CITY OF CATHEDRAL CITY
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

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Comprehensive Annual Financial Report
June 30, 2005

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CITY OF CATHEDRAL CITY

List of Principal Officials
June 30, 2005

Council-Manager Form of Government

CITY COUNCIL

Kathleen DeRosa
Mayor

Gregory Pettis
Mayor Pro Tem

Charles (Bud) England
Council Member

Paul Marchand
Council Member

Charles Vasquez
Council Member

CITY CLERK
Pat Hammers

CITY TREASURER
Henry Chan

CITY ADMINISTRATION

Donald Bradley
City Manager

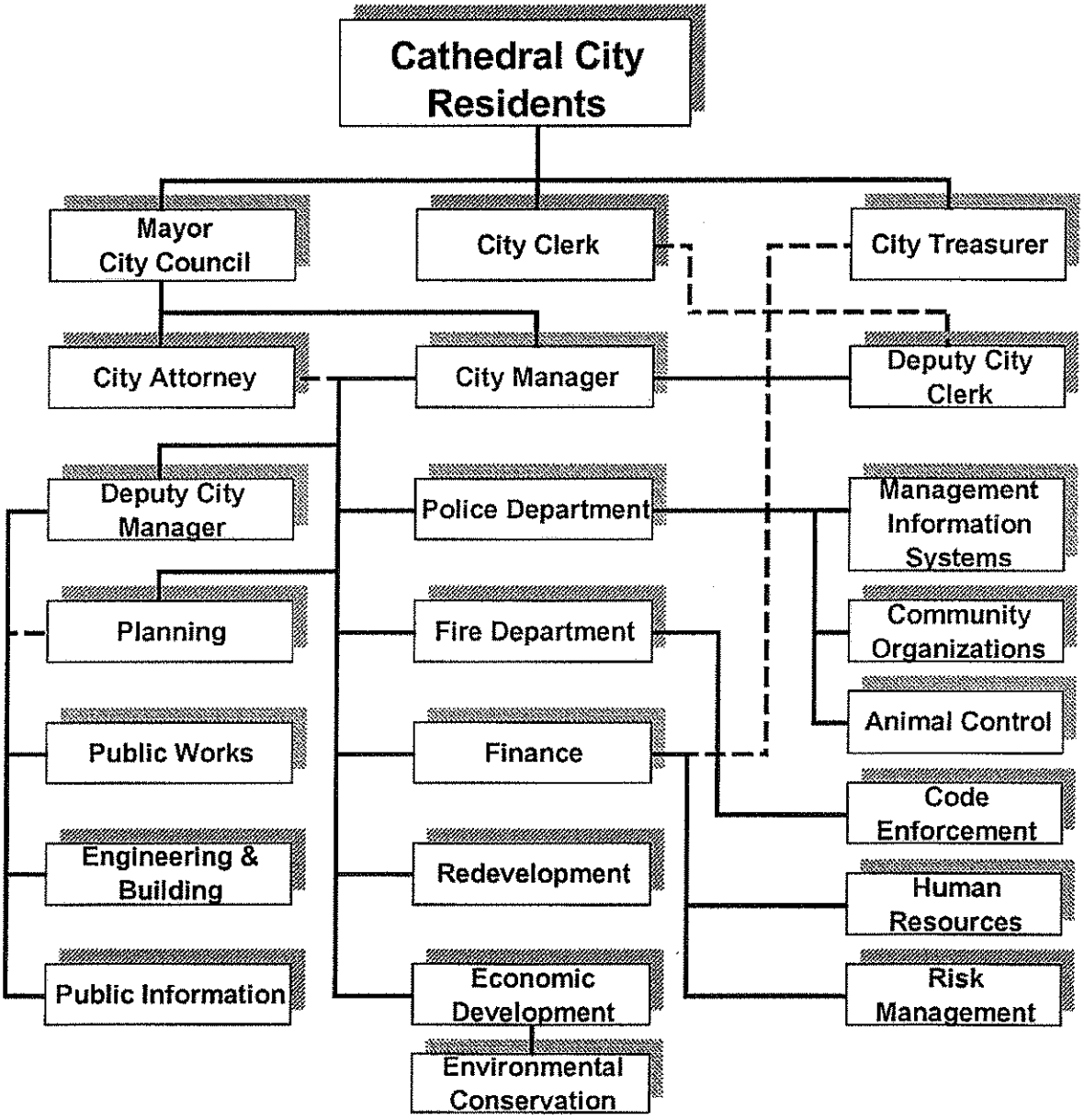
Julie Baumer
Deputy City Manager

Charles Green, City Attorney
Tami Scott, Administrative Services Director
Stan Henry, Chief of Police
Steve Sowles, Fire Chief

Jan Davison, Redevelopment Agency Director
Paul Shillcock, Economic Development Manager
Bill Bayne, City Engineer
Vacant, City Planner

City of Cathedral City

Organizational Chart



December 12, 2005

To the Members of the City Council and Citizens of the City of Cathedral City:

It is the policy of the City of Cathedral City to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of Cathedral City ("the City") for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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's financial statements have been audited by Moreland & Associates, Inc., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2005, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires 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's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1981, is located in the western part of the Coachella Valley, which is considered to be one of the top growth areas in the state. The City currently occupies a land area of approximately 20 square miles at an elevation of 400 feet above sea level. According to the

U.S Census Bureau, the 2005 population of Cathedral City is estimated to be 53,281, with an average household size of 3.08 persons. Cathedral City is the second largest city in the Coachella Valley and receives an estimated seasonal influx of 20,000 people. Based on estimates generated by ESRI, the median age for the population is estimated to be 32.0 years of age.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a City Council consisting of the mayor and four other council members. The City Council is responsible, among other things, 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 City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a two-year term.

The City is financially accountable for a redevelopment agency, a financing authority, and a public improvement corporation, all of which are reported within the City's financial statements. These component units are reported on a blended basis as part of the primary government because their boards are comprised by all City Council members. The services provided by the Cathedral City Redevelopment Agency include low and moderate income housing development assistance, rehabilitation and redevelopment of blighted areas within certain boundaries of the City of Cathedral City. The Cathedral City Public Financing Authority and the Cathedral City Public Improvement Corporation were established for purpose of financing public capital improvements. During this year there was no activity to report for the Cathedral City Public Improvement Corporation. Additional information regarding these three blended component units can be found in the notes to the financial statements.

The government-wide financial statements include one discretely presented component unit, the Cathedral City Downtown Foundation. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position from that of the primary government. Additional information regarding the Cathedral City Downtown Foundation can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. The City Manager and the Administrative Services Director prepare and submit the annual budget to the City Council and administer it after adoption. The City Manager and/or the Administrative Services Director is authorized to adjust appropriations within each department or activity that does not exceed the amounts approved in the budget for any amending resolutions. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. For each fund, total expenditures may not legally exceed total appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

The City provides a full range of services, including police and fire protection, public works, water, sewer, construction and maintenance of roads and highways, planning and zoning, and general administrative support.

Local Economy

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

Major attractions in Cathedral City include the 28-acre Big League Dreams Sports Park, the technically astounding Desert IMAX theatre, the Cimarron Golf Resort, antique and consignment shops along Perez Road, and the Mary Pickford theatre, the newest addition to the Cathedral City's downtown redevelopment program. The ultra-modern Cathedral City Public Library provides a host of exhibits, historical collections, art, computer services and books from around the world. Cathedral City is home to four parks which offer a variety of fun-filled activities for the whole family.

For 2005, the median household income is estimated to be $45,806 and the median home value is estimated to be $271,851. The most significant percentage of households, 19.7%, earned between $50,000 and $74,999 annually. The future growth rate is expected to increase at an annual rate of 4.17% with the community consisting of about the same gender, age and household composition.

Of the total 2005 Cathedral City employment of 20,992, 57.0% are employed in the services. The following two most significant employment industries are retail trade with 13.1% and construction with 12.0 %. According to the California Board of Equalization, retail sales for Cathedral City increased from $495 million in 1999 to $709 million in 2003, which equates to a compound aggregate change of 9.4%. Despite fluctuations in the economy, Cathedral City has consistently experienced year-over-year growth.

Long-term financial planning

The City Council has established as a target that the General Fund unreserved fund balance be at least 30% of the General Fund operating budget. The General Fund unreserved fund balance exceeded this 30% target as of June 30, 2005.

The City is currently working on certain projects to generate General Fund revenue to provide basic services to its residents, expand employment opportunities for local residents, assist small and start up businesses and broaden the spectrum of services and retail offerings for City dwellers. Some of these projects include: Sales tax generation through the expansion of automobile sales activity; transient occupancy tax generation through tourism industry development; and, general commercial development, as well as the adaptive reuse of existing commercial structures which are underutilized or vacant.

The City's "Downtown Core Revitalization Plan" is intended to create a downtown Cathedral City that will ultimately consist of a centrally located Downtown Core flanked by mixed-use commercial districts to the south, east and west. The Downtown Core will consist of a tight cluster of commercial, entertainment and mixed-use buildings. In addition to the proposed Sheraton Desert Cove Resort, other planned developments in the Downtown Core include the adjacent 18-hole resort golf course, multi-story office building, retail space, an In-N-Out Burger quick service restaurant, a Starbucks coffee and espresso shop, and a 160-unit condo hotel.

The "Cathedral City Parks and Recreation Master Plan" calls for the following to occur between 2005 and 2015:

- Develop 145 acres of land set aside for park use,
- Acquire another 200 acres,
- Develop the 200 acres between 2010 and 2015 acquire another 150 acres,
- By 2008, build two swimming pools, which would include aquatic features, possibly a zero-depth area, water fountains, slides and boards, floating areas, spray stations and play structures,
- Add ten new soccer fields by 2015,
- Add ten new baseball/softball fields by 2015,
- Provide two 50,000 square foot community recreation centers, one by 2010 and the second by 2015, and
- Add tennis courts to the existing six.

Several options have been presented regarding the funding of the plan including grants from the National Park Service and the State Department of Parks and Recreation.

Relevant Financial Policies

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

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

Risk Management. The City is self-insured against most worker's compensation, general liability and property claims. As part of this comprehensive plan, resources are being accumulated in an internal service fund, Risk Management Fund, to meet current and potential losses. Estimated liabilities are budgeted annually in this fund to meet potential losses. In addition, various control techniques, including employee accident prevention training and supervisor training, have been implemented during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims in excess of $250,000 and for general liability claims in excess of $250,000 with a limit of $5 million per occurrence. Additional information on the City's risk management activity can be found in the notes to the financial statements.

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

Major Initiatives

The Sheraton Desert Cove Resort and Spa at Cathedral City is a proposed 300-room resort hotel that will be operated under the Sheraton Flag by Starwood Hotels and Resorts. The hotel will be a first-class, full service lodging facility with an approximately 6,000 square foot spa, a 120-seat full-service restaurant, other food and beverage outlets, a grand ballroom, board room, business center and other amenities. An 18-hole regulation length golf course is being developed adjacent to the project. The golf course will be developed on 220 acres and is planned to be a 6,623 yards, par 71 course.

The Cathedral City Redevelopment Agency has spent the last five years preparing for this project. The 12-acre site of the proposed conference center hotel was once blighted with limited infrastructure. The Agency has contributed considerable financial, political and human resources to make this project successful. The relocation, demolition, and acquisition costs alone have been in excess of $14 million. The utilities and infrastructure to the site has cost more than $6 million. As for the golf course portion, 50% of the underlying land is owned by the Agency, and will be leased to the developer for $1, plus $3 per round. To assure the golf course will be ready by the opening of the hotel, the Agency has agreed to lend the golf course developer 50% of the construction costs (approximately $6 million) in exchange for a first lien position on the land and the golf course itself. In addition, the Agency and the City have also pledged site-specific available property taxes and transient occupancy taxes to the project, as well as a limited pledge of the Agency tax increment.

Acknowledgements

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

Respectfully submitted,

Tami E. Scott
Administrative Services Director

October 21, 2005

The Honorable City Council of
the City of Cathedral City, California

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California as of and for the year ended June 30, 2005, 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 of Cathedral City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2005 on our consideration of the City of Cathedral City's internal control over financial reporting and 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 considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vaulard & Associates, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Cathedral City provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information,* and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
    - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
    - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates like businesses.
    - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

		Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid.

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases and decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – For these activities, the City would charge a fee to customers to help it cover all or most of the cost of the services accounted for in these funds. The City has no business-type activities.
- Component units – The City includes one discretely presented component unit in its report – the Cathedral City Downtown Foundation. Although legally separate, the City appoints the governing board and approves the Foundation's budget.

Reporting the City's Major Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in a reconciliation at the bottom of the fund financial statements.

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are

reported in the Statement of Net Assets and the Statement of Activities. Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City does not report any enterprise funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net assets* follows:

Table 1
Net Assets

	2005	2004	Change
Assets:			
Cash and investments	$ 71,445,133	73,654,977	(2,209,844)
Cash with fiscal agent	13,132,447	6,229,182	6,903,265
Investment in assessment district debt	14,955,000	-	14,955,000
Accounts receivable	2,900,979	2,956,073	(55,094)
Interest receivable	594,619	343,037	251,582
Loans receivable	10,035,818	6,580,721	3,455,097
Prepaids	120,852	-	120,852
Inventories	18,018	9,353	8,665
Land held for resale	27,278,123	24,883,258	2,351,569
Other assets	1,482,217	1,535,153	(52,936)
Deposits	5,130,800	2,023,200	3,150,896
Capital assets:			
Not being depreciated	27,593,859	20,675,950	6,917,909
Being depreciated, net	85,048,462	86,388,499	(1,340,037)
Total assets	259,736,327	225,279,403	34,456,924
Liabilities:			
Accounts payable	2,676,320	822,455	1,864,844
Accrued liabilities	557,761	887,046	(340,264)
Deposits	839,750	846,967	(7,217)
Due to agency funds	545,732	-	545,732
Deferred revenue	771,227	486,106	285,121
Interest payable	2,148,581	2,683,621	(535,040)
Noncurrent liabilities:			
Current portion of long-term liabilities	15,552,246	4,450,368	11,103,878
Long-term liabilities, net of current portion	134,409,727	125,983,210	8,424,517
Total liabilities	157,501,344	136,159,773	21,341,571

	2005	2004	Change
Net assets:			
Invested in capital assets, net of related debt	112,910,687	107,520,100	5,390,587
Restricted	98,648,373	91,617,045	7,031,328
Unrestricted (deficit)	(109,324,077)	(110,017,515)	693,438
Total net assets	$102,234,983	89,119,630	13,115,353

A summary of the government-wide *statement of activities* follows:

Table 2
Changes in Net Assets

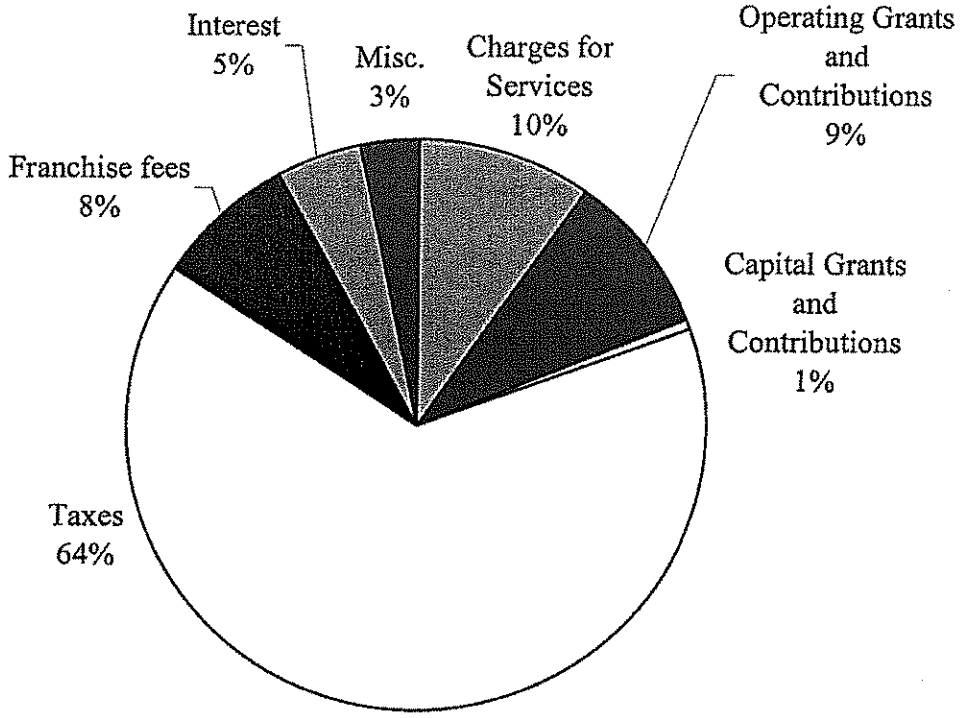
	2005	2004	Change
Revenues			
Governmental activities:			
General government	$ 3,402,323	3,709,657	(307,334)
Public works	3,858,553	2,892,324	966,229
Public safety	3,079,114	2,692,310	386,804
Community development	91,362	95,397	(4,035)
General revenues:			
Taxes	34,678,025	33,258,729	1,419,296
Franchise taxes	4,146,235	2,011,718	2,134,517
Interest	2,612,506	1,386,790	1,225,716
Miscellaneous	1,792,982	215,039	1,577,943
Total revenues	53,661,100	46,261,964	7,399,136
Program expenses			
General government	25,015,231	17,178,043	7,837,188
Public works	2,878,756	2,172,455	706,301
Public safety	15,433,503	12,844,985	2,588,518
Community development	7,129,970	801,061	6,328,909
Payments to other agencies	6,106,460	3,985,440	2,121,020
Interest on long-term debt	6,155,663	6,175,271	(19,608)
Total expenses	62,719,583	43,157,255	19,562,328
Excess (deficiency) before special items and transfers	(9,058,483)	3,104,709	(12,163,192)
Transfers	12,013,836	2,241,209	9,772,627
Change in net assets	2,955,353	5,345,918	(2,390,565)
Net assets at beginning of year (restated)	99,279,630	83,773,712	15,505,918
Net assets at end of year	$102,234,983	89,119,630	13,115,353

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities increased by $2.9 million ($102.2 million compared to $99.3 million, as restated) or by 3.0 percent. Net assets were restated as of July 1, 2004 due to the recording of an investment in special assessment debt of the Public Financing Authority previously not recorded, as further discussed in the notes to the financial statements.

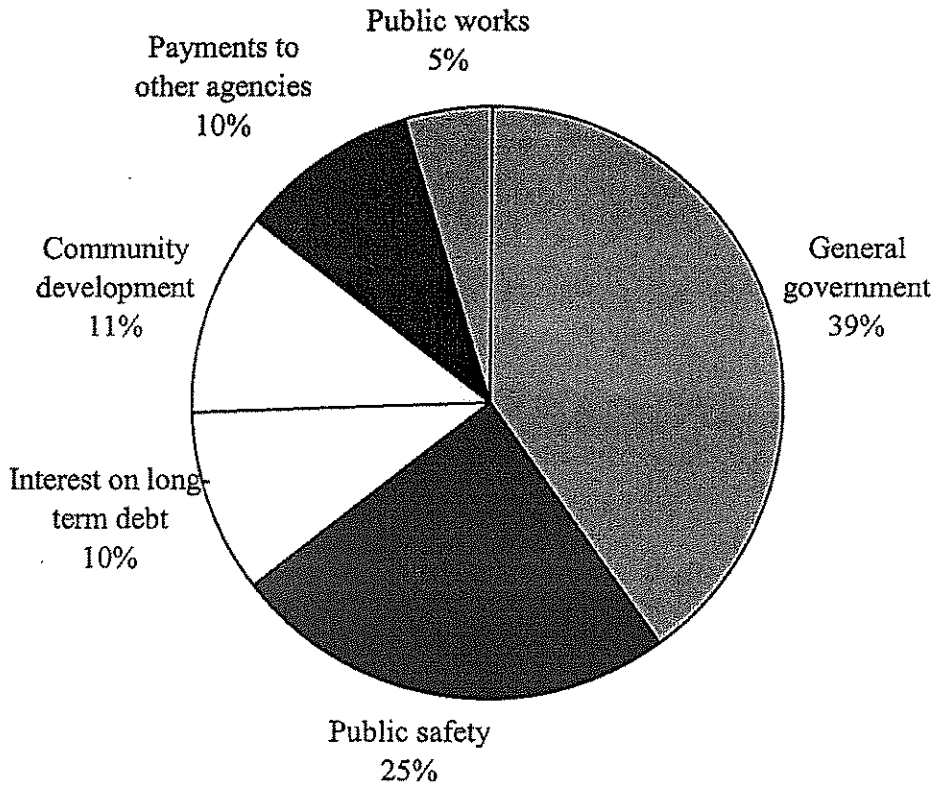
In the current year, and in the prior year, there was a deficit balance reported in unrestricted net assets for the Governmental Activities. The deficit in the unrestricted net asset balance results from the recognition of long-term debt and other expenditures that have been utilized/incurred to fund redevelopment projects. The long-term debt will be repaid from tax increment revenue which will be generated as a result of redevelopment project activity in the future. This future tax increment revenue is not reflected in our financial statements, thereby resulting in deficit net asset balance for governmental activities.

