00	4.00	4.00	6.00	6.00	6.00	6.00	5.00	4.00	4.00
Finance	15.00	15.00	17.00	17.00	18.00	18.00	18.00	15.00	12.00	12.00
Planning	15.00	15.00	16.00	20.00	20.00	21.00	21.00	14.00	10.00	10.00
Communications	1.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Government Facilities	22.00	22.00	22.00	21.00	23.00	25.00	25.00	15.00	12.00	12.00
<b>Public Safety &amp; Community Relations</b>										
Public Safety	10.00	11.00	12.00	12.00	19.00	23.00	23.00	16.00	15.00	15.00
Park Rangers	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Building and Safety	12.00	13.00	13.00	14.00	18.00	18.00	18.00	11.00	8.00	8.00
<b>Public Services</b>										
Public Works Administration	13.00	13.00	13.00	11.00	14.00	13.00	13.00	8.00	5.00	5.00
Engineering	10.00	10.00	10.00	13.00	13.00	14.00	14.00	6.00	2.00	2.00
Drainage Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	1.00	1.00
Traffic Engineering	9.00	9.00	9.00	10.00	10.00	10.00	11.00	8.00	8.00	8.00
GIS	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Street Maintenance	37.00	37.00	37.00	39.00	39.00	39.00	38.00	33.00	30.00	30.00
Transit	-	-	-	1.00	1.00	3.00	3.00	3.00	2.00	1.00
Park and Ride	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Sewer Maintenance AD	-	-	-	-	-	-	-	1.00	8.00	8.00
Landscape Maintenance General Benefit	4.00	4.00	5.00	5.00	6.00	6.00	7.00	5.00	4.00	4.00
Landscape Maintenance District 97-1	16.00	17.00	16.00	15.00	16.00	21.00	21.00	17.00	17.00	18.00
<b>Community Development</b>										
Economic Development	4.00	4.00	4.00	6.00	6.00	6.00	6.00	3.00	4.00	4.00
Housing	12.00	13.00	12.00	8.00	11.00	11.00	13.00	9.00	8.00	8.00

(continued)

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Cultural and Recreational</b>										
Palmdale Playhouse	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-	-
Park Maintenance	21.00	21.00	21.00	20.00	22.00	25.00	26.00	22.00	12.00	12.00
Parks Administration	5.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	3.00	3.00
Special Events	2.00	2.00	2.00	2.00	4.00	5.00	5.00	4.00	3.00	3.00
Cultural Center	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	5.00	2.00	2.00	2.00	2.00	2.00	2.00
Aquatics	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Youth/Adult Sports	2.00	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	1.00
Water Park	-	-	-	4.00	4.00	4.00	4.00	3.00	2.00	2.00
Library	23.00	25.00	23.00	23.00	23.00	24.00	24.00	11.00	7.00	7.00
<b>Health and Welfare</b>										
Families in Action	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
<b>Total</b>	<b>268.00</b>	<b>277.00</b>	<b>282.00</b>	<b>299.00</b>	<b>326.00</b>	<b>349.00</b>	<b>355.00</b>	<b>256.00</b>	<b>203.00</b>	<b>203.00</b>

Source: City of Palmdale, Finance Department

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

<u>Function/Program</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>	<u>2010/11</u>
<b>General Government</b>										
Businesses licensed	4,963	5,000	5,195	5,523	5,600	6,000	6,000	6,307	4,357	4,841
Code Enforcement cases closed	3,736	3,225	6,195	3,045	3,000	5,076	5,270	5,892	4,373	4,057
Buildings maintained	34	35	37	37	37	41	41	41	41	41
Square footage of facilities	270,000	280,000	293,000	296,000	296,000	415,089	415,089	415,089	382,000	396,127
Request for filming information	100	97	138	126	100	65	75	-	-	-
Film permits issued	15	15	23	17	22	10	18	17	35	20
Television programs produced	-	-	-	3	21	25	23	69	27	46
Commercials produced	-	-	-	3	5	4	7	6	17	13
Newsletters published	3	3	4	4	6	5	3	3	3	3
<b>Public Safety</b>										
Neighborhood watch presentations	110	61	68	67	67	70	200	169	122	122
Business watch presentations	55	42	44	32	30	30	30	23	16	10
PAC presentations	38	62	29	50	35	40	44	28	37	28
Drug and life-skills education classes taught <sup>1</sup>	2,599	2,492	2,513	2,446	2,780	2,850	2,950	0	0	0
Drug and life-skills education students taught <sup>1</sup>	12,733	10,862	11,102	11,602	8,850	9,050	9,350	0	0	0
<b>Parking Enforcement</b>										
Vehicle Impounds	247	278	321	356	356	300	350	391	400	400
Calls for Service	949	1,327	1,741	1,055	2,122	1,890	1,276	1,029	835	772
<b>Number of law violations:</b>										
Part 1 crimes <sup>3</sup>	4,952	5,366	6,205	5,141	6,242	5,410	5,044	4,721	4,445	4,201
Part 2 crimes <sup>3</sup>	5,482	6,054	6,673	6,545	8,050	8,307	8,186	7,337	7,053	7,011
Crime reports taken <sup>3</sup>	16,668	17,889	19,280	16,703	29,362	21,248	20,734	19,146	18,562	17,716
Arrests <sup>3</sup>	4,334	4,828	5,250	7,768	8,671	7,884	9,951	11,629	10,486	9,497
Accident reports taken	1,708	1,957	2,179	2,238	2,427	1,808	2,044	1,753	1,424	1,303
Animal licenses issued	24,250	25,444	25,444	21,297	21,297	24,952	23,720	11,576	7,240	9,642
<b>Public Services</b>										
Number of landscape districts maintained	164	188	206	208	218	206	228	228	245	245
Landscaped area (acres) maintained	73	75	79	81	83	117	126	130	130	253
Irrigation controllers maintained	278	284	312	314	336	345	485	393	542	542
Landscape median area maintained (sq. ft.)	218,423	218,423	218,423	218,423	680,781	1,081,053	983,767	983,767	983,767	2,500,344
SR 14 Interchange area maintained (sq. ft.)	108,400	108,400	108,400	108,400	125,382	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
Building permits issued	2,257	2,614	2,781	3,401	3,110	2,387	1,300	838	790	814