Total revenues and transfers increased by $17.1 million from the prior year, or by 35.3%. Sales tax increased by 4%, vehicle license fees increased by 34%, property taxes and transfers were up 43%, and interest revenue was up 88%. Total expenses increased by $19.5 million from the prior year, or by 45.2%. Community development expenses increased due to City and Redevelopment Agency assistance being provided for various projects including the Cathedral Towne Villas, the Desert Mobile Home Park, and the Cathedral City Auto Center. The increase in public safety expenses is due largely to overtime resulting from low staffing levels

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was $15.2 million, while total fund balance reached $19.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 64.2 percent of total General Fund expenditures, while total fund balance represents 82.0 percent of that same amount.

The fund balance of the City's General Fund increased by $2.5 million or 15.0%. The reasons for significant changes in the revenues and expenditures of the City's' General Fund from the prior year are as follows:

- Overall General Fund revenues increased by $3.5 million. The increases were mainly due to an increase of $2.0 million in taxes revenue and $0.6 million in interest income.

- Overall General Fund expenditures increased by $3.5 million. The General Government expenditure category increased by $0.6 million from the prior year. Public Safety expenditures increased by $2.3 million form the prior year. Public Works expenditures decreased by $0.1 million from the prior year. Payment under pass-through agreements expenditures increased by $0.5 million from the prior year.

The **Redevelopment Agency Area 3** Debt Service Fund has a total fund balance of $2.6 million, all of which was reserved for debt service. The net decrease in fund balance during the current year was $4.2 million. Taxes revenue increased by $1.4 million from the prior year and expenditures decreased by $571 thousand from the prior year, however, a transfer out of $9.4 million was recorded to transfer the expenditures of various capital projects to the correct funds.

The **Public Financing Authority** Debt Service Fund has a total fund balance of $675 thousand, all of which was reserved debt service. The net change in fund balance during the current year was a decrease of $1.3 million, which was mainly due to a transfer out of $1.6 million.

The **Redevelopment Agency Area 1** Capital Projects Fund has a total fund balance of $3.7 million, all of which was reserved for land held for resale. The net change in fund balance during the current year was an increase of $0.9 million.

The **2002 D Housing Bond** Capital Projects Fund has a total fund balance of $12.0 million, of which $0.7 million was reserved for land held for resale. The net change in fund balance during the current year was a decrease of $5.8 million. General government expenditures increased by $2.7 million and capital outlay expenditures increased by $3.5 million due to work performed on various capital projects.

The **2002 E Housing Bond** Capital Projects Fund has a total fund balance of $14.3 million, all of which was unreserved. The net change in fund balance during the current year was an increase of $184,648.

The **Areawide Capital Projects** Capital Projects Fund has a total negative fund balance of $366 thousand, all of which was unreserved. The net change in fund balance during the current year was a decrease of $1 million. This was due to capital outlay expenditures increasing by $4.3 million and the recording of a $2.8 million capital lease for an energy savings project.

GENERAL FUND BUDGET

The General Fund budgeted revenues increased by $3.0 million from the original budget or 15.3%. Of this change, taxes had the largest increase of $2.2 million or 15.8%, which was the result of conservative budgeting due to pending State legislature. The budget was amended at mid-year once additional facts were available.

Difference between the total original appropriations and the final amended budgeted expenditures of the General Fund was $2.1 million. General government, public safety and public works recorded increases of approximately $500 thousand each.

The only significant deviation between the final budget of the General Fund and its actual operating results were for transfers in recorded to reimburse the general fund for salaries, benefits and supplies paid by the general fund for the benefit of other funds. Actual transfers in exceeded the final budget by $1.9 million.

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

CAPITAL ASSETS

Capital Assets
(net of depreciation)

Governmental Activities:

	Adjusted Balance at July 1, 2004	Additions	Retirements	Balance at June 30, 2005
Land	$ 17,962,917	201,444	-	18,164,361
Construction in progress	2,713,033	6,716,465	-	9,429,498
Buildings	31,274,218	105,064	-	31,379,282
Equipment	2,188,723	89,946	-	2,278,669
Vehicles	5,131,362	781,132	(381,714)	5,530,780
Furniture and fixtures	1,009,849	16,545	-	1,026,394
Infrastructure	82,929,744	1,122,086	-	84,051,830
Accumulated depreciation	(36,145,397)	(3,452,307)	379,211	(39,218,493)
Total	$107,064,449	5,580,375	(2,503)	112,642,321

The major additions to capital assets during the year ended June 30, 2005 were as follows:

- The Police Department acquired 15 new police vehicles to update their aging vehicle inventory during the fiscal year.
- The Fire Department acquired a new paramedic ambulance as well a two new replacement vehicles.
- The City started an energy saving project in conjunction with Honeywell. The project is focused on building lighting, traffic LED signalization, window tinting and solar panel electric generation. As of June 30th, the project was approximately 88% complete.

Major unexpended construction commitments as of year end included the Cove Assessment District 2004-02, which is a $39 million project to install sanitary sewers and street improvements within the Cove area of Cathedral City.

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

LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of $134.2 million. The debt issues include $1.4 million in certificates of participation, $5.4 million in taxable lease revenue bonds, $111.9 million in tax allocations revenue bonds, and $15.5 million in revenue bonds. The following table summarizes the activity for the year ended June 30, 2005.

Outstanding Debt

Governmental Activities:

	Adjusted Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005
Certificates of participation	$ 1,590,000	-	(235,000)	1,355,000
Lease bonds	5,450,000	-	(85,000)	5,365,000
Tax allocation bonds	99,701,000	30,015,000	(17,815,000)	111,901,000
Revenue bonds	11,835,000	-	(11,835,000)	-
Limited obligation bond	-	15,525,000	-	15,525,000
Capital leases	309,574	2,913,500	(153,440)	3,069,634
Long-term loans and notes	8,281,229	237,493	(222,606)	8,296,116
Compensated absences	1,728,493	1,827,698	(1,512,684)	2,043,507
Claims and judgments	2,228,542	899,833	-	3,128,375
Total	$131,123,838	51,418,524	(31,858,730)	150,683,632

The City's total debt increased by $19.6 million during the current fiscal year, as a result of the issuance of $48.4 million in bonds and capital leases and the defeasance of $30.0 million in bonds.

The City's most recent tax allocation bonds received a "AAA" rating from Standard & Poor's and an "Aaa" rating from Moody's.

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

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at Cathedral City, 68-700 Avenida Lalo Guerrero, Cathedral City, California 92234.

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Basic Financial Statements

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CITY OF CATHEDRAL CITY
Statement of Net Assets
June 30, 2005

ASSETS	Governmental Activities	Component Unit
Cash and investments	$ 71,445,133	$ 129,803
Cash and investments with fiscal agent	13,132,447	
Investment in assessment district debt	14,955,000	
Accounts receivable	2,900,979	5,688
Interest receivable	594,619	
Loans receivable	10,035,818	
Prepaids	120,852	6,720
Inventories	18,018	
Land held for resale	27,278,123	
Other assets	1,482,217	
Deposits	5,130,800	2,690
Capital assets:		
Not being depreciated	27,593,859	
Being depreciated, net	85,048,462	50,068
Total Assets	259,736,327	194,969
LIABILITIES		
Accounts payable	2,676,320	101,730
Accrued liabilities	557,761	13,616
Deposits	839,750	1,419
Due to agency funds	545,732	
Deferred revenue	771,227	
Interest payable	2,148,581	
Noncurrent liabilities:		
Current portion of long-term liabilities	5,922,246	
Long-term liabilities, net of current portion	144,039,727	
Total Liabilities	157,501,344	116,765
NET ASSETS		
Invested in capital assets, net of related debt	112,910,687	50,068
Restricted for:		
Capital projects	63,157,773	
Debt service	9,008,428	
Special projects	24,999,955	
Other long term assets	1,482,217	
Unrestricted (deficit)	(109,324,077)	28,136
Total Net Assets	$ 102,234,983	$ 78,204

See Accompanying Notes to Financial Statements.

CITY OF CATHEDRAL CITY
Statement of Activities
For the Year Ended June 30, 2005

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 25,015,231	$ 2,664,909	$ 693,389	$ 44,025
Public works	2,878,756	605,980	3,252,573	
Public safety	15,433,503	1,934,407	834,441	310,266
Community development	7,129,970	74,214	17,148	
Payments to other agencies	6,106,460			
Interest and other charges on long-term debt	6,155,663			
Total primary governmental activities	$ 62,719,583	$ 5,279,510	$ 4,797,551	$ 354,291
Component Unit:				
Downtown Foundation	$ 1,426,323	$ 1,127,558		
Total component unit	$ 1,426,323	$ 1,127,558	$ -	$ -
General Revenues:				
Taxes				
Franchise fees				
Interest				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets, Beginning, Restated				
Net Assets - Ending				

See Accompanying Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Unit
$ (21,612,908)	
979,797	
(12,354,389)	
(7,038,608)	
(6,106,460)	
-	
(6,155,663)	
(52,288,231)	
	$ (298,765)
	(298,765)
34,678,025	
4,146,235	
2,612,506	
1,792,982	327,300
12,013,836	
55,243,584	327,300
2,955,353	28,535
99,279,630	49,669
$ 102,234,983	$ 78,204

CITY OF CATHEDRAL CITY
Balance Sheet
Governmental Funds
June 30, 2005

ASSETS	General	Debt Service: Redevelopment Agency Area 3	Debt Service: Public Financing Authority
Cash and investments	$ 13,972,051	$ 2,910,466	
Cash and investments with fiscal agent			$ 674,724
Investment in assessment district debt			14,955,000
Interest receivable	158,402		
Accounts receivable	1,213,039	163,736	
Loans receivable			
Due from other funds	1,368,102		
Advances to other funds	3,700,847		
Prepaids	21,025		
Land held for resale			
Deposits			
Total Assets	$ 20,433,466	$ 3,074,202	$ 15,629,724
LIABILITIES			
Accounts payable	$ 404,352	$ 92,750	
Accrued liabilities	510,609		
Deposits	113,567		
Due to other funds			
Deferred revenue	12,351		$ 14,955,000
Advances from other funds		390,393	
Total Liabilities	1,040,879	483,143	14,955,000
FUND BALANCE			
Reserved for			
Advances to other funds	3,700,847		
Deposits with the court			
Loan receivable			
Land held for resale			
Debt service		2,591,059	674,724
Domestic violence grant			
Designated			
Sales tax	502,407		
Unreserved			
General fund	15,189,333		
Special revenue			
Debt service			
Unreserved-undesignated			
Total Fund Balances (Deficits)	19,392,587	2,591,059	674,724
Total Liabilities and Fund Balances	$ 20,433,466	$ 3,074,202	$ 15,629,724

See Accompanying Notes to Financial Statements.

Capital Projects					
Redevelopment Agency Area 1	2002 D Housing Bond	2002 E Housing Bond	Areawide Capital Projects	Nonmajor Funds	Total
$ 2,448,129	$ 7,558,015	$ 8,910,013		$ 31,982,260	$ 67,780,934
				12,457,723	13,132,447
					14,955,000
25,623	62,655	73,868		274,071	594,619
14,488			$ 400,876	1,087,943	2,880,082
308,961	76,000	5,285,555		4,365,302	10,035,818
					1,368,102
				390,393	4,091,240
				99,827	120,852
3,963,399	744,088		1,740,089	20,830,547	27,278,123
1,083,000	3,675,000			372,800	5,130,800
$ 7,843,600	$ 12,115,758	$ 14,269,436	$ 2,140,965	$ 71,860,866	$ 147,368,017
$ 113,136	$ 124,143		$ 1,099,481	$ 822,720	$ 2,656,582
				34,451	545,060
				726,183	839,750
			1,335,328	578,506	1,913,834
314,386			72,090	372,400	15,726,227
3,700,847					4,091,240
4,128,369	124,143		2,506,899	2,534,260	25,772,693
				390,393	4,091,240
	3,675,000			372,800	4,047,800
				4,365,302	4,365,302
3,715,231	744,088			20,830,547	25,289,866
				3,872,531	7,138,314
				52,578	52,578
					502,407
					15,189,333
				39,442,455	39,442,455
	7,572,527	$ 14,269,436	(365,934)		21,476,029
3,715,231	11,991,615	14,269,436	(365,934)	69,326,606	121,595,324
$ 7,843,600	$ 12,115,758	$ 14,269,436	$ 2,140,965	$ 71,860,866	$ 147,368,017

CITY OF CATHEDRAL CITY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

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

Fund balances for governmental funds	$ 121,595,324
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets of the internal services funds of $1,857,731 are included in the internal service adjustment below.	110,784,590
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities of the internal service funds of $3,402,309 are included in the internal service adjustment below.	(146,559,664)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(2,148,581)
Other long-term assets which are not considered available to pay for current expenditures are not reported in the governmental funds.	1,482,217
Deferred revenue recognized under full accrual.	14,955,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the Statement of Net Assets.	2,126,097
Net Assets of Governmental Activities	$ 102,234,983

See Accompanying Notes to Financial Statements.

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CITY OF CATHEDRAL CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General	Debt Service: Redevelopment Agency Area 3	Debt Service: Public Financing Authority
Revenues:			
Taxes	$ 16,557,181	$ 9,817,876	
Fines and forfeitures	11,283		
Intergovernmental	184,626		
Licenses and permits	2,166,038		
Charges for services	3,362,218		
Interest	708,098		$ 62,983
Miscellaneous	895,530		
Total Revenues	23,884,974	9,817,876	62,983
Expenditures:			
Current:			
General government	7,046,932		
Community development		246,187	
Public safety	14,964,728		
Public works	796,267		
Payments under pass-through agreements	451,672	4,281,198	
Capital outlay	170,451		
Debt service:			
Principal			4,052,000
Interest	221,831	58,232	4,867,220
Cost of issuance			429,339
Total Expenditures	23,651,881	4,585,617	9,348,559
Excess of Revenues Over (Under) Expenditures	233,093	5,232,259	(9,285,576)
Other Financing Sources (Uses):			
Issuance of debt			10,812,956
Debt refunded			(10,383,617)
Transfers in	3,992,242		9,111,314
Transfers out	(1,692,678)	(9,413,365)	(1,591,633)
Loan proceeds			
Total Other Financing Sources (Uses)	2,299,564	(9,413,365)	7,949,020
Net Change in Fund Balances	2,532,657	(4,181,106)	(1,336,556)
Fund Balances, Beginning	16,859,930	6,772,165	2,011,280
Fund Balances (Deficits), Ending	$ 19,392,587	$ 2,591,059	$ 674,724

See Accompanying Notes to Financial Statements.

Capital Projects					
Redevelopment Agency Area 1	2002 D Housing Bond	2002 E Housing Bond	Areawide Capital Projects	Nonmajor Funds	Total
				$ 8,302,968	$ 34,678,025
					11,283
			$ 635,822	3,379,680	4,200,128
			33,752	323,982	2,523,772
$ 193,350				686,945	4,242,513
82,349	$ 440,861	$ 187,079	1,694	1,129,442	2,612,506
76,628			1,465	948,018	1,921,641
352,327	440,861	187,079	672,733	14,771,035	50,189,868
				788,471	7,835,403
60,285	2,758,747			4,064,751	7,129,970
				468,775	15,433,503
				1,329,424	2,125,691
				1,373,590	6,106,460
406,437	3,502,890	2,431	4,445,637	7,614,356	16,142,202
				85,825	4,137,825
			24,597	432,277	5,604,157
				660,738	1,090,077
466,722	6,261,637	2,431	4,470,234	16,818,207	65,605,288
(114,395)	(5,820,776)	184,648	(3,797,501)	(2,047,172)	(15,415,420)
				29,859,061	40,672,017
				(16,924,539)	(27,308,156)
1,014,283				23,498,043	37,615,882
			(435)	(14,721,841)	(27,419,952)
			2,753,000	330,000	3,083,000
1,014,283			2,752,565	22,040,724	26,642,791
899,888	(5,820,776)	184,648	(1,044,936)	19,993,552	11,227,371
2,815,343	17,812,391	14,084,788	679,002	49,333,054	110,367,953
$ 3,715,231	$ 11,991,615	$ 14,269,436	$ (365,934)	$ 69,326,606	$ 121,595,324

CITY OF CATHEDRAL CITY
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2005

Net change in fund balances - total governmental funds	$ 11,227,371
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by capital outlay exceeded depreciation and retirements.	5,268,320
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	(13,323,023)
Reversal of prior year deferred revenue.	(339,584)
Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. Internal service funds are reported with governmental activities.	122,269
Change in Net Assets of Governmental Activities	$ 2,955,353

See Accompanying Notes to Financial Statements.

CITY OF CATHEDRAL CITY
Proprietary Funds
Statement of Net Assets
June 30, 2005

	Governmental Activities Internal Service Funds
Current Assets:	
Cash and investments	$ 3,664,199
Accounts receivable	20,897
Inventories	18,018
Total Current Assets	3,703,114
Capital Assets:	
Vehicles	5,530,778
Accumulated depreciation	(3,673,047)
Total Capital Assets, net	1,857,731
Total Assets	5,560,845
Current Liabilities:	
Accounts payable	19,738
Accrued liabilities	12,701
Claims payable	3,128,375
Capital lease payable - current	144,736
Total Current Liabilities	3,305,550
Noncurrent Liabilities:	
Capital lease payable	129,198
Total Noncurrent Liabilities	129,198
Total Liabilities	3,434,748
Net Assets:	
Invested in capital assets	1,857,731
Unrestricted	268,366
Total Net Assets	$ 2,126,097

See Accompanying Notes to Financial Statements.

CITY OF CATHEDRAL CITY
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
June 30, 2005

	Governmental Activities Internal Service Funds
Operating Revenues:	
Charges for services	$ 3,662,052
Total Operating Revenues	3,662,052
Operating Expenses:	
Benefits	3,034,533
Repairs, maintenance, and insurance	1,879,004
Capital outlay	60,870
Depreciation	469,077
Total Operating Expenses	5,443,484
Operating Income (Loss)	(1,781,432)
Nonoperating Revenues (Expenses):	
Miscelleaneous revenue	45,939
Interest expense	11,375
Gain on sale of assets	28,482
Total Nonoperating Revenues (Expenses)	85,796
Operating Income (Loss) Before Transfer	(1,695,636)
Transfers in	1,817,905
Change in Net Assets	122,269
Net Assets, Beginning	2,003,828
Net Assets, Ending	$ 2,126,097

See Accompanying Notes to Financial Statements.

CITY OF CATHEDRAL CITY
Proprietary Funds
Statement of Cash Flows
June 30, 2005

	Governmental Activities Internal Service Funds
Cash flows from operating activities:	
Cash received from other customers	$ 3,641,481
Cash payments to suppliers for goods and services	(4,272,688)
Net cash provided by (used in) operating services	(631,207)
Cash flows from noncapital financing activities:	
Transfers in	1,817,905
Cash flows from capital and related activities:	
Purchase of capital assets	(750,194)
Donated capital assets	32,000
Gain on sale of capital assets	28,482
Proceeds from loans	159,900
Net cash flows from capital and related financing activities	(529,812)
Cash flows from investing activities:	
Interest paid on investments	11,375
Net increase (decrease) in cash and cash equivalents	668,261
Cash and cash equivalents at beginning of year	2,995,938
Cash and cash equivalents at end of year	$ 3,664,199
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	$ (1,927,393)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	469,077
Adjustments:	
(Increase) decrease in accounts recievable	(20,571)
(Increase) decrease in inventories	(8,665)
Increase (decrease) in claims payable	899,833
Increase (decrease) in accounts payable	(43,488)
Net cash provided by (used for) operating activities	$ (631,207)

See Accompanying Notes to Financial Statements.

CITY OF CATHEDRAL CITY
Statement of Net Assets
Fiduciary Funds
June 30, 2005

Assets	
Cash and investments	$ 6,060,283
Cash and investments with fiscal agents	4,842,165
Interest receivable	60,914
Due from other funds	545,732
Special assessments	22,234,958
Total Assets	$ 33,744,052
Liabilities	
Accounts payable	$ 2,618
Due to bondholders	33,741,434
Total Liabilities	$ 33,744,052

See Accompanying Notes to Financial Statements.

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Cathedral City was incorporated under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City operates under a Council-Manager form of government and the City Council is composed of five members. Among the services provided by the City are the following: public works, parks and recreation, planning, community development, and fire and law enforcement services.

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

1. Blended Component Units

City of Cathedral City Redevelopment Agency, Cathedral City Public Improvement Corporation, and the Cathedral City Public Financing Authority component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are reported with the interfund data of the City.

City of Cathedral City Redevelopment Agency – The City of Cathedral City Redevelopment was established pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of Cathedral City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Separate financial statements of the Agency can be obtained at City Hall.

Cathedral City Public Improvement Corporation – The Cathedral City Public Improvement Corporation was formed solely for the benefit of the City of Cathedral City in financing public improvements of the City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Public Improvement Corporation. Separate financial statements are not prepared for the Corporation because it has no activity to report.

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

2. Discretely Presented Component Unit

The following component unit is reported in a separate column in the government-wide statement of net assets to emphasize its legal separation from the City.

The Cathedral City Downtown Foundation (Foundation) was incorporated on December 20, 2000 as a Nonprofit Public Benefit Corporation. The purpose of this corporation is to operate educational facilities and/or attractions in the City of Cathedral City Downtown Area, to instruct the public on subjects useful to the individual and beneficial to the community, and to encourage and raise monetary and/or in lieu contributions via gifts, endowments and bequests for the purpose of enhancing and/or improving those services, facilities, and equipment currently provided by the IMAX Theater located in the City of Cathedral City.

The Foundation is included as a discretely presented component unit of the City, as the City appoints the governing board and approves the Foundation's budget. Separate financial statements are not available for the Foundation.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until paid.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The City reports the following major funds:

General Fund – This is the general operating fund of the City. It is used to account for financial resources except those required to be accounted for in another funds.

Redevelopment Agency Area 3 Debt Service Fund – The fund is used to repay principal and interest long-term indebtedness.

Public Financing Authority – The fund is used to account for revenues and proceeds of debt service. The fund is used to repay principal and interest.

Redevelopment Agency Area 1 Capital Projects Fund – Accounts for the acquisition, improvement, and rehabilitation of property within Project Area 1.

2002 D TAB Housing Bond Fund – These funds are used to account for financial resources to be used for the development projects within the City.

2002 E TAB Housing Bond Fund – These funds are used to account for financial resources to be used for the development projects within the City.

Areawide Capital Projects Fund – Accounts for City-wide capital projects not otherwise budgeted in another fund.

Additionally the City reports the following fund types:

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

Debt Service Funds – Debt Service Funds are used to account for tax increment revenues, bond proceeds required to be set aside for future debt service, and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City, Public Improvement Corporation, Redevelopment Agency, Public Financing Authority, and limited obligation special assessment debt.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the development and redevelopment projects within the City. Such projects include street improvements, parks, and Redevelopment Agency activity.

Proprietary Funds

Enterprise Funds – The Enterprise Fund accounts for the operation of the Cathedral City Downtown Foundation which is reported as a discrete component unit.

Internal Service Funds – Internal Service Funds are used to finance and account for the purchase of motor vehicles and the related maintenance and insurance expense and to account for the cost of liability insurance. Such costs are accumulated in these funds and charged to the user departments on an estimated cost-reimbursement basis or through transfers.

Fiduciary Funds

Agency Funds – These funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

Investments are stated at fair value (quoted market price or best available estimate thereof). Changes in fair value that occur during a fiscal year all recognized as investment income reported for that fiscal year.

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

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Cathedral City.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, traffic signals, drainage systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than $5,000 and an estimated life in excess of 1 year. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets area recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	45 years
Improvements other than buildings	45 years
Machinery and equipment	5-10 years
Infrastructure	8-60 years

4. Land Held for Resale

The Agency purchased land within the Agency's project area. The land held for resale is recorded in the Redevelopment Agency Special Revenue Fund as property held for resale, at the lower of acquisition cost or net realizable value. At June 30, 2005 the cost of property held for resale for various housing and other projects in Cathedral City totaled $27,278,123.

5. Employee Compensated Absences

Permanent City employees earn from 12 to 31 vacation days a year, depending upon their length of employment. Employees can carry forward up to 24 days in earned but unused vacation days and 120 sick leave days for use in the subsequent year.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. Effective July 1, 1987 employees with continuous employment of three years and up to seven years may receive compensation for 25% of unused sick leave when they resign or retire as governed by the MOU.

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

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

6. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas prescribes by state statues. Accordingly, the City of Cathedral City accrues only those taxes which are received within 60 days after year end.

Lien Date:	January 1
Levy Date:	July 1

Due Date:	November 1 – 1st Installment March 1 – 2nd Installment
Delinquent Date:	December 10 – 1st Installment April 10 – 2nd Installment

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

December	30% Advance
January	Collection No. 1
April	10% Advance
May	Collection No. 2
July	Collection No. 3

The City accrues only those taxes which are received within sixty days after the year end. The City is a participant in the Teeter plan under the California Revenue and Taxation Code. The County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

7. Enrollment in Group Insurance Plans – Post Retirement

Employees retiring from the City, who are taking a qualified retirement under the PERS system, and have at least five years service with the City, who have reached at least age 55, or age 50 for public safety, may elect within two months after retirement to participate in such group health insurance policies as are provided by the City. The cost of such insurance coverage, which the City chooses from time to time, is determined by the employee's negotiated memorandum of understanding at the time of retirement.

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

City employees retiring under the PERS Retirement Program with five (5) years of continuous employment with the City can, at their own expense, pay for the group life insurance.

8. Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Claims incurred but not reported are recorded as a liability when the liability has been incurred or an asset has been impaired and the amounts can be reasonably determined.

Liability for general liability claims is recorded in the internal service fund that accounts for the City's general liability activities. Liabilities for workers compensation is recorded in the liability insurance fund.

9. Fund Equity

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

II. Stewardship, Compliance and Accountability

A. Budgetary Data

The City of Cathedral City adopts an annual budget prepared on the modified accrual basis for the general fund, certain special revenue funds, and certain debt service funds. The City Manager and Director of Finance prepare and submit the annual budget to City Council and administer it after adoption. The Director of Finance is authorized to adjust appropriations within each department, provided that the total activity does not exceed the amounts approved in the budget for any amending resolutions. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. Unexpended appropriations for authorized, but uncompleted projects in the Capital Improvement's budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Director of Finance. For each fund, total expenditures may not legally exceed total appropriations. During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations.

Appropriations Limit

Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2005, proceeds of taxes did not exceed appropriations.

B. Deficit Fund Balances/Net Assets

Areawide Capital Projects Fund	$ (365,934)
Special Revenue Funds	
Community Development Block Grant	(32,744)
Internal Service Fund	
Liability Insurance Fund	(129,754)

These deficit balances will be eliminated through future revenues.

C. Expenditures in Excess of Appropriations

The following funds exceeded appropriated expenditures by the following:

Master Underground Plan	$ 19,614
Traffic Safety	19,726
Community Development Block Grant	289,184
State Gas Tax	5,388
Air Quality Improvement	1,607
Solid Waste	45,977
Police Grant	226,319
Police Donations	92,464
Fire Donations	42,440
Telecommunications	7,857
Landscape and Lighting District	40,260
Measure A	305,317

III Detailed Notes on All Funds

A. Cash and Investments

At June 30, 2005, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	$ 84,577,580
Component unit	129,803
Agency funds	10,902,448
Total Cash and Investments	$ 95,609,831

Cash and investments as of June 30, 2005 consist of the following:

Cash on hand	$ 6,753
Deposits with financial institutions	19,020,896
Investments	76,582,182
Total Cash and Investments	$ 95,609,831

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
U.S. Agency Securities	5 years	80%	None
Banker's Acceptances	180 days	40%	30%
Medium-Term Notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	80%	40 Million
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	N/A	30%	None

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

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	N/A	None	None
U.S. Agency Securities	5 years	None	None

Disclosures Relating to Interest Rate Risk

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

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

		Remaining Maturity (in Months)		
Investment Type		12 Months or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	$ 40,345,049	$ 2,937,521	$ 13,787,290	$ 23,620,238
Corporate medium term notes	1,949,020		983,640	965,380
Local agency investment fund	34,288,113	34,288,113		
Total	$ 76,582,182	$ 37,225,634	$ 14,770,930	$ 24,585,618

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

Investment Type		Minimum Rating	Exempt from Rating	Rating as of Year End AAA/AAA	AA3/A+	A1/AA-
Federal agency securities	$ 40,345,049	N/A		$ 40,345,049		
Corporate medium term notes	1,949,020	A			$ 965,380	$ 983,640
Local agency investment fund	34,288,113	N/A	$ 34,288,113			
	$ 76,582,182		$ 34,288,113	$ 40,345,049	$ 965,380	$ 983,640

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount
FNMA	Federal agency securities	$ 6,852,237
Federal Home Loan Bank	Federal agency securities	28,547,367
Federal Home Loan Mortgage Corp	Federal agency securities	2,977,320
Federal Farm Credit Bank	Federal agency securities	1,968,125

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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. As of June 30, 2005, City investments in the following investment types were held by the safekeeping department of Union Bank, Wells Fargo Bank, UBS Financial Services, and Wachovia Securities:

Investment Type	Reported Amount
Federal agency securities	$ 40,345,049
Corporate medium term notes	1,949,020

Local Agency Investment Fund (LAIF):

The LAIF is a voluntary program created by statute in 1977 as an investment alternative through which local governments may pool investments. The LAIF has oversight by the Local Agency Investment Advisory Board, which consists of five members as designated by state statute. Each city may invest up to $30,000,000 each in the Fund for the city and redevelopment agency and may also invest without limitation in special bond proceeds accounts. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest.

B. Receivables

	Interest	Accounts	Loans
General Fund	$ 158,402	$ 1,213,039	
Debt Service:			
Redevelopment agency Area 3		163,736	
Capital Projects			
Redevelopment Agency Area 1	25,623	14,488	$ 308,961
Redevelopment Agency Area 3	62,655		76,000
2002 D Housing Bond	73,868		5,285,555
2002 E Housing Bond		400,876	
Nonmajor governmental funds	274,071	1,087,943	4,365,302
Total Governmental Funds	$ 594,619	$ 2,880,082	$ 10,035,818

Loans Receivable

In March 1997, the City agreed to loan Big League Dreams Sports, LLC, an amount not to exceed $4,400,000 under an agreement to develop a Sports Park Complex in the City of Cathedral City. As of June 30, 2005, the balance on the loan was $4,018,694. The loan is being repaid based on the debt service payments due on the 1997 Taxable Lease Revenue Bonds commencing June 1, 1998. The loan is secured by a deed of trust on the Sports Complex.

On May 1, 2003, the Redevelopment Agency of the City of Cathedral City entered into an Owner Participation Agreement (Agreement) with Southern California Housing Development Corporation (SCHDC). In connection with the Agreement, SCHDC executed a promissory note not to exceed $1,000,000 secured by a deed of trust. The amounts due under this note shall accrue no interest, and shall be repaid on an annual basis from fifty percent of the project's residual receipts. For purposes of this note, the "loan term" shall be the period ending thirty years from the date that the Certificate of Completion is issued by the Redevelopment Agency of the City of Cathedral City. The loan amount outstanding at June 30, 2005 was $785,555.

On November 1, 2002, the Redevelopment Agency of the City of Cathedral City entered into an Owner Participation Agreement (Agreement) with Cathedral/Creekside, L.P. In connection with the Agreement, Cathedral/Creekside, L.P. executed a promissory note not to exceed $1,800,000, secured by a deed of trust. The amounts due under this note shall accrue no interest, and shall be repaid on an annual basis from fifty percent of the project's residual receipts. For purposes of this note, the "loan term" shall be the period ending thirty years from the date that the Certificate of Completion is issued by the Redevelopment Agency of the City of Cathedral City or thirty days after the maturity date of the obligations, if sold or issued; provided, however, that in no event shall the term exceed thirty three years. The loan amount outstanding at June 30, 2005 was $1,800,000.

In December 2002 and amended in June 2004, the Redevelopment Agency of the City of Cathedral City and Cathedral City Heritage Park, L.P. entered into an Owner Participation Agreement (OPA) for the development of a 153 unit senior housing complex. The OPA provided for Agency assistance in order to assist the Participating Owner in the development of the project with a Loan in the amount of $2,700,000 carrying a simple interest rate of five percent (5 %) per annum and shall be repaid from the Residual Receipts of the project. The loan outstanding principal balance as of June 30, 2005 was $2,700,000.

In June 2003, the Redevelopment Agency of Cathedral City sold property held in its Land Held for Resale account to Roberta's Limited Partnership. The sale included a Promissory Note in the amount of $361,714 bearing an interest rate of four and a quarter percent (4.25%). Roberta's Partnership has made monthly installment payments of $3,705 including principal and interest through June 30, 2005. The Principal balance outstanding as of June 30, 2005 was $308,961.

The City has various other loans totaling $422,608.

C. Interfund Receivables, Payables and Transfers

Due to/from other funds:

	Due from Other Funds	Due to Other Funds
General Fund	$ 1,368,102	
Areawide Capital Projects Fund		$ 1,335,328
Nonmajor funds		578,506
Assessment Districts Agency Funds	545,732	
	$ 1,913,834	$ 1,913,834

Advances to/from other funds:

	Advances to Other Funds	Advances from Other Funds
General Fund	$ 3,700,847	
Debt Service Fund:		
Redevelopment Agency Area 3		$ 390,393
Capital Projects Fund:		
Redevelopment Agency Area 1		3,700,847
Nonmajor funds	390,393	
Totals	$ 4,091,240	$ 4,091,240

Interfund Transfers:

	Transfers Out						
Transfers In:	General Fund	RDA Area 3 Debt Service Fund	Areawide Capital Project Fund	Public Financing Authority	Other Governmental Funds	Agency Funds	Total All Funds
General Fund					$ 3,905,676	$ 86,566	$ 3,992,242
Public Financing Authority					6,937,150	2,174,164	9,111,314
RDA Area 1 Capital Project Fund					1,014,283		1,014,283
Other Governmental Funds	$ 307,541	$ 9,363,075	$ 435	$ 2,268	2,204,898	11,619,826	23,498,043
Total Primary Government	307,541	9,363,075	435	2,268	14,062,007	13,880,556	37,615,882
Internal Service Funds	1,385,137	50,290			382,478		1,817,905
Agency Funds				1,589,365	277,356	519,502	2,386,223
Total All Funds	$ 1,692,678	$ 9,413,365	$ 435	$ 1,591,633	$ 14,721,841	$ 14,400,058	$ 41,820,010

Transfers were used to:

1. Reimburse the General Fund for salaries, benefits and supplies paid from the General Fund for services benefiting other funds.

2. Adjust Redevelopment Agency Funds to expense projects in the correct funds.

3. Transfer special assessments to the capital improvement funds to fund projects specified by the Official Statement for the bonds.

4. Transfer funds from various debt service funds to the Public Finance Authority for debt service payments as they became due.

5. Transfer fiscal agent cash to the appropriate funds with the issuance of refunding bond 2004 TAB Series "A" per the Official Statement.

6. Allocate insurance costs from the Insurance Fund (Internal Service Fund) to the appropriate funds utilizing the services.

7. Provide funding from Special Revenue Funds to the Equipment Replacement Fund (Internal Service Fund) to purchase equipment as authorized.

8. Reimburse the General Fund for soft costs as authorized by the Official Statement for the 2004 TAB Series "B" bond.

D. Capital Assets

A summary of changes in capital assets at June 30, 2005 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 17,962,917	$ 201,444		$ 18,164,361
Construction in progress	2,713,033	6,716,465		9,429,498
Total capital assets, not being depreciated	20,675,950	6,917,909		27,593,859
Capital assets being depreciated:				
Buildings	31,274,218	105,064		31,379,282
Improvements other than buildings				
Equipment	2,188,723	89,946		2,278,669
Vehicles	5,131,362	781,132	$ 381,714	5,530,780
Furniture and fixtures	1,009,849	16,545		1,026,394
Infrastructure	82,929,744	1,122,086		84,051,830
Total capital assets, being depreciated	122,533,896	2,114,773	381,714	124,266,955
Less accumulated depreciation:				
Buildings	(4,687,140)	(697,318)		(5,384,458)
Improvements other than buildings				
Equipment	(1,228,230)	(224,174)		(1,452,404)
Vehicles	(3,583,183)	(469,077)	379,211	(3,673,049)
Furniture and fixtures	(795,501)	(144,848)		(940,349)
Infrastructure	(25,851,343)	(1,916,890)		(27,768,233)
Total accumulated depreciation	(36,145,397)	(3,452,307)	379,211	(39,218,493)
Total capital assets, being depreciated	86,388,499	(1,337,534)	(2,503)	85,048,462
Governmental activities capital assets, net	$ 107,064,449	$ 5,580,375	$ (2,503)	$ 112,642,321
Component Unit:				
Depreciable assets:				
Equipment	$ 38,130	$ 36,015	$	$ 74,145
Less accumulated depreciation:				
Equipment	(13,213)	(10,864)		(24,077)
Component unit	$ 24,917	$ 25,151	$ -	$ 50,068

Depreciation expense was charged to governmental functions as follows:

General government	$ 2,230,165
Public works	1,222,142
Total Depreciation Expense	$ 3,452,307

E. Long-Term Debt

Changes in long-term debt for the year ended June 30, 2005 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Bonds, loans and capital leases payable:					
Certificates of participation	$ 1,590,000		$ (235,000)	$ 1,355,000	$ 245,000
Lease bonds payable	5,450,000		(85,000)	5,365,000	90,000
Tax allocation	99,701,000	$ 30,015,000	(17,815,000)	111,901,000 (1)	2,700,000
Revenue bonds payable	11,835,000		(11,835,000)		
Limited obligation bond		15,525,000		15,525,000 (2)	1,374,562
Capital leases	309,574	2,913,500	(153,440)	3,069,634	
Long-term loans and notes payable	8,281,229	237,493	(222,606)	8,296,116	
Subtotal	127,166,803	48,690,993	(30,346,046)	145,511,750	4,409,562
Other liabilities:					
Compensated absences	1,728,493	1,827,698	(1,512,684)	2,043,507	1,512,684
Claims and judgments (Note IV B)	2,228,542	899,833		3,128,375	
Total other liabilities	3,957,035	2,727,531	(1,512,684)	5,171,882	1,512,684
Total governmental activities long-term liabilities	$ 131,123,838	$ 51,418,524	$ (31,858,730)	$ 150,683,632	$ 5,922,246
Component Unit:					
Notes payable	$ 9,000		$ (9,000)		
Business type activities long-term liabilities	$ 9,000	$ -	$ (9,000)	$ -	$ -

(1) Excludes bond discount of $665,608 which is reported in the Statements of Net Assets. Excludes bond discount of $158,505 and premium of $22,263 which is reported in statement of Net Assets.

(2) Excludes bond premium of $80,191 which is reported in Statement of Net Assets.

1. Certificates of Participation

Series 1996 Refunding Lease Revenue Bonds

The Certificates totaling $2,945,000 were issued on August 1, 1996 by the Cathedral City Public Financing Authority with principal due annually on August 1, in amounts ranging from $150,000 to $350,000 and interest payable semi-annually on August 1 and February 1, at interest rates ranging from 4.20% to 5.10%. The amount outstanding at June 30, 2005 was $1,355,000.