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

<u>Function/Program</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>	<u>2010/11</u>
<b>Public Services (continued)</b>										
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	250	250	254	257	305	233	250	265	226	226
Detention basins (acres) maintained	79	79	79	80	88	92	110	120	90	207
Service requests - landscape maint. <sup>1</sup>	200	200	768	776	779	1,855	1,038	300	429	234
Vandalism repair hours	350	350	550	700	600	500	1,552	825	0	663
Graffiti abatement hours	-	-	-	-	6,240		7,247	6,441	5,362	4,260
Lighting districts	9	27	40	68	100	123	134	148	148	149
Number of street lights in districts	308	900	929	1,500	3,000	4,971	3,433	3,400	3,400	4,100
Commercial acreage in street lighting districts	9	166	226	300	457	503	328	460	296	600
Residential parcels in street lighting districts	750	1,750	2,321	4,000	6,000	8,279	7,408	6,600	6,200	8,000
Engineer grading permits issued	37	37	37	50	50	80	50	10	10	17
Engineer Geotechnical review	111	111	111	125	146	120	62	19	14	20
Engineer Improvement plans	380	380	380	510	510	595	180	58	34	71
Engineer Inspections	7,950	7,950	7,950	8,100	8,100	9,500	9,000	5,706	1,600	3,005
Striping and marking sq. ft.	680,000	680,000	680,000	720,000	319,206	1,253,295	1,253,649	78,767	1,637,856	237,822
Trees planted	200	200	200	750	850	49	1,490		36	0
Street trees pruned	7,070	7,070	7,070	9,200	1,800	2,200	2,000	2,200	1,662	1,034
Street signs maintained <sup>1</sup>	6,050	6,050	6,050	8,400	8,450	8,575	8,615	8,524	1,332	1,095
Street centerline miles	404	404	404	430	508	518	550	555	518	518
Street curb miles swept	20,000	20,200	20,200	21,200	24,800	26,200	26,200	26,400	26,400	26,400
Street pavement area (acres)	2,121	2,121	2,121	2,132	2,185	2,200	2,450	2,525	2,109	2,109
Bridges maintained	7	7	7	7	9	9	9	9	9	9
Box culverts maintained	6	6	6	6	6	6	6	6	6	6
Number of passengers served	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	2,863,691
Number of commuter and fixed routes	17	17	18	20	17	16	21	16	15	16
<b>Community Development</b>										
Financial assistance to businesses	7	8	8	6	4	5	4	4	3	1
SBDC business counseling hours	149	197	129	149	105	205	340	350	273	232
Business retention site visits <sup>1</sup>	140	208	108	29	20	10	10	20	15	34
Mobile Home Parks paid occupied spaces	-	-	689	778	787	787	787	787	787	787