The proceeds from the Certificates were used to refund the Series 1986 Certificates of Participation and the Series 1987 Certificates of Participation (Prior Certificates). The funds to be used to refund the Prior Certificates were used to purchase U.S. Government Securities held in an escrow account. The Government Securities together with other reserves were used to prepay the Series 1986 Certificates on February 1, 1997 at a prepayment price of 102% of the principal amount then outstanding and to prepay the 1987 Certificates on February 1, 1997 at a prepayment price of 102% of the principal amount then outstanding.

Pursuant to a lease agreement between the City of Cathedral City (City) as lessee, and Cathedral City Public Financing Authority, as lessor, the City is required to make lease payments in consideration of the use and occupancy of the projects funded by the 1986 Series Certificates and the 1987 Series Certificates.

Under the terms of the issue, $294,500 must be set aside in reserve funds, which represented the initial deposit in the reserve fund upon issuance of the Certificates. At June 30, 2005, actual reserve amount was $297,095. In addition to the reserve account, pursuant to the lease agreement the City has elected to further secure the payment of the lease payments by providing a mechanism by which the State Controller will make the lease payment directly to the trustee from motor vehicle licensing fees to which the City is entitled pursuant to Sections 11001-11005 of the California Revenue and Taxation Code excluding the portion allocated to the City which is transferred to counties for certain health and welfare programs.

2. Lease Bonds Payable

On March 31, 1997, the Cathedral City Public Financing Authority issued the 1997 Taxable Lease Revenue Bonds (Bonds) in the amount of $5,920,000. The proceeds from the Bonds were loaned to the City of Cathedral City (City). The City used the proceeds from the loan to make a construction loan to Big League Dreams Sports, LLC for the construction of a Sports Complex in the City. Principal payments are due annually from August 1, 1999 through August 1, 2027 in amounts ranging from $180,000 to $475,000 with interest due semi-annually each February 1 and August 1 at rates ranging from 6.95% to 7.875%. The reserve requirement is an amount equal to the lesser of the maximum annual debt service or the maximum amount permitted to be deposited in the reserve account. At June 30, 2005, the reserve requirement was $592,000. The amount held in reserve was $592,000 at June 30, 2005. The amount outstanding at June 30, 2005 was $5,365,000

3. Tax Allocation Bonds Payable

a. On November 1, 1995, the Public Financing Authority of the City of Cathedral City (a component unit of the City of Cathedral City) issued $34,695,000 of Tax Allocation Revenue Bonds, 1995 Series A. The proceeds were loaned to the Cathedral City Redevelopment Agency. A portion of these proceeds, $15,519,005, were used to purchase state and local government securities that were deposited in a trust with an escrow agent to provide for all future debt service payments on $14,700,000 of outstanding tax allocation bonds of the Cathedral City Redevelopment Agency. As a result, all of the previous tax allocation bonds of the Agency are considered defeased.

The $34,695,000 Cathedral City Public Financing Authority 1995 Tax Allocation Revenue Bonds, Series A; issued November 1, 1995; $14,915,000 mature serially through August 1, 2009 in annual installments ranging from $805,000 to $1,380,000 at interest rates of 4.00% to 5.25%; $3,840,000 are term bonds maturing on August 1, 2013 subject to mandatory annual sinking fund requirements ranging from $885,000 to $1,035,000; $4,730,000 are term bonds maturing on August 1, 2017 subject to mandatory annual sinking fund requirements ranging from $1,085,000 to $1,280,000; $11,210,000 are term bonds maturing on August 1, 2024 subject to mandatory annual sinking fund requirements ranging from $1,350,000 to $1,880,000; secured by loan agreements from the Agency which are secured by a pledge of tax increment revenues. Outstanding balance at June 30, 2005 $10,415,000

b. In April 2000, the Cathedral City Public Financing Authority (a component unit of the City of Cathedral City) issued $12,311,000 of Tax Allocation Revenue Bonds, Series A (Senior Bonds) and $3,815,000 Subordinate Tax Allocation Revenue Bonds, Series B (Subordinate Bonds). The proceeds were loaned to the Cathedral City Redevelopment Agency to assist in the financing and acquisition of capital improvements in the Agency's Merged Project Area.

The $12,311,000 Tax Allocation Revenue Bonds, Series A consists of $4,000,000 Serial Current Interest Bonds which mature serially through August 1, 2015 in annual installments

ranging from $30,000 to $700,000 at interest rates of 4.10% to 5.50%; $2,320,000 Term Bonds maturing August 1, 2018 subject to mandatory sinking fund requirements ranging from $730,000 to $820,000; $3,770,000 Term Bonds maturing August 1, 2022 subject to mandatory sinking fund requirements ranging from $860,000 to $1,025,000; and $2,221,000 in Capital Appreciation Bonds accruing interest at a range of 6.0% to 6.15% with final accreted value payable annually in installments ranging from $1,075,000 to $1,085,000 commencing August 1, 2023 through August 1, 2033. Outstanding balance at June 30, 2005 — 12,186,000

c. On December 10, 2002, the Public Financing Authority (a component unit of the City of Cathedral City) issued $24,220,000 of Tax Allocation Revenue Bonds, 2002 Series A. The proceeds were loaned to the Cathedral City Redevelopment Agency. The proceeds of the bonds were applied as follows: (a) to refund certain subordinate tax allocation revenue bonds issued by the Authority in 2000, (b) construction and acquisition of certain capital improvements which are located in the Agency's Merged Project Area and Project Area No. 3, (c) funding the premium for a reserve fund surety bond. As a result, the 2000 Subordinate Tax Allocation Revenue Bonds, Series B are considered defeased.

The Cathedral City Public Financing Authority 2002 Tax Allocation Revenue Bonds, Series A; issued December 10, 2002, $16,280,000 mature serially from August 1, 2003 through August 1, 2033 in annual installments ranging from $650,000 to $1,400,000 at interest rates of 2.25% to 4.75%. Term bonds of $7,940,000 with an interest rate of 5.00% maturing on August 1, 2033 are subject to mandatory sinking fund requirements ranging from $488,000 to $1,498,750. The bonds are secured by loan agreements from the City of Cathedral City Redevelopment Agency that are secured by a pledge of certain tax increment revenues. Outstanding balance at June 30, 2005 — 23,120,000

d. On November 21, 2002, the Public Financing Authority (a component unit of the City of Cathedral City) issued $22,820,000 of Tax Allocation Revenues Bonds, 2002 Series D. The proceeds of the bonds were loaned to the Cathedral City Redevelopment Agency. The proceeds of the bonds were applied as follows: (a) to provide funds for increasing, improving, and preserving the City's supply of low and moderate-income housing, and (b) funding the premium for a reserve account surety bond.

Serial bonds of this issue in the amount of $8,830,000 mature serially from August 1, 2003 through August 1, 2011 in annual installments ranging from $250,000 to $500,000 at interest rates of 3.00% to 4.75%. Term bonds of $5,165,000 with an interest rate of 5.00% maturing on August 1, 2026 are subject to mandatory sinking fund requirements ranging from $1,429,750 to $1,434,250. Term bonds of $8,290,000 with an interest rate of 5.00% maturing on August 1, 2033 are subject to mandatory sinking fund requirements ranging from $1,430,000 to $1,434,500. The bonds are secured by loan agreements from the City of Cathedral City Redevelopment Agency that are secured by a pledge of certain tax increment revenues required to be set aside for low and moderate-income housing purposes pursuant to Redevelopment Law. Outstanding balance at June 30, 2005 22,170,000

e. On November 21, 2002, the Public Financing Authority (a component unit of the City of Cathedral City) issued $14,350,000 of Taxable Tax Allocation Revenue Bonds, 2002 Series E. The proceeds were loaned to the Cathedral City Redevelopment Agency. The proceeds of the bonds were applied as follows: (a) to provide funds for increasing, improving, and preserving the City's supply of low and moderate-income housing, and (b) funding the premium for a reserve account surety bond.

The Cathedral City Public Financing Authority 2002 Tax Allocation Revenue Bonds, Series E; issued November 21, 2002, $1,240,000 mature serially from August 1, 2003 through August 1, 2008 in annual installments ranging from $130,000 to $235,000 at interest rates of 2.03% to 4.07%. Term bonds of $1,685,000 with an interest rate of 5.19% maturing on August 1, 2014 are subject to mandatory sinking fund requirements ranging from $1,034,090 to $1,038,728.

Term bonds of $3,320,000 with an interest rate of 6.11% maturing on August 1, 2022 are subject to mandatory sinking fund requirements ranging from $1,034,146 to $1,037,609. Term bonds of $8,105,000 with an interest rate of 6.16% maturing on August 1, 2033 are subject to mandatory sinking fund requirements ranging from $1,034,200 to $1,038,932. The bonds are secured by a taxable loan agreement from the City of

Cathedral City Redevelopment Agency that are secured by a pledge of certain housing tax revenues. Outstanding balance at June 30, 2005	14,010,000

f. On December 9, 2004, the Cathedral City Public Financing Authority issued the 2004 Tax Allocation Revenue Bonds, Series A and Series B for $21,370,000 and $8,630,000 respectively. Monies from the Series A were used to refund $15,625.000 of the remaining 1995 Tax Allocation Bond Series A, create $4,000,000 of new project resources, and pay the cost of issuance and other associated fees. Monies from the Series B were used to fund $8,231,439 of new project resources and pay the cost of issuance and other associated fees. The Series A and B Bonds have maturity dates from 2005 through 2034. The Series A Bonds have rates ranging from 3.0% to 5.125% and are Tax-Exempt Bonds. The Series B Bonds have rates ranging from 2.89% to 5.87% and are Taxable Bonds.

Outstanding balance at June 30, 2005 of the Series A	21,370,000
Outstanding balance at June 30, 2005 of the Series B	8,630,000
Total Outstanding Tax Allocation Bonds	$111,901,000

4. Revenue Bonds Payable

On February 15, 1996, $18,525,000 Series A and $5,380,000 Series B Revenue Bonds were issued to purchase the City of Cathedral City Limited Obligation Bonds, Assessment Districts No. 85-1, 86-1, 86-5, 88-2, and 88-3; interest on Series A and B bonds is payable semiannually each March 2 and September 2 beginning September 2, 1996; principal maturities on Series A and Series B bonds begin September 2, 1996 and continue each September 2 through September 2, 2011 in amounts ranging from $430,000 to $1,690,000 and $200,000 to $485,000, respectively; Series A bonds bear interest ranging from 3.25% to 5.10% and Series B bonds bear interest ranging from 4.50% to 6.875%; Series A and B bonds maturing on or after September 2, 2002 are subject to optional redemption at between par and 102%. The reserve requirement for the Series A Revenue Bonds is the lesser of (a) 10% of the original proceeds, (b) maximum annual debt service, or (c) 125% of the average annual debt service. For Series A Bonds, the reserve requirement is $1,825,000. Two thirds of the reserve requirement is covered by an insurance policy and one third is covered by funds with the trustee. $633,707 was held in reserve for the Series A Bonds. For Series B Bonds the reserve requirement was $538,000 and the actual amount with the trustee was $554,330. The outstanding balance at June 30, 2005 was $0. These bonds were defeased with the issuance of the 2004 Limited Obligation Bonds.

2004 Series A (Limited Obligation) Local Agency Revenue Bonds

On December 3, 2004, the Cathedral City Public Finance Authority issued 2004 Series A (Limited Obligation) Local Agency Revenue Bonds in the amount of $15,525,000. The proceeds were used to purchase the Authority's 1996 Series A and Series B Revenue Bonds which in turn purchased the City of Cathedral City Limited Obligation Bonds for Assessment Districts 85-1, 86-5, 88-2 and 88-3. The new bonds also purchased the 2004 Rio Vista District Bonds, which were issued concurrently to purchase the City's Limited Obligation Improvement Bonds, Assessment District 96-1 (Rio Vista). The bonds have maturity dates from 2015 through 2024 and have rates ranging from 3.0% to 4.25%. The amount outstanding at June 30, 2005 was $15,525,000.

Debt Service Requirements to Maturity

The annual requirements to amortize long-term debt, excluding employee leave payable, notes payable, and leases payable as of June 30, 2005 are as follows:

Governmental Activities:

Year Ending June 30,	Certificate of Participation		Lease Bonds		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 245,000	$ 60,778	$ 90,000	$ 415,488	$ 2,700,000	$ 5,580,294
2007	255,000	48,900	100,000	408,553	2,245,000	5,313,675
2008	270,000	36,165	105,000	401,070	2,320,000	5,228,506
2009	285,000	22,425	115,000	392,781	2,405,000	5,134,876
2010	300,000	7,650	120,000	383,675	2,505,000	5,031,436
2011-2015			770,000	1,755,626	14,315,000	23,347,293
2016-2020			1,115,000	1,557,670	18,025,000	19,502,597
2021-2025			1,630,000	859,558	21,466,621	15,934,934
2026-2030			1,320,000	161,438	22,344,719	13,338,446
2031-2034					23,574,660	5,556,923
	$ 1,355,000	$ 175,918	$ 5,365,000	$ 6,335,859	$ 111,901,000	$ 103,968,980

5. Capital Leases – Proprietary Fund Types

a. In September 2001, the City entered into a long-term lease arrangement with LaSalle Bank National Association to purchase a Fire Truck Pumper for $488,675. The lease has a term of five year, an interest rate of 4.760%, and annual payments of 89,736. Outstanding balance at June 30, 2005 $273,934

b. In September 2003, the City entered into a long-term lease arrangement with Kansas State Bank of Manhattan to purchase a Fire Department Defibrillator for $80,096. The lease has a term of five years and annual payments of $16,019. Outstanding balance at June 30, 2005 — 42,200

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

Equipment Schedule 001 was initiated on September 23, 2004 for $2,753,500 for the financing of an energy savings project to install building lighting, traffic LED, solar electric panel installation and window tinting with Honeywell. Outstanding balance at June 30, 2005 — 2,753,500

Total Capital Leases Outstanding — $3,069,634

6. Long-Term Loans and Notes Payable

Notes Payable

On December 29, 1986, the City of Cathedral City Redevelopment Agency (a component unit of the City of Cathedral City) issued a promissory note in the sum of $2,788,423 for the disposition and development of approximately eleven acres of real property located in Project Area No. 2 (Merged Project Area). Interest on the note accrues upon the opening of the facility (October 27, 1987) following development of the property at a floating rate equal to two percent per annum over the Wells Fargo Bank prime rate. The note will be repaid by the Agency in an amount equal to 70% of the sales and use tax revenues derived from business activities conducted upon the site and received by the City of Cathedral City. On November 22, 2027, any unpaid principal and interest owed by the Agency will be forgiven. The outstanding balance which includes accrued interest at June 30, 2005 was $7,027,656.

In April 2002, the City entered into a promissory note of $800,000 with the Berger Foundation for the purpose of acquisition of land for the ongoing development of the downtown revitalization project. The terms of the note include quarterly interest only payments for five years with a balloon payment due January 1, 2007 of the full principal amount. The note is secured by the property. The balance at June 30, 2005 was $800,000.

On September 24, 2001, the City entered into two note agreements with Plaza Motors in the amount of $132,000 and $1,000,000, for the purpose of the City's obligation of rain run off and flood control improvement and City's obligation for site improvements, respectively. The terms of the $132,000 note is to be paid based on the sales tax revenues the auto dealership of Plaza Motors, Inc., accruing annual interest at 12%. The terms of the $1,000,000 note is to be paid based on 100% of the first $200,000 in sales tax revenues from the auto dealership after the $132,000 note has been paid in full and 50% of any remaining sales tax until the note is paid in full. The note does not bear interest. The note is collateralized by the sales tax receipts. The combined interest rate is 1.3%. The amount outstanding as of June 30, 2005 was $421,063.

On July 1, 2002, the City of Cathedral City and the Redevelopment Agency of the City of Cathedral City assumed a mortgage loan of $49,457 on a property located within the RDA district. The note is secured by the property, and is due in monthly installments of $498, including interest at an annual rate of 6.875%. The amount outstanding at June 30, 2005 was $47,397.

Debt Service Requirements to Maturity

There is no fixed repayment schedule on the amount owed on the disposition and development agreement of $7,027,656, the Berger Foundation note of $800,000 and the notes with Plaza Motors for $421,063. Future debt service payments on the mortgage loan are as follows:

Year Ending June 30,	Principal	Interest
2006	$ 808	$ 3,880
2007	875	3,811
2008	952	3,736
2009	1,034	3,654
2010	1,122	3,566
2011-2015	7,230	16,210
2016-2020	10,907	12,532
2021-2025	16,452	6,988
2026-2029	8,017	654
Total	$ 47,397	$ 55,031

IV. Other Information

A. Pension Plan

Plan Description:

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

Funding Policy:

Participants are required to contribute 7%-9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2004 was 2.717% for miscellaneous employees, 4.899% for safety (police) and 5.251% for safety (fire) 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.

Annual Pension Cost:

For fiscal year 2005, the City's actual and contributed annual pension cost was $2,416,250. The required contribution for the fiscal year 2005 was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 4% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members (from 4.27% to 11.58% for safety members), and (c) a 2% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Plans' assets were 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 Plans' unfunded actuarial excess assets are being amortized as a level percentage of projected payroll on a closed basis. As of June 30, 2004, police and fire employees are included in the Safety 20% at 50 Risk Pool of PERS.

Three-year trend information for the Miscellaneous and Safety Plans:

Miscellaneous Employees

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	$485,980	100%	$522,937
6/30/04	431,725	100%	658,542
6/30/05	448,763	100%	623,740

Safety Employees (Police)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	$565,420	100%	$612,092
6/30/04	557,099	100%	820,388
6/30/05	478,228	100%	873,832

Safety Employees (Fire)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	$323,715	100%	$306,835
6/30/04	317,641	100%	316,256
6/30/05	361,027	100%	361,112

B. Self-Insurance Program

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

PERMA's liability program provides coverage up to $25 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City has selected self-insurance of $250,000 and participates in risk sharing pools for losses up to $5 million per occurrence, limited to $10 million.

PERMA's workers' compensation program provides up to $50 million per accident for workers' compensation and up to $10 million each accident for employer's liability. The City's self-insurance limit under workers' compensation is $250,000 per accident or employee with coverage to statutory limits.

Estimates for all workers' compensation and general liabilities, up to the self-insured levels, are recorded in an internal service fund. Claims payable for the self-insurance liability, including a provision for incurred but not reported claims, was $3,128,375 at June 30, 2005. Settled claims from general liability and workers' compensation risks have not exceeded commercial insurance coverage for the past three years.

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

	Beginning Balance	Changes in Estimates	Claims Payments	Ending Balance
2003-04	$ 2,086,759	$ 510,321	$ (368,538)	$ 2,228,542
2004-05	2,228,542	2,191,857	(1,292,024)	3,128,375

C. Contingent Liabilities

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

D. Loan Guarantees / Commitments

Under the Palm Canyon DDA, the Agency has agreed to make certain loan payments on behalf of Palm Canyon Partners in the amount of up to $99,827 per month. These payments are funded by lease payments made by North American Cinema, Inc. (NACI) to the Agency for a 14 screen multiplex theater that opened in 2001. As of June 30, 2005, there were 132 payments remaining for a total obligation of up to $13,177,098 guaranteed by the Agency. The funding from NACI for the fiscal year ended June 30, 2005 was inadequate to make the payments by $236,008.

As a subsequent year event, the Palm Canyon Partners, LLC's interest in the theater was purchased by IXIS Real Estate Capital, Inc. The Lease Guarantee from the Agency was continued under the new ownership in the amount state at June 30, 2005 above.

E. Assessment District Bond Issues

Assessment District No. 96-1

On August 13, 1996, the City of Cathedral City issued $5,591,404 of Limited Obligation Improvement Bonds to finance the acquisition and construction of improvements consisting of street improvements, sewer improvements, and street lighting of direct special benefits to the properties with the District, and related administrative, legal, financing, and engineering costs. The Bonds were issued as fully registered Bonds in Denominations of $5,000 and one bond in an odd amount, each with principal due annually on September 2, in amounts ranging from $56,404 to $200,000 through September 2, 2015. Interest was payable semiannually on March 2 and September 2, at interest rates ranging from 4.25% to 6.25%.

Under the provisions of the Improvement Bond Act of 1915, installments equal to the annual debt service are to be included on the tax bills sent to owners of property in which unpaid assessments exist. The City is not directly liable for repayment of the bonds except to the extent that the City has convenanted to institute foreclosure proceedings in the event of delinquent installment. However, the City has a limited liability to advance funds to the Redemption Fund in the event of delinquent installments which shall not exceed the balance in the Reserve Fund. Under the terms of the issue, $432,950 was set aside in reserve funds, which represents the maximum annual debt service payment due on the Bond. The outstanding balance at June 30, 2005 was $0. These bonds were defeased with the issuance of the 2004 Limited Obligation Bonds.

Assessment District No. 2001-01

In May 2001, the City of Cathedral City issued $3,085,000 of Limited Obligation Improvement Bonds to finance the acquisition and construction of improvements consisting of street improvements, sidewalks, striping, street lights and related work, perimeter landscaping of direct special benefits to the properties with the District, and related administrative, legal, financing, and engineering costs. The Bonds were issued as fully registered Bonds in Denominations of $5,000 and one bond in an odd amount, each with principal due annually on September 2, in amounts ranging from $15,000 to $235,000 through September 2, 2026. Interest is payable semiannually on March 2 and September 2, at interest rates ranging from 5.7% to 6.5%. The outstanding balance at June 30, 2005 was $2,945,000.

Under the provisions of the Improvement Bond Act of 1915, installments equal to the annual debt service are to be included on the tax bills sent to owners of property in which unpaid assessments exist. The City is not directly liable for repayment of the bonds except to the extent that the City has convenanted to institute foreclosure proceedings in the event of delinquent installment. However, the City has a limited liability to advance funds to the Redemption Fund in the event of delinquent installments which shall not exceed the balance

in the Reserve Fund. Under the terms of the issue, $252,775 must be set aside in reserve funds, which represents the maximum annual debt service payment due on the Bond. At June 30, 2005, the actual amount held in reserve funds was $254,060.

Community Facilities District No. 2000-1

In November 2000, the City of Cathedral City issued $12,230,000 of Community Facilities District Bonds to finance certain public infrastructure to include storm drain improvements, sanitary sewer systems, water system, landscaping and street improvements including paving, curbing and the installation of gutters, sidewalks and signage of direct special benefits to the properties with the District, commonly known as Rio Vista Village. The Bonds were issued as fully registered Bonds in Denominations of $5,000 with the first principal maturity September 2004 and final maturity September 2030. Interest rates range from 4.75% to 6.7%. The outstanding principal balance at June 30, 2005 was $12,220,000.

The District was formed and established by the City on January 12, 2000 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 of the Government Code of the State of California). Under provisions of the Act, installments equal to the annual debt service are to be included on the tax bills sent to owners of property in which unpaid assessments exist. The City is not directly liable for repayment of the bonds except to the extent that the City has covenanted to institute foreclosure proceeding under certain circumstances. The City has pledged to repay the Bonds from the Special Tax Revenues and amounts on deposit in the Bond Payment Fund and the Reserve Fund. The Reserve Fund at inception was $1,223,000. The Reserve Fund on June 30, 2005 was $1,223,000.

Assessment District No. 2003-01

In August 2004, the City of Cathedral City issued $6,671,933 of Limited Obligation Improvement Bonds to finance the acquisition and construction of improvements consisting of street improvements, and sewer improvements of direct special benefits to the properties with the District, and related administrative, legal, financing and engineering costs. The Bonds were issued as fully registered Bonds with interest rates ranging from 2.2% to 5.7% with the final bonds maturing in 2022.

The Bonds are Limited Obligation Improvement Bonds and are secured solely by the assessments and the amounts in the Redemption Fund and the Reserve Fund. The Bonds are not secured by the general taxing power of the City, the County, the State or any Political Subdivision of the State. Neither the faith and credit nor the taxing power of the City, County, State, or Political Subdivision is pledged for the payment of the Bonds. Under provisions of the Improvement Bond Act of 1915, installments equal to the annual debt service are to be included on the tax bills sent to owners of property in which unpaid assessments exist. These annual Assessment installments are to be paid into the Redemption Fund, to be held by the Fiscal Agent and used to pay debt service

on the Bonds as it becomes due. The City will establish a Reserve Fund with a portion of the proceeds of the Bonds, to be held by the Fiscal Agent. Amounts in the Reserve Fund will be transferred to the Redemption Fund to the extent of delinquencies in the payment of the Assessment installments. The reserve Fund will be maintained from available Assessment payments, in an amount equal to the Reserve Requirement. The Reserve Fund balance as of June 30, 2005 is $472,451. The outstanding principal balance at June 30, 2005 was $6,671,934.

Assessment District No. 2004-01

In September 2004, the City of Cathedral City issued $5,978,326 of Limited Obligation Improvement Bonds to finance the acquisition and construction of improvements consisting of street improvements, and sewer improvements of direct special benefits to the properties with the District, and related administrative, legal, financing and engineering costs. The Bonds were issued as fully registered Bonds with interest rates ranging from 1.85% to 5.95% with the final bonds maturing in 2034.

The Bonds are Limited Obligation Improvement Bonds and are secured solely by the assessments and the amounts in the Redemption Fund and the Reserve Fund. The Bonds are not secured by the general taxing power of the City, the County, the State or any Political Subdivision of the State. Neither the faith and credit nor the taxing power of the City, County, State, or Political Subdivision is pledged for the payment of the Bonds. Under provisions of the Improvement Bond Act of 1915, installments equal to the annual debt service are to be included on the tax bills sent to owners of property in which unpaid assessments exist. These annual Assessment installments are to be paid into the Redemption Fund, to be held by the Fiscal Agent and used to pay debt service on the Bonds as it becomes due. The City will establish a Reserve Fund with a portion of the proceeds of the Bonds, to be held by the Fiscal Agent. Amounts in the Reserve Fund will be transferred to the Redemption Fund to the extent of delinquencies in the payment of the Assessment installments. The reserve Fund will be maintained from available Assessment payments, in an amount equal to the Reserve Requirement. The Reserve Fund balance as of June 30, 2005 is $425,030. The outstanding principal balance at June 30, 2005 was $5,978,326.

F. Restatement of Net Assets

Beginning net assets July 1, 2004	$ 89,119,630
Record investment in assessment district debt of the Public Financing Authority previously not recorded	10,160,000
	$ 99,279,630

G. Subsequent Events

Cove Improvement District No. 2004-02

In August 2005, the City of Cathedral City issued $33,847,337 of Limited Obligation Improvement Bonds to finance the acquisition and construction of improvements consisting of street improvements, and sewer improvements of direct special benefits to the properties with the District, and related administrative, legal, financing and engineering costs. The Bonds were issued as fully registered Bonds with interest rates ranging from 2.85% to 5.0% with the final bonds maturing in 2025.

The Bonds are Limited Obligation Improvement Bonds and are secured solely by the assessments and the amounts in the Redemption Fund and the Reserve Fund. The Bonds are not secured by the general taxing power of the City, the County, the State or any Political Subdivision of the State. Neither the faith and credit nor the taxing power of the City, County, State, or Political Subdivision is pledged for the payment of the Bonds. Under provisions of the Improvement Bond Act of 1915, installments equal to the annual debt service are to be included on the tax bills sent to owners of property in which unpaid assessments exist. These annual Assessment installments are to be paid into the Redemption Fund, to be held by the Fiscal Agent and used to pay debt service on the Bonds as it becomes due. The City will establish a Reserve Fund with a portion of the proceeds of the Bonds, to be held by the Fiscal Agent. Amounts in the Reserve Fund will be transferred to the Redemption Fund to the extent of delinquencies in the payment of the Assessment installments. The reserve Fund will be maintained from available Assessment payments, in an amount equal to the Reserve Requirement. As the final sale of the Bonds did not occur until after the end of the current fiscal year, the Reserve Fund was subsequently established at $2,193,775.

2005 Tax Allocation Revenue Bonds, Series A

On June 28, 2005 (with a settlement date of July 7, 2005), the Cathedral City Public Finance Authority issued the 2005 Tax Allocation Revenue Bonds, Series A for $13,000,000 Monies from the Series A Bonds were used to refund $9,775,000 of the remaining 1995 Tax Allocation Bond Series A and to create new project monies for Project Area 3 in the amount of $732,436 and to create new project monies for the Merged Project Area in the amount of $2,010,003. The Bonds have maturity dates from 2006 through 2024 with rates from 3.125% to 4.50%.

The remaining principal of $10,415,000 of the 1995 Tax Allocation Bond Series A was subsequently defeased in fiscal year 2006 with the $9,775,000 of refinancing from the 2005 Tax Allocation Revenue Bond Series A after the August 1, 2005 principal payment of $640,000. (See note III.E.3.a)

Required Supplementary Information

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CITY OF CATHEDRAL CITY
PERS Schedule of Funding Progress
June 30, 2005

Actuarial Valuation Covered Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(B-A)/C]
6/30/02:						
Misc.	$ 12,423,725	$ 12,092,146	$ (331,579)	102.7%	$ 5,377,717	(6.166)%
Safety (Fire)	9,230,155	8,593,134	(637,021)	107.4%	2,384,165	(26.719)%
Safety (Police)	15,442,713	15,154,181	(288,532)	101.9%	3,708,059	(7.781)%
Total	$ 37,096,593	$ 35,839,461	$ (1,257,132)	103.5%	$ 11,469,941	(10.960)%
6/30/03:						
Misc.	$ 12,668,342	$ 14,589,699	$ 1,921,357	86.8%	$ 4,832,755	39.757%
Safety (Fire)	9,659,642	9,504,899	(154,743)	101.6%	2,610,874	(5.927)%
Safety (Police)	15,978,833	17,995,891	2,017,058	88.8%	3,433,022	58.755%
Total	$ 38,306,817	$ 42,090,489	$ 3,783,672	91.0%	$ 10,876,651	34.787%
6/30/04:						
Misc.	$ 13,567,846	$ 16,098,695	$ 2,530,849	84.3%	$ 5,027,203	50.343%
Safety:						
(Fire/Police)[1]	885,549,650	996,203,370	110,653,720	88.9%	149,407,703	74.062%
Total	$ 899,117,496	$ 1,012,302,065	$ 113,184,569	88.8%	$ 154,434,906	73.289%

[1] Based on actuarial reports provided by PERS, police and fire for the City of Cathedral City are included into a pool. As of June 30, 2003, stand alone valuations for these two groups will no longer be provided.

CITY OF CATHEDRAL CITY
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2005

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
Revenues:				
Taxes	$ 14,150,000	$ 16,375,000	$ 16,557,181	$ 182,181
Fines and forfeitures	6,500	6,500	11,283	4,783
Intergovernmental	123,084	123,084	184,626	61,542
Licenses and permits	1,999,000	1,899,000	2,166,038	267,038
Charges for services	2,563,050	2,788,050	3,362,218	574,168
Interest	300,000	400,000	708,098	308,098
Miscellaneous	196,412	696,412	895,530	199,118
Total Revenues	19,338,046	22,288,046	23,884,974	1,596,928
Expenditures:				
Current:				
General government	5,142,139	5,647,346	7,046,932	(1,399,586)
Public safety	14,321,939	14,975,066	14,964,728	10,338
Public works	1,971,990	2,503,072	796,267	1,706,805
Payments under pass-through agreements		452,000	451,672	328
Capital outlay	222,100	219,600	170,451	49,149
Debt service:				
Interest			221,831	(221,831)
Total Expenditures	21,658,168	23,797,084	23,651,881	367,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,320,122)	(1,509,038)	233,093	1,963,962
Other Financing Sources (Uses):				
Transfers in	2,118,062	2,131,607	3,992,242	1,860,635
Transfers out	(1,692,077)	(1,692,077)	(1,692,678)	(601)
Total Other Financing Sources (Uses)	425,985	439,530	2,299,564	1,860,034
Net Change in Fund Balances	(1,894,137)	(1,069,508)	2,532,657	3,823,996
Fund Balances, Beginning	16,859,930	16,859,930	16,859,930	
Fund Balances, Ending	$ 14,965,793	$ 15,790,422	$ 19,392,587	$ 3,823,996

See Accompanying Note to Required Supplementary Information.

CITY OF CATHEDRAL CITY
Note to Required Supplementary Information
June 30, 2005

1. Budgets and Budgetary Accounting

The City of Cathedral City adopts an annual budget prepared on the modified accrual basis for the general fund and special revenue funds. The City Manager and Director of Finance prepare and submit the annual budget to the City Council and administer it after adoption. The City Manager is authorized to adjust appropriations within each department or activity, provided that the total appropriations for each department or activity do not exceed the amounts approved in the budget for any amending resolutions. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. For each fund, total expenditures, may not legally exceed total appropriations. During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations.

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Supplementary Information

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

Assets	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Nonmajor Governmental Funds
Cash and investments	$ 11,904,092	$ 3,136,234	$ 16,941,934	$ 31,982,260
Cash and investments with fiscal agent		594,965	11,862,758	12,457,723
Interest receivable	99,000	4,343	170,728	274,071
Accounts receivable	703,496	199,177	185,270	1,087,943
Loans receivable	236,000	4,018,695	110,607	4,365,302
Advances from other funds	390,393			390,393
Prepaids			99,827	99,827
Land held for resale	7,100,837		13,729,710	20,830,547
Deposits	17,200		355,600	372,800
Total Assets	$ 20,451,018	$ 7,953,414	$ 43,456,434	$ 71,860,866
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	$ 127,020	$ 62,188	$ 633,512	$ 822,720
Accrued liabilities	18,170		16,281	34,451
Deposits	725,183		1,000	726,183
Due to other funds	32,774		545,732	578,506
Deferred revenue			372,400	372,400
Total Liabilities	903,147	62,188	1,568,925	2,534,260
Fund Balance:				
Reserved for:				
Land held for resale	7,100,837		13,729,710	20,830,547
Domestic violence grant	52,578			52,578
Loans receivable	236,000	4,018,695	110,607	4,365,302
Deposit with the court	17,200		355,600	372,800
Debt service		3,872,531		3,872,531
Advances to other funds	390,393			390,393
Unreserved	11,750,863		27,691,592	39,442,455
Total Fund Balances (Deficits)	19,547,871	7,891,226	41,887,509	69,326,606
Total Liabilities and Fund Balances	$ 20,451,018	$ 7,953,414	$ 43,456,434	$ 71,860,866

CITY OF CATHEDRAL CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Nonmajor Governmental Funds
Revenues:				
Taxes	$ 4,051,803	$ 4,251,165		$ 8,302,968
Intergovernmental	3,379,680			3,379,680
Licenses and permits	130,482		$ 193,500	323,982
Charges for services	686,945			686,945
Interest	182,872	487,602	458,968	1,129,442
Miscellaneous	934,428	5,765	7,825	948,018
Total Revenues	9,366,210	4,744,532	660,293	14,771,035
Expenditures:				
Current:				
General government	788,471			788,471
Community development	1,525,105	101,870	2,437,776	4,064,751
Public safety	468,775			468,775
Public works	1,329,424			1,329,424
Payments under pass-through agreements		573,773	799,817	1,373,590
Capital outlay	1,883,275		5,731,081	7,614,356
Debt service:				
Principal	825	85,000		85,825
Interest	4,856	427,421		432,277
Cost of issuance			660,738	660,738
Total Expenditures	6,000,731	1,188,064	9,629,412	16,818,207
Excess of Revenues Over (Under) Expenditures	3,365,479	3,556,468	(8,969,119)	(2,047,172)
Other Financing Sources (Uses):				
Issuance of debt			29,859,061	29,859,061
Bond refunded			(16,924,539)	(16,924,539)
Loan proceeds	330,000			330,000
Transfers in	12,348	5,464,644	18,021,051	23,498,043
Transfers out	(4,215,460)	(6,539,525)	(3,966,856)	(14,721,841)
Total Other Financing Sources (Uses)	(3,873,112)	(1,074,881)	26,988,717	22,040,724
Net Change in Fund Balances	(507,633)	2,481,587	18,019,598	19,993,552
Fund Balances, Beginning	20,055,504	5,409,639	23,867,911	49,333,054
Fund Balances, Ending	$ 19,547,871	$ 7,891,226	$ 41,887,509	$ 69,326,606

NONMAJOR SPECIAL REVENUE FUNDS

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

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

Fire Flow Upgrade Fund – Accounts for upgrading existing fire mains and fire hydrants. Financing is provided by a fire upgrade fee charged to developers.

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

National Pollutant Discharge Elimination System (NPDES) Program Fund – Accounts for the funds received from Riverside County for compliance with requirements of the Federal Clean Water Act regarding discharging stormwater.

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

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

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

Air Quality Improvements Fund – Accounts for revenues received under AB 2766. Expenditures are restricted for the use of reduction of air pollution.

Solid Waste Fund – Accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts throughout the City.

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

Police Grant Fund – Accounts for expenditures related to state and federal grants for the City's Police Department.

Police Donations Fund – Accounts for receipts collected which are restricted for expenditures related to the police department projects.

Fire Donations Fund – Accounts for receipts collected which are restricted for expenditures related to the fire department programs.

Telecommunications Equipment Fund – Accounts for receipts collected which are restricted for expenditures on telecommunication equipment.

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

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

Special Deposits Fund – Accounts for deposits held by the City on the account for others. Such deposits include (a) utility deposits, (b) Fringed-Toed Lizard fees, and (c) Riverside County Superintendent of Schools.