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

<u>Function/Program</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>	<u>2010/11</u>
<b>Cultural and Recreational</b>										
Library circulation	420,000	420,000	410,000	431,280	431,290	391,000	391,000	422,429	247,579	341,581
Library volumes owned	120,000	130,000	133,400	136,710	136,860	137,500	139,000	134,184	71,726	72,101
Library programs	406	382	497	578	430	527	350	613	36	48
Playhouse general attendance	14,409	14,409	14,765	13,637	18,060	15,721	18,714	23,539	15,850	5,220
Larry Chimbole Center attendance	28,191	75,746	75,746	76,280	107,300	112,120	160,000	109,000	99,000	59,795
Legacy Commons Attendance	58,881	67,263	67,981	69,450	69,460	69,840	70,000	68,900	62,206	36,400
Hammack Community Activity Center attendance	46,950	45,852	52,200	41,100	18,460	29,264	29,500	10,000	0	0
Oasis Park Recreation Center attendance <sup>2</sup>	-	-	-	-	24,962	38,605	38,000	34,400	12,140	12,062
Amphitheater attendance <sup>2</sup>	-	-	-	-	75,000	65,000	75,000	57,000	9,800	49,800
Day Camp participants	6,999	7,864	6,640	4,545	4,130	4,493	5,017	1,200	950	987
After school participants	40,192	19,441	23,260	39,000	33,980	35,429	36,000	11,100	8,406	9,467
Tiny Tot Participants	5,844	5,844	6,000	7,500	10,920	11,318	9,240	11,500	359	1,637
Park and skatepark patrons	477,801	453,957	455,500	410,000	413,230	347,746	423,998	433,000	378,938	0
Recreational swimming attendance	19,580	19,953	19,757	19,766	23,900	26,000	27,600	33,971	36,502	15,051
Lesson swimming attendance	12,060	12,137	12,824	13,000	11,270	12,550	13,900	19,386	15,372	15,931
Youth sports participants	2,834	191,221	186,784	185,359	179,882	166,372	169,408	157,545	150,680	142,241
Adult sports participants	3,350	131,678	132,234	131,659	1,274,473	131,280	137,309	133,052	131,142	122,377
<b>Health and Welfare</b>										
Families in action blocks	31	31	31	31	31	35	44	46	43	0
Families in action enrollees	500	500	500	476	476	450	800	723	670	0
Family members assisted with food and/or shelter	-	4,821	3,833	3,795	3,833	2,562	1,270	3,910	3,130	3,157
SAVES meals provided	-	101,241	80,493	79,701	80,493	53,794	68,376	74,117	99,876	92,547
SAVES motel vouchers provided (night)	-	730	547	542	547	395	386	647	565	433

Source: City of Palmdale, various City departments

Note

<sup>1</sup> Did not officially start until FY 1998-99

<sup>2</sup> Did not officially start until FY 2005-06

<sup>3</sup> 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>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>
<b>General Government</b>										
Number of City owned building facilities	33	34	34	35	37	37	41	41	45	47
City Vehicles	1	1	1	1	1	2	3	4	4	4
<b>Public Safety</b>										
Parking Enforcement Vehicles	2	2	3	3	3	3	3	3	3	3
Community Service Officer Vehicles	-	-	-	-	-	-	3	3	3	3
Park Ranger Vehicles	-	-	-	-	-	1	2	2	2	2
<b>Public Services</b>										
Streets and Bikeways (miles)	391	401	401	408	433	433	437	550	555	560
Landscaped area (acres)	73	73	75	75	79	81	83	121	130	253
Park-n-ride	-	-	22	22	22	22	22	22	22	22
Storm drainage systems (feet)	79,000	79,200	79,200	81,100	79,200	81,700	81,700	91,500	92,300	0
Retention and detention basins	9	9	9	9	9	10	10	11	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	207
Traffic signals	76	77	79	79	79	89	114	136	164	0
Traffic signs	5,800	6,100	6,400	6,400	6,400	6,500	8,575	8,615	8,675	0
Transportation Center	-	-	-	-	-	1	1	1	1	1
Bridges	7	7	7	7	7	7	9	9	9	9
Street Lights	-	-	152	490	929	1,500	2,340	3,000	3,400	4,100
Vehicles	47	65	76	66	66	70	78	78	78	81
<b>Community Development</b>										
Mobile Home Parks	-	-	-	-	3	3	3	3	3	3
<b>Cultural and Recreational</b>										
Number of Parks	15	16	16	16	17	18	19	21	21	21
Developed park acreage	385	301	310	340	413	486	576	576	576	576
Number of swimming pools	2	2	2	2	2	2	4	4	4	4
Number of tennis courts	8	9	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	4	4	4	4
Skate Parks	1	1	2	2	2	2	2	2	2	2
Soccer Fields	24	24	24	24	27	27	27	27	27	27
Basketball courts	6	8	8	8	8	8	8	8	8	8
Softball diamonds	5	5	5	13	13	13	20	20	20	20
Volleyball courts	4	5	5	5	6	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	1
Community Theatre	1	1	1	1	1	1	1	1	1	1
Amphitheatre	-	-	-	-	-	-	1	1	1	1
Vehicles	6	6	6	6	8	7	7	7	7	7
<b>Health and Welfare</b>										
Vehicles	1	2	2	2	2	2	2	2	2	2

Source: City of Palmdale, various City departments