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

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

Assets	Low Moderate Housing	Fire Flow Upgrade	Master Underground Plan	NPDES Program
Cash and investments	$ 3,936,503		$ 1,425,501	$ 178
Interest receivable	32,623		11,823	1
Accounts receivable	59,600			
Loans receivable	236,000			
Advances from other funds	390,393			
Land held for resale	7,057,541			
Deposits	17,200			
Total Assets	$ 11,729,860	$ -	$ 1,437,324	$ 179
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 10,834		$ 2,348	
Accrued liabilities	9,346			
Deposits	80			
Due to other funds				
Total Liabilities	20,260		2,348	
Fund Balances:				
Reserved:				
Loans receivable	236,000			
Land held for resale	7,057,541			
Deposits with court	17,200			
Domestic violence grant				
Advances to other funds	390,393			
Unreserved	4,008,466		1,434,976	$ 179
Total Fund Balances	11,709,600		1,434,976	179
Total Liabilities and Fund Balances	$ 11,729,860	$ -	$ 1,437,324	$ 179

Traffic Safety	Community Development Block Grant	State Gas Tax	Air Quality Improvement	Solid Waste	State Asset Forfeiture Program	Police Grant
$ 711,033		$ 849,376	$ 234,143	$ 249,255	$ 6,521	$ 233,387
5,895		7,068	1,941	2,072	54	2,008
20,908		330	14,300	22,081		82,245
				43,296		
$ 737,836	$ -	$ 856,774	$ 250,384	$ 316,704	$ 6,575	$ 317,640
		$ 12,592		$ 8,855		$ 1,200
		10,979				(13,134)
			$ 12,884			
	$ 32,774					
	32,774	23,571	12,884	8,855		(11,934)
				43,296		
						52,578
$ 737,836	(32,774)	833,203	237,500	264,553	$ 6,575	276,996
737,836	(32,774)	833,203	237,500	307,849	6,575	329,574
$ 737,836	$ -	$ 856,774	$ 250,384	$ 316,704	$ 6,575	$ 317,640

(Continued)

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

Assets	Police Donations	Fire Donations	Telecom-munications Equipment	Landscape and Lighting District
Cash and investments	$ 355,250	$ 211,457	$ 69,903	$ 21,342
Interest receivable	2,945	1,754	580	177
Accounts receivable				10,938
Loans receivable				
Advances from other funds				
Land held for resale				
Deposits				
Total Assets	$ 358,195	$ 213,211	$ 70,483	$ 32,457
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 10,671	$ 1,525		$ 1,564
Accrued liabilities				
Deposits				
Due to other funds				
Total Liabilities	10,671	1,525		1,564
Fund Balances:				
Reserved:				
Loans receivable				
Land held for resale				
Deposits with court				
Domestic violence grant				
Advances to other funds				
Unreserved	347,524	211,686	$ 70,483	30,893
Total Fund Balances	347,524	211,686	70,483	30,893
Total Liabilities and Fund Balances	$ 358,195	$ 213,211	$ 70,483	$ 32,457

Measure A	Special Deposits	Transfer Station Road	Totals
$ 2,697,835	$ 720,271	$ 182,137	$ 11,904,092
22,578	5,971	1,510	99,000
419,804		73,290	703,496
			236,000
			390,393
			7,100,837
			17,200
$ 3,140,217	$ 726,242	$ 256,937	$ 20,451,018
$ 67,094	$ 10,337		$ 127,020
10,979			18,170
	712,219		725,183
			32,774
78,073	722,556		903,147
			236,000
			7,100,837
			17,200
			52,578
			390,393
3,062,144	3,686	$ 256,937	11,750,863
3,062,144	3,686	256,937	19,547,871
$ 3,140,217	$ 726,242	$ 256,937	$ 20,451,018

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2005

	Low Moderate Housing	Fire Flow Upgrade	Master Underground Plan	NPDES Program
Revenues:				
Taxes	$ 3,517,260			
Intergovernmental				$ 6,178
Licenses and permits			$ 130,482	
Charges for services				
Interest	40,113		28,350	1
Miscellaneous	712,816			
Total Revenues	4,270,189		158,832	6,179
Expenditures:				
Current:				
General government				
Community development	1,525,105			
Public safety				
Public works				
Capital outlay	809,522		19,614	
Debt service:				
Principal	825			
Interest	4,856			
Total Expenditures	2,340,308		19,614	
Excess of Revenues Over (Under) Expenditures	1,929,881		139,218	6,179
Other Financing Sources (Uses):				
Transfers in	1,350			
Transfers out	(3,013,500)	$ (2,844)		(6,000)
Loan proceeds	330,000			
Total Other Financing Sources (Uses)	(2,682,150)	(2,844)		(6,000)
Net Change in Fund Balances	(752,269)	(2,844)	139,218	179
Fund Balances (Deficits), Beginning	12,461,869	2,844	1,295,758	
Fund Balances (Deficits), Ending	$ 11,709,600	$ -	$ 1,434,976	$ 179

Traffic Safety	Community Development Block Grant	State Gas Tax	Air Quality Improvement	Solid Waste	State Asset Forfeiture Program	Police Grant
$ 195,638	$ 354,291	$ 927,216	$ 31,305	$ 13,124		$ 332,515
13,333		17,796	4,610	431,371 1,279	$ 134	1,778
208,971	354,291	945,012	35,915	445,774	134	334,293
5,655				450,001		
14,071	289,184	630,747 52,491	1,607	276,376		181,859 44,460
19,726	289,184	683,238	1,607	726,377		226,319
189,245	65,107	261,774	34,308	(280,603)	134	107,974
(55,304)		10,156 (262,292)	(19,263)	(171,848)		(154,012)
(55,304)		(252,136)	(19,263)	(171,848)		(154,012)
133,941	65,107	9,638	15,045	(452,451)	134	(46,038)
603,895	(97,881)	823,565	222,455	760,300	6,441	375,612
$ 737,836	$ (32,774)	$ 833,203	$ 237,500	$ 307,849	$ 6,575	$ 329,574

(Continued)

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Police Donations	Fire Donations	Telecom-munications Equipment	Landscape and Lighting District
Revenues:				
Taxes				$ 338,905
Intergovernmental		$ 99,958		
Licenses and permits				
Charges for services				
Interest	$ 7,189	5,149	$ 1,400	45
Miscellaneous	194,036	27,576		
Total Revenues	201,225	132,683	1,400	338,950
Expenditures:				
Current:				
General government			7,857	162,668
Community development				
Public safety	168,064	118,852		
Public works				
Capital outlay				
Debt service:				
Principal				
Interest				
Total Expenditures	168,064	118,852	7,857	162,668
Excess of Revenues Over (Under) Expenditures	33,161	13,831	(6,457)	176,282
Other Financing Sources (Uses):				
Transfers in				842
Transfers out	(13,105)			(175,000)
Loan proceeds				
Total Other Financing Sources (Uses)	(13,105)			(174,158)
Net Change in Fund Balances	20,056	13,831	(6,457)	2,124
Fund Balances (Deficits), Beginning	327,468	197,855	76,940	28,769
Fund Balances (Deficits), Ending	$ 347,524	$ 211,686	$ 70,483	$ 30,893

Measure A	Special Deposits	Transfer Station Road	Totals
			$ 4,051,803
$ 1,615,093			3,379,680
			130,482
		$ 255,574	686,945
56,646	$ 3,686	1,363	182,872
			934,428
1,671,739	3,686	256,937	9,366,210
162,290			788,471
			1,525,105
			468,775
697,070			1,329,424
377,557			1,883,275
			825
			4,856
1,236,917			6,000,731
434,822	3,686	256,937	3,365,479
			12,348
(342,292)			(4,215,460)
			330,000
(342,292)			(3,873,112)
92,530	3,686	256,937	(507,633)
2,969,614			20,055,504
$ 3,062,144	$ 3,686	$ 256,937	$ 19,547,871

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NONMAJOR DEBT SERVICE FUNDS

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

Redevelopment Agency Area 1 and Area 2 Funds – Account for payments of principal and interest for long-term debt of the City of Cathedral City Redevelopment Agency.

Big League Dreams Fund – Accounts for the loan to construct Big League Dreams and payments of principal and interest.

2002 D Housing Bonds – Account for the payments of principal and interest issued by 2002 D Bonds.

2002 E Housing Bonds – Account for the payments of principal and interest issued by 2002 E Bonds.

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2005

Assets	Redevelopment Agency Area 1	Redevelopment Agency Area 2	Big League Dreams
Cash and investments	$ 667,163	$ 1,944,702	$ 523,932
Cash and investments with fiscal agent		451	592,155
Interest receivable			4,343
Accounts receivable	308	74,354	124,515
Loans receivable			4,018,695
Total Assets	$ 667,471	$ 2,019,507	$ 5,263,640
Liabilities and Fund Balances			
Liabilities:			
Accounts payable		$ 62,188	
Total Liabilities		62,188	
Fund Balances			
Reserved for:			
Loan receivable			$ 4,018,695
Debt service	$ 667,471	1,957,319	1,244,945
Total Fund Balances	667,471	1,957,319	5,263,640
Total Liabilities and Fund Balances	$ 667,471	$ 2,019,507	$ 5,263,640

2002 D Housing Bonds	2002 E Housing Bonds	Totals
	$ 437	$ 3,136,234
$ 297	2,062	594,965
		4,343
		199,177
		4,018,695
$ 297	$ 2,499	$ 7,953,414
		$ 62,188
		62,188
		4,018,695
$ 297	$ 2,499	3,872,531
297	2,499	7,891,226
$ 297	$ 2,499	$ 7,953,414

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
June 30, 2005

	Redevelopment Agency Area 1	Redevelopment Agency Area 2	Big League Dreams
Revenues:			
Taxes	$ 867,629	$ 3,383,536	
Interest		611	$ 484,583
Miscellaneous			5,765
Total Revenues	867,629	3,384,147	490,348
Expenditures:			
Community development	18,363	72,987	2,930
Payments under pass-through agreements	93,468	480,305	
Debt service:			
Principal			85,000
Interest	5,546		421,875
Total Expenditures	117,377	553,292	509,805
Excess of Revenues Over (Under) Expenditures	750,252	2,830,855	(19,457)
Other Financing Sources (Uses):			
Transfers in	2,452,510	545,870	
Transfers out	(348,704)	(3,732,375)	
Total Other Financing Sources (Uses)	2,103,806	(3,186,505)	
Net Change in Fund Balances	2,854,058	(355,650)	(19,457)
Fund Balances (Deficits), Beginning	(2,186,587)	2,312,969	5,283,097
Fund Balances, Ending	$ 667,471	$ 1,957,319	$ 5,263,640

2002 D Housing Bonds	2002 E Housing Bonds	Totals
		$ 4,251,165
$ 345	$ 2,063	487,602
		5,765
345	2,063	4,744,532
4,738	2,852	101,870
		573,773
		85,000
		427,421
4,738	2,852	1,188,064
(4,393)	(789)	3,556,468
1,429,054	1,037,210	5,464,644
(1,424,456)	(1,033,990)	(6,539,525)
4,598	3,220	(1,074,881)
205	2,431	2,481,587
92	68	5,409,639
$ 297	$ 2,499	$ 7,891,226

NONMAJOR CAPITAL PROJECTS FUNDS

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

Redevelopment Agency Area 2 & 3 Capital Project Funds – Accounts for the acquisition, improvement, and rehabilitation of property within the Merged Project Areas.

Redevelopment Agency Administration – Accounts for administrative costs related to the Redevelopment Agency.

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

2004 TAB B Capital Projects – Accounts for loans to developer for the development of a hotel and golf course.

2005 TAB A Capital Projects – Accounts for miscellaneous capital improvements in the Merged Project Area and Area 3.

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

Traffic Signalization Fund – Accounts for the installation of traffic signals. Financing is providing by developer's fees.

Street Improvement Bonds Fund – Accounts for curbs, gutter, and sewer construction within the assessment area. Financing is provided by proceeds for Special Assessment Bonds and monies collected from developers.

Assessment District 85-1 Fund – Accounts for curbs, gutter, and sewer construction within Assessment District 85-1. Financing is provided by the proceeds from the issuance of Limited Obligation Improvement Bonds.

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

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

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

Assessment District 88-2 Fund – Accounts for improvements within Assessment District 88-2. Financing is provided by the proceeds from the issuance of Limited Obligation Improvement Bonds.

Assessment District 88-3 Fund – Accounts for improvements within Assessment District 88-3. Financing is provided by the proceeds from the issuance of Limited Obligation Improvement Bonds.

Assessment District 96-1 Fund – Accounts for improvements within Assessment District 96-1. Financing is provided by the proceeds from the issuance of Limited Obligation Improvement Bonds.

Assessment District 2000-1 Fund – Accounts for improvements within Assessment District 2000-1. Financing is provided by the proceeds from the issuance of Limited Obligation Improvement Bonds.

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

Assessment District 03-01 – Accounts for improvements within Assessment District 03-01, 35th Avenue. Financing is provided by the proceeds form issuance of Limited Obligation Improvement Bonds.

Assessment District 04-01 – Accounts for improvement within Assessment District 04-01, Dream Homes. Financing is provided by the proceeds from issuance of Limited Obligation Improvement Bonds.

Assessment District 04-02 – Accounts for improvement within Improvement District 04-02, Cove. Financing is provided by the proceeds from issuance of Limited Obligation Improvement Bonds.

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005

Assets	Redevelopment Agency Area 2	Redevelopment Agency Area 3	Redevelopment Agency Administration	2004 TAB "A" Capital Project
Cash and investments	$ 905,636	$ 3,048,904	$ 211,445	$ 2,619,087
Cash and investments with fiscal agent				
Interest receivable	23,792	49,886	1,753	21,712
Accounts receivable		112,953	72,317	
Loans receivable	110,607			
Prepaids			99,827	
Land held for resale	6,415,039	7,314,671		
Deposits		355,600		
Total Assets	$ 7,455,074	$ 10,882,014	$ 385,342	$ 2,640,799
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 56,014		$ 24,925	
Accrued liabilities			16,281	
Deposits		$ 1,000		
Due to other funds				
Deferred revenue				
Total Liabilities	56,014	1,000	41,206	
Fund Balances:				
Reserved for:				
Deposits with the court		355,600		
Land held for resale	6,415,039	7,314,671		
Loan receivable	110,607			
Unreserved	873,414	3,210,743	344,136	$ 2,640,799
Total Fund Balances	7,399,060	10,881,014	344,136	2,640,799
Total Liabilities and Fund Balances	$ 7,455,074	$ 10,882,014	$ 385,342	$ 2,640,799

2004 TAB "B" Capital Project	2005 TAB "A" Capital Project	Police and Fire Facilities	Traffic Signalization	Street Improvements	Assessment District 85-1	Assessment District 86-1
$ 8,296,493		$ 325,020	$ 254,679		$ 1,892	$ 550,386
68,778		2,695	2,112			
$ 8,365,271	$ -	$ 327,715	$ 256,791	$ -	$ 1,892	$ 550,386
$ 8,365,271		$ 327,715	$ 256,791		$ 1,892	$ 550,386
8,365,271		327,715	256,791		1,892	550,386
$ 8,365,271	$ -	$ 327,715	$ 256,791	$ -	$ 1,892	$ 550,386

(Continued)

CITY OF CATHEDRAL CITY
Combining Balance Sheet
Nonmajor Capital Projects Funds (Continued)
June 30, 2005

Assets	Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3
Cash and investments	$ 121,381	$ 8,871	$ 105,941	$ 215,934
Cash and investments with fiscal agent				
Interest receivable				
Accounts receivable				
Loans receivable				
Prepaids				
Land held for resale				
Deposits				
Total Assets	$ 121,381	$ 8,871	$ 105,941	$ 215,934
Liabilities and Fund Balances				
Liabilities:				
Accounts payable				
Accrued liabilities				
Deposits				
Due to other funds				
Deferred revenue				
Total Liabilities				
Fund Balances:				
Reserved for:				
Deposits with the court				
Land held for resale				
Loan receivable				
Unreserved	$ 121,381	$ 8,871	$ 105,941	$ 215,934
Total Fund Balances	121,381	8,871	105,941	215,934
Total Liabilities and Fund Balances	$ 121,381	$ 8,871	$ 105,941	$ 215,934

Assessment District 96-1	Assessment District 01-01	CFD Rio Vista	Assessment District 03-01	Assessment District 04-01	Assessment District 04-02	Totals
	$ 16,076				$ 260,189	$ 16,941,934
	436,772	$ 2,271,878	$ 3,781,144	$ 5,372,964		11,862,758
						170,728
						185,270
						110,607
						99,827
						13,729,710
						355,600
$ -	$ 452,848	$ 2,271,878	$ 3,781,144	$ 5,372,964	$ 260,189	$ 43,456,434
			$ 458,829	$ 1,806	$ 91,938	$ 633,512
						16,281
						1,000
			520,024	25,708		545,732
	$ 372,400					372,400
	372,400		978,853	27,514	91,938	1,568,925
						355,600
						13,729,710
						110,607
	80,448	$ 2,271,878	2,802,291	5,345,450	168,251	27,691,592
	80,448	2,271,878	2,802,291	5,345,450	168,251	41,887,509
$ -	$ 452,848	$ 2,271,878	$ 3,781,144	$ 5,372,964	$ 260,189	$ 43,456,434

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
June 30, 2005

	Redevelopment Agency Area 2	Redevelopment Agency Area 3	Redevelopment Agency Administration	2004 TAB "A" Capital Project
Revenues:				
Licenses and permits				
Interest	$ 49,595	$ 113,709	$ 9,594	$ 38,342
Miscellaneous		6,000		
Total Revenues	49,595	119,709	9,594	38,342
Expenditures:				
Community development		1,000,000	1,437,776	
Payments under pass-through agreements			799,817	
Capital outlay	886,898	109,408	37,505	
Cost of issuance				466,035
Total Expenditures	886,898	1,109,408	2,275,098	466,035
Excess of Revenues Over (Under) Expenditures	(837,303)	(989,699)	(2,265,504)	(427,693)
Other Financing Sources (Uses):				
Issuance of debt				21,393,031
Bond refunding				(16,924,539)
Transfers in			6,401,225	
Transfers out	(996,275)		(802,890)	(1,400,000)
Total Other Financing Sources (Uses)	(996,275)		5,598,335	3,068,492
Net Change in Fund Balances	(1,833,578)	(989,699)	3,332,831	2,640,799
Fund Balances (Deficits), Beginning	9,232,638	11,870,713	(2,988,695)	
Fund Balances, Ending	$ 7,399,060	$ 10,881,014	$ 344,136	$ 2,640,799

2004 TAB "B" Capital Project	2005 TAB "A" Capital Project	Police and Fire Facilities	Traffic Signalization	Street Improvements	Assessment District 85-1	Assessment District 86-1
		$ 129,000	$ 64,500			
$ 93,944		3,910	4,011			
93,944		132,910	68,511			
			181,056			$ 5,500
194,703						
194,703			181,056			5,500
(100,759)		132,910	(112,545)			(5,500)
8,466,030						
		(75,000)		$ (512,197)		
8,466,030		(75,000)		(512,197)		
8,365,271		57,910	(112,545)	(512,197)		(5,500)
		269,805	369,336	512,197	$ 1,892	555,886
$ 8,365,271	$ -	$ 327,715	$ 256,791	$ -	$ 1,892	$ 550,386

(Continued)

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds (Continued)
June 30, 2005

	Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3
Revenues:				
Licenses and permits				
Interest				
Miscellaneous				
Total Revenues				
Expenditures:				
Community development				
Payments under pass-through agreements				
Capital outlay				
Cost of issuance				
Total Expenditures				
Excess of Revenues Over (Under) Expenditures				
Other Financing Sources (Uses):				
Issuance of debt				
Bond refunding				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)				
Net Change in Fund Balances				
Fund Balances, Beginning	$ 121,381	$ 8,871	$ 105,941	$ 215,934
Fund Balances (Deficits), Ending	$ 121,381	$ 8,871	$ 105,941	$ 215,934

Assessment District 96-1	Assessment District 01-01	Rio Vista CFD	Assessment District 03-01	Assessment District 04-01	Assessment District 04-02	Totals
						$ 193,500
$ 800	$ 5,404		$ 71,168	$ 68,491		458,968
			1,825			7,825
800	5,404		72,993	68,491		660,293
						2,437,776
						799,817
331,924		$ 742,780	3,210,366	43,895	$ 181,749	5,731,081
						660,738
331,924		742,780	3,210,366	43,895	181,749	9,629,412
(331,124)	5,404	(742,780)	(3,137,373)	24,596	(181,749)	(8,969,119)
						29,859,061
						(16,924,539)
9,308			5,939,664	5,320,854	350,000	18,021,051
(180,494)						(3,966,856)
(171,186)			5,939,664	5,320,854	350,000	26,988,717
(502,310)	5,404	(742,780)	2,802,291	5,345,450	168,251	18,019,598
502,310	75,044	3,014,658				23,867,911
$ -	$ 80,448	$ 2,271,878	$ 2,802,291	$ 5,345,450	$ 168,251	$ 41,887,509

CITY OF CATHEDRAL CITY
Budgetary Comparison Schedule
Low and Moderate Housing Fund
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenues:			
Taxes	$ 4,434,522	$ 3,517,260	$ (917,262)
Interest	40,000	40,113	113
Miscellaneous	300,000	712,816	412,816
Total Revenue	4,774,522	4,270,189	(504,333)
Expenditures:			
Community development	519,505	1,525,105	(1,005,600)
Capital outlay	2,425,302	809,522	1,615,780
Principal		825	(825)
Interest		4,856	(4,856)
Total Expenditures	2,944,807	2,340,308	604,499
Excess of Revenues Over Expenditures	1,829,715	1,929,881	100,166
Other Financing Sources (Uses):			
Transfers in		1,350	1,350
Transfers out	(3,007,182)	(3,013,500)	(6,318)
Loan proceeds	500,000	330,000	(170,000)
Total Other Financing Sources (Uses)	(2,507,182)	(2,682,150)	(174,968)
Net Change in Fund Balance	(677,467)	(752,269)	(74,802)
Fund Balance, Beginning	12,461,869	12,461,869	
Fund Balance, Ending	$ 11,784,402	$ 11,709,600	$ (74,802)

CITY OF CATHEDRAL CITY
Master Underground Plan
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Licenses and permits	$ 165,000	$ 130,482	$ (34,518)
Interest	15,000	28,350	13,350
Total Revenue	180,000	158,832	(21,168)
Expenditures:			
Capital outlay		19,614	(19,614)
Net Change in Fund Balance	180,000	139,218	(40,782)
Fund Balance, Beginning	1,295,758	1,295,758	
Fund Balance, Ending	$ 1,475,758	$ 1,434,976	$ (40,782)

CITY OF CATHEDRAL CITY
NPDES Program
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental	$ 16,000	$ 6,178	$ (9,822)
Interest		1	1
Total Revenue	16,000	6,179	(9,821)
Expenditures:			
General government	10,100		10,100
Excess of Revenues Over Expenditures	5,900	6,179	279
Other Financing Uses:			
Transfers out	(6,000)	(6,000)	
Net Change in Fund Balance	(100)	179	279
Fund Balance, Beginning			
Fund Balance, Ending	$ (100)	$ 179	$ 279

CITY OF CATHEDRAL CITY
Traffic Safety
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Taxes		$ 195,638	$ 195,638
Interest		13,333	13,333
Total Revenue		208,971	208,971
Expenditures:			
General government		5,655	(5,655)
Capital outlay		14,071	(14,071)
Total Expenditures		19,726	(19,726)
Excess of Revenues Over Expenditures		189,245	189,245
Other Financing Uses:			
Transfers out	$ (55,304)	(55,304)	
Net Change in Fund Balance	(55,304)	133,941	189,245
Fund Balance, Beginning	603,895	603,895	
Fund Balance, Ending	$ 548,591	$ 737,836	$ 189,245

CITY OF CATHEDRAL CITY
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental		$ 354,291	$ 354,291
Expenditures:			
Capital outlay		289,184	(289,184)
Net Change in Fund Balance		65,107	65,107
Fund Balance, Beginning	$ (97,881)	(97,881)	
Fund Balance, Ending	$ (97,881)	$ (32,774)	$ 65,107

CITY OF CATHEDRAL CITY
State Gas Tax
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental	$ 765,000	$ 927,216	$ 162,216
Interest		17,796	17,796
Total Revenue	765,000	945,012	180,012
Expenditures:			
Public works	677,850	630,747	47,103
Capital outlay		52,491	(52,491)
Total Expenditures	677,850	683,238	(5,388)
Excess of Revenues Over Expenditures	87,150	261,774	174,624
Other Financing Sources (Uses):			
Transfers in		10,156	10,156
Transfers out	(262,292)	(262,292)	
Total Other Financing Sources (Uses)	(262,292)	(252,136)	10,156
Net Change in Fund Balance	(175,142)	9,638	184,780
Fund Balance, Beginning	823,565	823,565	
Fund Balance, Ending	$ 648,423	$ 833,203	$ 184,780

CITY OF CATHEDRAL CITY
Air Quality Improvement
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental	$ 39,822	$ 31,305	$ (8,517)
Interest	4,000	4,610	610
Total Revenue	43,822	35,915	(7,907)
Expenditures:			
Public works		1,607	(1,607)
Excess of Revenues Over Expenditures	43,822	34,308	(9,514)
Other Financing Uses:			
Transfers out	(65,000)	(19,263)	45,737
Net Change in Fund Balance	(21,178)	15,045	36,223
Fund Balance, Beginning, as adjusted	222,455	222,455	
Fund Balance, Ending	$ 201,277	$ 237,500	$ 36,223

CITY OF CATHEDRAL CITY
Solid Waste
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental		$ 13,124	$ 13,124
Charges for services	$ 254,000	431,371	177,371
Interest		1,279	1,279
Total Revenue	254,000	445,774	191,774
Expenditures:			
General government	576,400	450,001	126,399
Capital outlay	104,000	276,376	(172,376)
Total Expenditures	680,400	726,377	(45,977)
Excess of Revenues Over Expenditures	(426,400)	(280,603)	145,797
Other Financing Uses:			
Transfers out		(171,848)	(171,848)
Net Change in Fund Balance	(426,400)	(452,451)	(26,051)
Fund Balance, Beginning, as adjusted	760,300	760,300	
Fund Balance, Ending	$ 333,900	$ 307,849	$ (26,051)

CITY OF CATHEDRAL CITY
State Asset Forfeiture Program
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Interest		$ 134	$ 134
Fund Balance, Beginning	$ 6,441	6,441	
Fund Balance, Ending	$ 6,441	$ 6,575	$ 134

CITY OF CATHEDRAL CITY
Police Grant.
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental		$ 332,515	$ 332,515
Interest		1,778	1,778
Total Revenue		334,293	334,293
Expenditures:			
Public safety		181,859	(181,859)
Capital outlay		44,460	(44,460)
Total Expenditures		226,319	(226,319)
Excess of Revenues Over Expenditures		107,974	107,974
Other Financing Uses:			
Transfers out		(154,012)	(154,012)
Net Change in Fund Balance		(46,038)	(46,038)
Fund Balance, Beginning	$ 375,612	375,612	
Fund Balance, Ending	$ 375,612	$ 329,574	$ (46,038)

CITY OF CATHEDRAL CITY
Police Donations
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Miscellaneous	$ 90,600	$ 194,036	$ 103,436
Interest		7,189	7,189
Total Revenue	90,600	201,225	110,625
Expenditures:			
Public safety	75,600	168,064	(92,464)
Excess of Revenues Over Expenditures	15,000	33,161	18,161
Other Financing Uses:			
Transfers out		(13,105)	(13,105)
Net Change in Fund Balance	15,000	20,056	5,056
Fund Balance, Beginning	327,468	327,468	
Fund Balance, Ending	$ 342,468	$ 347,524	$ 5,056

CITY OF CATHEDRAL CITY
Fire Donations
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental	$ 82,000	$ 99,958	$ 17,958
Interest	1,500	5,149	3,649
Miscellaneous		27,164	27,164
Total Revenue	83,500	132,271	48,771
Expenditures:			
Public safety	76,000	118,440	(42,440)
Net Change in Fund Balance	7,500	13,831	6,331
Fund Balance, Beginning	197,855	197,855	
Fund Balance, Ending	$ 205,355	$ 211,686	$ 6,331

CITY OF CATHEDRAL CITY
Telecommunication Equipment
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Interest		$ 1,400	$ 1,400
Expenditures:			
General government		7,857	(7,857)
Net Change in Fund Balance		(6,457)	(6,457)
Fund Balance, Beginning	$ 76,940	76,940	
Fund Balance, Ending	$ 76,940	$ 70,483	$ (6,457)

CITY OF CATHEDRAL CITY
Landscape and Lighting District
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Taxes	$ 34,997	$ 338,905	$ 303,908
Interest		45	45
Total Revenue	34,997	338,950	303,953
Expenditures:			
General government	122,408	162,668	(40,260)
Excess of Revenues Over Expenditures	(87,411)	176,282	263,693
Other Financing Uses:			
Transfers in		842	842
Transfers out	(188,545)	(175,000)	13,545
Total Other Financing Sources (Uses)	(188,545)	(174,158)	14,387
Net Change in Fund Balance	(275,956)	2,124	278,080
Fund Balance, Beginning	28,769	28,769	
Fund Balance, Ending	$ (247,187)	$ 30,893	$ 278,080

CITY OF CATHEDRAL CITY
Measure A
Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget Final	Actual Amount	Variance Positive (Negative)
Revenue:			
Intergovernmental	$ 1,391,000	$ 1,615,093	$ 224,093
Interest	30,000	56,646	26,646
Total Revenue	1,421,000	1,671,739	250,739
Expenditures:			
General government	140,500	162,290	(21,790)
Public works	763,100	697,070	66,030
Capital outlay	28,000	377,557	(349,557)
Total Expenditures	931,600	1,236,917	(305,317)
Excess of Revenues Over Expenditures	489,400	434,822	(54,578)
Other Financing Sources (Uses):			
Transfers out	(342,292)	(342,292)	
Net Change in Fund Balance	147,108	92,530	(54,578)
Fund Balance, Beginning	2,969,614	2,969,614	
Fund Balance, Ending	$ 3,116,722	$ 3,062,144	$ (54,578)

INTERNAL SERVICE FUNDS

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

Equipment Replacement Fund – Accounts for costs of maintaining and provides for the replacement of the City's vehicles. Financing is provided by usage charges.

Liability Insurance Fund – Accounts for the cost of liability insurance for the City. Insurance costs and liability claims and other administrative costs are reflected in this fund. Financing is provided by operating transfers from other funds or usage charges to those funds and departments of the City.

CITY OF CATHEDRAL CITY
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005

	Equipment Replacement Fund	Liability Insurance Fund	Totals
Current Assets:			
Cash and investments	$ 648,683	$ 3,015,516	$ 3,664,199
Accounts receivable	20,897		20,897
Inventories	18,018		18,018
Total Current Assets	687,598	3,015,516	3,703,114
Capital Assets:			
Vehicles	5,530,778		5,530,778
Accumulated depreciation	(3,673,047)		(3,673,047)
Capital Assets, Net	1,857,731		1,857,731
Total Assets	2,545,329	3,015,516	5,560,845
Current Liabilities:			
Accounts payable	15,544	4,194	19,738
Accrued liabilities		12,701	12,701
Claims payable		3,128,375	3,128,375
Capital lease payable - current	144,736		144,736
Total Current Liabilities	160,280	3,145,270	3,305,550
Noncurrent Liabilities:			
Capital lease payable	129,198		129,198
Total Noncurrent Liabilities	129,198		129,198
Total Liabilities	289,478	3,145,270	3,434,748
Net Assets:			
Invested in capital assets	1,857,731		1,857,731
Unrestricted	398,120	(129,754)	268,366
Total Net Assets	$ 2,255,851	$ (129,754)	$ 2,126,097

CITY OF CATHEDRAL CITY
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
June 30, 2005

	Equipment Replacement Fund	Liability Insurance Fund	Totals
Operating Revenues:			
Charges for services	$ 344,360	$ 3,317,692	$ 3,662,052
Total Operating Revenues	344,360	3,317,692	3,662,052
Operating Expenses:			
Benefits		3,034,533	3,034,533
Repairs, maintenance and insurance	5,721	1,873,283	1,879,004
Capital outlay	60,870		60,870
Depreciation	469,077		469,077
Total Operating Expenses	535,668	4,907,816	5,443,484
Operating Income (Loss)	(191,308)	(1,590,124)	(1,781,432)
Nonoperating Revenues (Expenses):			
Miscellaneous	45,939		45,939
Interest expense	11,375		11,375
Gain (loss) on sale of assets	28,482		28,482
Total Nonoperating Revenues (Expenses)	85,796		85,796
Operating Income (Loss) Before Operating Transfer	(105,512)	(1,590,124)	(1,695,636)
Other Financing Sources (Uses) Transfers in	140,380	1,677,525	1,817,905
Change in Net Assets	34,868	87,401	122,269
Net Assets, Beginning	2,220,983	(217,155)	2,003,828
Net Assets (Deficit), Ending	$ 2,255,851	$ (129,754)	$ 2,126,097

CITY OF CATHEDRAL CITY
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2005

	Equipment Replacement Fund	Liability Insurance Fund	Totals
Cash flows from operating activities:			
Cash received from other customers	$ 323,789	$ 3,317,692	$ 3,641,481
Cash payments to suppliers for goods and services	(250,441)	(4,022,247)	(4,272,688)
Net cash provided by (used in) operating services	73,348	(704,555)	(631,207)
Cash flows from noncapital financing activities:			
Transfers in	140,380	1,677,525	1,817,905
Cash flows from capital and related activities:			
Purchase of capital assets	(750,194)		(750,194)
Donated capital assest	32,000		32,000
Gain on sale of capital assets	28,482		28,482
Proceeds from loans	159,900		159,900
Net cash flows from capital and related financing activities	(529,812)		(529,812)
Cash flows from investing activities:			
Interest paid on investments	11,375		11,375
Net increase (decrease) in cash and cash equivalents	(304,709)	972,970	668,261
Cash and cash equivalents at beginning of year	953,392	2,042,546	2,995,938
Cash and cash equivalents at end of year	$ 648,683	$ 3,015,516	$ 3,664,199
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	$ (337,269)	$ (1,590,124)	$ (1,927,393)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	469,077		469,077
Adjustments:			
(Increase) decrease in accounts receivable	(20,571)		(20,571)
(Increase) decrease in inventories	(8,665)		(8,665)
Increase (decrease) in claims payable		899,833	899,833
Increase (decrease) in accounts payable	(29,224)	(14,264)	(43,488)
Net cash provided by (used for) operating activities	$ 73,348	$ (704,555)	$ (631,207)

AGENCY FUNDS

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

Assessment District 85-1 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

Assessment District 86-1 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

Assessment District 86-5 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

Assessment District 87-2 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

Assessment District 88-2 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

Assessment District 88-3 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

Assessment District 96-1 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

Assessment District 2001-1 Fund – Accounts for the receipt of special assessments and payments of principal and interest on the Limited Obligation Improvement Bonds.

CFD Rio Vista Fund – Accounts for deposits held by the City for the Rio Vista Community Facilities District.

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

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

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

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

CITY OF CATHEDRAL CITY
Combining Statement of Net Assets
All Agency Funds
June 30, 2005

Assets	Assessment District 85-1	Assessment District 86-1	Assessment District 86-5	Assessment District 87-2
Cash and investments	$ 726,675	$ 1,051,814	$ 554,713	$ 10,473
Cash and investments with fiscal agent				
Interest receivable	6,084	13,239	5,605	160
Due from Assessment Capital Fund				
Special assessments	802,215	1,483,368	785,699	
Total Assets	$ 1,534,974	$ 2,548,421	$ 1,346,017	$ 10,633
Liabilities				
Liabilities:				
Accounts payable				
Due to bondholders	$ 1,534,974	$ 2,548,421	$ 1,346,017	$ 10,633
Total Liabilities	$ 1,534,974	$ 2,548,421	$ 1,346,017	$ 10,633

Assessment District 88-2	Assessment District 88-3	Assessment District 96-1	Assessment District 01-01	Rio Vista CFD	2004 Limited Obligation Bond A
$ 404,249	$ 1,314,725	$ 536,070	$ 149,639	$ 816,981	
			254,749	1,793,258	$ 1,890,428
4,229	12,689	4,448	1,370	6,773	
551,389	3,585,801	(99,795)	2,807,656	25,263	
$ 959,867	$ 4,913,215	$ 440,723	$ 3,213,414	$ 2,642,275	$ 1,890,428
			$ 2,618		
$ 959,867	$ 4,913,215	$ 440,723	3,210,796	$ 2,642,275	$ 1,890,428
$ 959,867	$ 4,913,215	$ 440,723	$ 3,213,414	$ 2,642,275	$ 1,890,428

(Continued)

CITY OF CATHEDRAL CITY
Combining Statement of Net Assets
All Agency Funds (Continued)
June 30, 2005

Assets	Assessment District 03-01	Assessment District 04-01	Assessment District 04-02	Totals
Cash and investments	$ 71,496	$ 324,753	$ 98,695	$ 6,060,283
Cash and investments with fiscal agent	475,741	427,989		4,842,165
Interest receivable	618	2,718	2,981	60,914
Due from Assessment Capital Fund	520,024	25,708		545,732
Special assessments	6,470,550	5,822,812		22,234,958
Total Assets	$ 7,538,429	$ 6,603,980	$ 101,676	$ 33,744,052
Liabilities				
Liabilities:				
Accounts payable				$ 2,618
Due to bondholders	$ 7,538,429	$ 6,603,980	$ 101,676	33,741,434
Total Liabilities	$ 7,538,429	$ 6,603,980	$ 101,676	$ 33,744,052

CITY OF CATHEDRAL CITY
Statement of Changes in Agency Funds
June 30, 2005

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Assessment District 85-1				
Assets:				
Cash and investments	$ 717,671	$ 396,328	$ 387,324	$ 726,675
Interest receivable	3,308	11,621	8,845	6,084
Special assessments	1,131,258	775,578	1,104,621	802,215
Total Assets	$ 1,852,237	$ 1,183,527	$ 1,500,790	$ 1,534,974
Liabilities:				
Accounts payable		$ 8,267	$ 8,267	
Due to bondholders	$ 1,852,237	1,136,925	1,454,188	$ 1,534,974
Total Liabilities	$ 1,852,237	$ 1,145,192	$ 1,462,455	$ 1,534,974
Assessment District 86-1				
Assets:				
Cash and investments	$ 999,711	$ 771,546	$ 719,443	$ 1,051,814
Interest receivable	7,151	26,018	19,930	13,239
Special assessments	2,147,710	1,488,766	2,153,108	1,483,368
Total Assets	$ 3,154,572	$ 2,286,330	$ 2,892,481	$ 2,548,421
Liabilities:				
Accounts payable	$ 266	$ 17,039	$ 17,305	
Due to bondholders	3,154,306	2,194,150	2,800,035	$ 2,548,421
Total Liabilities	$ 3,154,572	$ 2,211,189	$ 2,817,340	$ 2,548,421

(Continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Agency Funds (Continued)
June 30, 2005

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Assessment District 86-5				
Assets:				
Cash and investments	$ 547,479	$ 282,288	$ 275,054	$ 554,713
Interest receivable	3,076	11,319	8,790	5,605
Special assessments	1,018,343	785,699	1,018,343	785,699
Total Assets	$ 1,568,898	$ 1,079,306	$ 1,302,187	$ 1,346,017
Liabilities:				
Accounts payable	$ 128	$ 4,499	$ 4,627	
Due to bondholders	1,568,770	1,045,915	1,268,668	$ 1,346,017
Total Liabilities	$ 1,568,898	$ 1,050,414	$ 1,273,295	$ 1,346,017
Assessment District 87-2				
Assets:				
Cash and investments	$ 10,150	$ 505	$ 182	$ 10,473
Interest receivable	87	385	312	160
Total Assets	$ 10,237	$ 890	$ 494	$ 10,633
Liabilities:				
Accounts payable				
Due to bondholders	$ 10,237	$ 396		$ 10,633
Total Liabilities	$ 10,237	$ 396	$ -	$ 10,633

(Continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Agency Funds (Continued)
June 30, 2005

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Assessment District 88-2				
Assets:				
Cash and investments	$ 383,379	$ 215,487	$ 194,617	$ 404,249
Interest receivable	2,249	8,626	6,646	4,229
Special assessments	876,517	551,390	876,518	551,389
Total Assets	$ 1,262,145	$ 775,503	$ 1,077,781	$ 959,867
Liabilities:				
Accounts payable	$ 170	$ 6,332	$ 6,502	
Due to bondholders	1,261,975	749,652	1,051,760	$ 959,867
Total Liabilities	$ 1,262,145	$ 755,984	$ 1,058,262	$ 959,867
Assessment District 88-3				
Assets:				
Cash and investments	$ 1,193,313	$ 896,474	$ 775,062	$ 1,314,725
Interest receivable	6,478	23,920	17,709	12,689
Special assessments	4,220,536	3,585,802	4,220,537	3,585,801
Total Assets	$ 5,420,327	$ 4,506,196	$ 5,013,308	$ 4,913,215
Liabilities:				
Accounts payable	$ 351	$ 20,800	$ 21,151	
Due to bondholders	5,419,976	4,392,097	4,898,858	$ 4,913,215
Total Liabilities	$ 5,420,327	$ 4,412,897	$ 4,920,009	$ 4,913,215

(Continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Agency Funds (Continued)
June 30, 2005

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Assessment District 96-1				
Assets:				
Cash and investments	$ 414,530	$ 478,923	$ 357,383	$ 536,070
Cash and investments with fiscal agent	446,548	337,946	784,494	
Interest receivable	3,389	10,879	9,820	4,448
Special assessments	4,780,163	4,651,370	9,531,328	(99,795)
Total Assets	$ 5,644,630	$ 5,479,118	$ 10,683,025	$ 440,723
Liabilities:				
Accounts payable	$ 49	$ 13,649	$ 13,698	
Due to bondholders	5,644,581	5,121,311	10,325,169	$ 440,723
Total Liabilities	$ 5,644,630	$ 5,134,960	$ 10,338,867	$ 440,723
Assessment District 01-1				
Assets:				
Cash and investments	$ 145,958	$ 262,354	$ 258,673	$ 149,639
Cash and investments with fiscal agent	253,097	249,642	247,990	254,749
Interest receivable	745	1,696	1,071	1,370
Special assessments	2,888,189	2,807,657	2,888,190	2,807,656
Total Assets	$ 3,287,989	$ 3,321,349	$ 3,395,924	$ 3,213,414
Liabilities:				
Accounts payable		$ 9,756	$ 7,138	$ 2,618
Due to bondholders	$ 3,287,989	3,059,278	3,136,471	3,210,796
Total Liabilities	$ 3,287,989	$ 3,069,034	$ 3,143,609	$ 3,213,414

(Continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Agency Funds (Continued)
June 30, 2005

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Rio Vista CFD Debt Service				
Assets:				
Cash and investments	$ 326,058	$ 908,912	$ 417,989	$ 816,981
Cash and investments with fiscal agent	2,123,612	479,220	809,574	1,793,258
Interest receivable	1,499	7,194	1,920	6,773
Special assessments	65,603	25,263	65,603	25,263
Total Assets	$ 2,516,772	$ 1,420,589	$ 1,295,086	$ 2,642,275
Liabilities:				
Accounts payable		$ 16,739	$ 16,739	
Due to bondholders	$ 2,516,772	955,546	830,043	$ 2,642,275
Total Liabilities	$ 2,516,772	$ 972,285	$ 846,782	$ 2,642,275
2004 Ltd Obligation Bond A				
Assets:				
Cash and investments with fiscal agent		$ 2,178,361	$ 287,933	$ 1,890,428
Total Assets	$ -	$ 2,178,361	$ 287,933	$ 1,890,428
Liabilities:				
Due to bondholders		$ 2,306,009	$ 415,581	$ 1,890,428
Total Liabilities	$ -	$ 2,306,009	$ 415,581	$ 1,890,428

(Continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Agency Funds (Continued)
June 30, 2005

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Assessment District 03-01				
Assets:				
Cash and investments		$ 6,778,135	$ 6,706,639	$ 71,496
Cash and investments with fiscal agent		6,730,018	6,254,277	475,741
Interest receivable		3,145	2,527	618
Due from City		520,024		520,024
Special assessments		13,142,483	6,671,933	6,470,550
Total Assets	$ -	$ 27,173,805	$ 19,635,376	$ 7,538,429
Liabilities:				
Accounts payable		$ 39,980	$ 39,980	
Due to bondholders		14,709,283	7,170,854	$ 7,538,429
Total Liabilities	$ -	$ 14,749,263	$ 7,210,834	$ 7,538,429
Assessment District 04-01				
Assets:				
Cash and investments		$ 5,888,174	$ 5,563,421	$ 324,753
Cash and investments with fiscal agent		6,037,636	5,609,647	427,989
Interest receivable		4,174	1,456	2,718
Due from City		25,708		25,708
Special assessments		11,801,139	5,978,327	5,822,812
Total Assets	$ -	$ 23,756,831	$ 17,152,851	$ 6,603,980
Liabilities:				
Accounts payable		$ 29,047	$ 29,047	
Due to bondholders		13,029,079	6,425,099	$ 6,603,980
Total Liabilities	$ -	$ 13,058,126	$ 6,454,146	$ 6,603,980

(Continued)

CITY OF CATHEDRAL CITY
Statement of Changes in Agency Funds (Continued)
June 30, 2005

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Assessment District 04-02				
Assets:				
Cash and investments		$ 455,950	$ 357,255	$ 98,695
Interest receivable		2,981		2,981
Total Assets	$ -	$ 458,931	$ 357,255	$ 101,676
Liabilities:				
Accounts payable		$ 3,750	$ 3,750	
Due to bondholders		451,800	350,124	$ 101,676
Total Liabilities	$ -	$ 455,550	$ 353,874	$ 101,676

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STATISTICAL SECTION

CITY OF CATHEDRAL CITY

TABLE 1

Government-Wide Expenses By Function
Last Three Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Community Development	Pass-through Payments	Interest on Long-term Debt	Total
2003	$ 11,296,811	$ 12,761,710	$ 2,533,116		$ 9,005,426	$ 6,877,084	$ 42,474,147
2004	17,178,043	12,844,985	2,172,455	$ 801,061	3,985,440	6,175,271	43,157,255
2005	25,015,231	15,433,503	2,878,756	7,129,970	6,106,460	6,155,663	62,719,583

Note: 1. Fiscal year 2002-03 was the first year of implementation of the government-wide expenses by program. Subsequent years will be added to this schedule until a total of ten years are presented.

2. Reporting format was changed beginning with 2004 eliminating debt service funds for all Assessment Districts since the City is not obligated for this debt in any way. All figures have been adjusted for 2003 to eliminate all Assessment District Debt Service Fund Expenditures.

3. Period 2004, Community Development expenditures were excluded with General Government expenditures.

Source: City of Cathedral City Finance Department.

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CITY OF CATHEDRAL CITY
Governement-Wide Revenues By Source
Last Three Fiscal Years

TABLE 2

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Income
2003	$ 5,195,883	$ 3,891,493	$ 252,577	$ 33,875,940	$ 1,916,429
2004	4,645,696	3,988,660	755,332	33,258,729	1,386,790
2005	5,279,510	4,797,551	354,291	34,678,025	2,612,506

Note:
1. Fiscal year 2002-03 was the first year of implementation of the government-wide revenues by source. Subsequent years will be added to this schedule until a total of ten years are presented.
2. Reporting format was changed beginning with 2004 eliminating debt service funds for all Assessment Districts since the City is not obligated for this debt in any way. All figures have been adjusted for 2003 to eliminate all Assessment District Debt Service Fund revenues.
3. Miscellaneous revenue for 2005 includes transfer from agency funds to capital improvement funds for assessment district infrastructure work.

Source: City of Cathedral City Finance Department.

TABLE 2

Misc.	Total
$ 1,079,679	$ 46,212,001
4,467,966	48,503,173
17,953,053	65,674,936

CITY OF CATHEDRAL CITY

TABLE 3

General Governmental Expenditures by Function
Governmental Funds
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Pass-through Payments	Capital Outlay
1996	$ 7,676,437	$ 8,935,527	$ 914,099	$ 5,478,471	$ 13,470,968
1997	7,269,439	9,035,181	1,038,802	5,074,800	17,504,502
1998	7,130,836	8,734,250	1,548,098	5,306,429	22,816,980
1999	7,745,961	9,011,183	779,294	5,337,622	12,540,210
2000	7,171,290	9,112,228	1,037,519	5,638,715	4,752,105
2001	7,865,917	10,952,159	1,184,064	6,643,247	17,370,188
2002	8,401,738	11,276,522	2,432,828	7,425,838	11,151,653
2003	8,896,242	11,813,294	2,304,324	9,005,426	10,237,926
2004	9,140,068	12,844,985	2,046,487	3,985,440	3,681,655
2005	14,965,373	15,433,503	2,125,691	6,106,460	16,142,202

Notes: 1. Includes General, Special Revenue, Debt Service and Capital Project Funds.

2. Reporting format was changed beginning with 2004 eliminating debt service funds for all Assessment Districts since the City is not obligated for this debt in any way. All figures have been adjusted from 1996 through 2003 to eliminate all Assessment District Debt Service Fund expenditures.

Source: City of Cathedral City Finance Department.

TABLE 3

Debt Service	Total
$ 14,939,956	$ 51,415,458
12,115,847	52,038,571
6,409,902	51,946,495
6,391,623	41,805,893
7,435,734	35,147,591
7,073,012	51,088,587
8,608,786	49,297,365
9,366,450	51,623,662
12,137,632	43,836,267
10,832,059	65,605,288

CITY OF CATHEDRAL CITY

TABLE 4

General Governmental Revenues by Source
Governmental Funds
Last Ten Fiscal Years

Fiscal Year	Taxes	Fines and Forfeitures	Inter-Governmental	Licenses and Permits	Charges for Services
1996	$ 25,104,622	$ 123,507	$ 2,569,678	$ 872,239	$ 1,569,871
1997	24,814,099	117,383	5,504,180	823,868	1,683,006
1998	20,724,523	67,376	6,538,791	1,050,069	4,958,871
1999	26,344,522	100,543	4,102,038	1,578,997	2,211,073
2000	27,326,351	197,078	3,019,932	2,010,595	2,278,361
2001	27,298,814	179,350	3,922,543	2,149,937	3,858,433
2002	30,371,743	196,493	2,382,219	2,146,618	4,099,497
2003	33,875,940	224,964	3,948,572	2,675,795	2,896,160
2004	30,158,695	288,778	3,940,752	2,564,105	3,499,037
2005	34,678,025	11,283	4,200,128	2,523,772	4,242,513

Notes:
1. Includes General, Special Revenue, Debt Service and Capital Project Funds.
2. Reporting format was changed beginning with 2004 eliminating debt service funds for all Assessment Districts since the City is not obligated for this debt in any way. All figures have been adjusted from 1996 through 2003 to eliminate all Assessment District Debt Service Fund revenues.

Source: City of Cathedral City Finance Department.

TABLE 4

Investment Income	Misc.	Total
$ 2,328,278	$ 1,786,088	$ 34,354,283
2,428,169	2,699,951	38,070,656
1,232,321	756,315	35,328,266
1,946,590	1,046,425	37,330,188
2,237,328	607,223	37,676,868
3,099,852	2,238,891	42,747,820
2,311,204	4,077,057	45,584,831
1,916,429	1,205,640	46,743,500
1,444,002	1,083,660	42,979,029
2,612,506	1,921,641	50,189,868

CITY OF CATHEDRAL CITY

TABLE 5

General Governmental Tax Revenues by Source
Governmental Funds
Last Ten Fiscal Years

Fiscal Year	Property Tax (2)	Tax Increment	Transient Occupancy Tax	Sales and Use Tax	Other Taxes	Total
1996	$ 833,744	$ 12,535,666	$ 1,017,062	$ 4,522,635	$ 6,195,515	$ 25,104,622
1997	858,277	12,105,356	1,087,408	4,307,742	6,455,315	24,814,099
1998	871,819	11,953,011	857,276	4,873,192	2,169,225	20,724,523
1999	896,871	11,757,903	1,380,361	5,990,220	6,319,165	26,344,522
2000	1,071,616	12,514,382	1,363,087	7,292,706	5,084,559	27,326,351
2001	1,046,853	14,792,584	1,391,278	7,545,188	2,522,911	27,298,814
2002	1,184,404	17,111,405	1,463,824	7,816,898	2,795,212	30,371,743
2003	1,281,610	19,513,005	1,773,787	8,652,286	2,655,252	33,875,940
2004	1,394,287	15,289,404	1,681,380	9,331,431	2,462,193	30,158,695
2005	1,787,280	17,586,302	1,702,962	10,164,931	3,436,550	34,678,025

Notes:
1. Includes General, Special Revenue, Debt Service and Capital Project Funds.
2. Includes property transfers and structural fire taxes.
3. Sales Tax for 2005 includes $7,774,070 monthly payments plus $2,390,861 from the Sales Tax Compensation Fund which is received twice per year.

Source: City of Cathedral City Finance Department

CITY OF CATHEDRAL CITY
Property Tax Levies and Collections
Last Ten Fiscal Years

TABLE 6

Fiscal Year Ending June 30	Total Tax Levy	Current Tax Collection	Percent of Levy Collected	Total Tax Collections	Ratio of Total Collections to Levy
1996	$ 757,246	$ 744,372	98.3%	$ 744,372	98.3%
1997	743,531	730,505	98.2%	730,505	98.2%
1998	741,050	727,976	98.2%	727,976	98.2%
1999	740,571	727,499	98.2%	727,499	98.2%
2000	734,352	720,881	98.2%	720,881	98.2%
2001	733,920	720,195	98.1%	720,195	98.1%
2002	705,309	690,898	98.0%	690,898	98.0%
2003	705,512	695,933	98.6%	695,933	98.6%
2004	718,305	708,011	98.6%	708,011	98.6%
2005	*	*	*	*	*

Notes: * Not available at time of printing.

1. Cathedral City is on the Teeter Plan.
2. Years 1995 through 2004 have been estimated since data is not available.

Source: Riverside County Auditor-Controller's Office

CITY OF CATHEDRAL CITY
Assessed Valuations of Taxable Property
Last Ten Fiscal Years

TABLE 7

Fiscal Year	Nonunitary	Secured Property	Unsecured Property	Total Assessed Property Value
1996	$ -	$ 1,627,195,473	$ 60,322,139	$ 1,687,517,612
1997	-	1,583,286,551	59,183,556	1,642,470,107
1998	-	1,563,105,844	66,493,210	1,629,599,054
1999	224,723	1,562,915,361	52,388,433	1,615,528,517
2000	153,537	1,618,164,988	49,889,648	1,668,208,173
2001	141,933	1,797,371,102	77,199,212	1,874,712,247
2002	155,390	2,032,004,758	78,385,697	2,110,545,845
2003	-	2,244,056,372	80,644,771	2,324,701,143
2004	170,853	2,460,268,685	94,948,189	2,555,387,727
2005	213,191	2,776,673,226	87,797,945	2,864,684,362

Sources:
1. Riverside County Auditor-Controller's Office
2. HdL Coren & Cone

TABLE 7

Less Homeowners Exemptions	Net Taxable Value
$ 34,727,957	$ 1,652,789,655
35,782,621	1,606,687,486
36,570,103	1,593,028,951
36,834,344	1,578,694,173
36,150,510	1,632,057,663
37,109,739	1,837,602,508
39,170,982	2,071,374,863
41,912,344	2,282,788,799
46,731,597	2,508,656,130
48,319,893	2,816,364,469

CITY OF CATHEDRAL CITY

TABLE 8

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

Fiscal Year	General Purpose	School Districts	Water Districts	County Flood Control	Total
1996	1.00000	0.03414	0.02080		1.05494
1997	1.00000	0.04041	0.02080		1.06121
1998	1.00000	0.05110	0.02080		1.07190
1999	1.00000	0.05620	0.02080		1.07700
2000	1.00000	0.06050	0.02080		1.08130
2001	1.00000	0.05609	0.02080		1.07689
2002	1.00000	0.05609	0.02080		1.07689
2003	1.00000	0.06002	0.02080		1.08082
2004	1.00000	0.06052	0.02080		1.08132
2005	1.00000	0.06052	0.02080		1.08132

Source: Riverside County Tax Rate Book TRA 19-000

CITY OF CATHEDRAL CITY
Ten Largest Taxpayers (Secured)
June 30, 2005

TABLE 9

Taxpayer	Business	2004-05 Assessed Valuation	Percentage of Total Assessed Valuation (a)
MHC Date Palm	Mobile Home Park/Golf Course	$ 26,806,176	0.97%
Welk Park North	Timeshare Resort	25,852,959	0.93%
Cathedral City Marketplace I	Commercial/Residential	19,750,412	0.71%
Desert Vistas	*	16,513,931	0.59%
Capstar Cathedral City Company	Senior Apartments	13,694,288	0.49%
Cimarron Golf Club	Golf Resort & Timeshare	12,780,048	0.46%
Palm Springs Motors, Inc.	New Motor Vehicle Dealership	11,225,564	0.40%
Pace Membership Warehouse, Inc.	Discount Department Store	10,008,463	0.36%
Cathedral Creekside	Residential	10,752,014	0.39%
Wal Mart Real Estate Business Trust	Discount Department Store	10,458,000	0.38%
		$ 157,841,855	5.68%

Notes: * Not available at time of printing.
1. Local Secured Assessed Valuation = $2,776.673,226

Sources: 1. HdL Coren & Cone
2. City of Cathedral City

CITY OF CATHEDRAL CITY
Top 25 Sales Tax Producers
June 30, 2005

TABLE 10

Taxpayer	Business
Acura Mazda of the Desert	New Motor Vehicle Dealers
Albertsons	Grocery Stores/Liquor
Arco AM PM Mini Mart	Service Stations
Arco AM PM Mini Mart	Service Stations
C & M Building Materials	Lumber/Building Materials
Champion Mitsubishi	New Motor Vehicle Dealers
Chrystal Chrysler Center	New Motor Vehicle Dealers
Desert Lexus	New Motor Vehicle Dealers
Ferguson Enterprises	Plumbing/Electrical Supplies
Honda of the Desert	New Motor Vehicle Dealers
Jessup Auto Plaza	New Motor Vehicle Dealers
Legacy Home Furnishings	Home Furnishings
O Brien Hyundai	New Motor Vehicle Dealers
Palm Springs Motors	New Motor Vehicle Dealers
Palm Springs Nissan	New Motor Vehicle Dealers
Palm Springs Oil	Service Stations
Palm Springs Volvo & Subaru	New Motor Vehicle Dealers
Sams Club	Discount Dept Stores
Spreen Saturn	New Motor Vehicle Dealers
Target	Discount Dept Stores
Toyota Motor Credit Corporation	Auto Lease
Toyota of the Desert	New Motor Vehicle Dealers
Ultramar	Service Stations
United Rentals	Repair Shops
Walmart	Discount Dept Stores

Notes:
1. Percent of Fiscal Year Total that is paid by Top 25 Accounts = 63.91%
2. Firms are listed alphabetically
3. Period: April 2004 through March 2005

Source: HdL Coren & Cone

CITY OF CATHEDRAL CITY
Special Assessment Levies and Collections
Last Ten Fiscal Years

TABLE 11

Fiscal Year	Assessment Levy	Current Assessments Collected	Percentage Collected Currently
1996	$ 7,301,682	$ 6,684,114	91.5%
1997	7,594,734	6,852,877	90.2%
1998	7,200,543	6,716,675	93.3%
1999	7,291,537	6,825,979	93.6%
2000	7,333,321	6,959,715	94.9%
2001	7,177,984	6,831,762	95.2%
2002	4,333,280	4,100,063	94.6%
2003	4,462,830	4,068,221	91.2%
2004	5,298,726	5,125,581	96.7%
2005	5,718,386	5,506,626	96.3%

Source: Riverside County Auditor-Controller's Office

CITY OF CATHEDRAL CITY
Computation of Legal Debt Margin
June 30, 2005

TABLE 12

Total Assessed Valuation	$ 2,864,684,362
Debt Limit - 15 % of Total Assessed Valuation	$ 429,702,654
Amount of Debt Applicable to Debt Limit	
Legal Debt Margin	$ 429,702,654

The City of Cathedral City has no general bonoded indebtedness.

Source: City of Cathedral City Finance Department

CITY OF CATHEDRAL CITY TABLE 13
Schedule of Direct and Overlapping Bond Debt
For the Year Ended June 30, 2005

2004-05 Assessed Valuation:	$2,863,996,257
Redevelopment Incremental Valuation:	2,393,122,740
Adjusted Assessed Valuation:	$ 470,873,517

OVERLAPPING TAX AND ASSESSMENT DEBT (1):	% Applicable	Debt 6/30/05	
Riverside County Flood Control and Water Conservation District, Zone No. 6	2.436%	$ 7,917	
Desert Community College District	2.215	1,558,848	
Palm Springs Unified School District	4.933	6,324,106	
Coachella Valley County Water District, I.D. No. 53	4.530	7,475	
City of Cathedral City Community Facilities District No. 2000-1	100.	12,220,000	
City of Cathedral City 1915 Act Bonds	100.	31,120,260	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$51,238,606	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Debt	0.454%	$2,820,927	
Riverside County Board of Education Certificates of Participation	0.454	55,456	
City of Cathedral City General Fund Debt	100.	6,720,000	
Coachella Valley County Water District, I.D. No. 71 Certificates of Participation	2.152	205,086	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		9,801,469	
Less: Riverside self-supporting obligations		93,217	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$9,708,252	
GROSS COMBINED TOTAL DEBT		$61,040,075	(2)
NET COMBINED TOTAL DEBT		$60,946,858	(2)

(1) Includes all bonded debt which requires a tax levy or assessment charge: e.g. general obligation bonds, Mello-Roos Act and 1915 Act Bonds, benefit assessments, lease tax obligations and parcel tax obligations.

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

Ratios to 2004-05 Assessed Valuation:
Total Overlapping Tax and Assessment Debt .1.79%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($6,720,000).....1.43%
Gross Combined Total Debt 12.96%
Net Combined Total Debt.....12.94%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: $0

Source: California Municipal Statistics, Inc.

CITY OF CATHEDRAL CITY

TABLE 14

Taxable Lease Revenue Bonds
Big League Dreams Sports Park
Last Eight Fiscal Years

Fiscal Year	Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1998	$ 307,255		$ 383,094	$ 383,094	0.80
1999	475,000		458,185	458,185	1.04
2000	480,000	$ 180,000	451,930	631,930	0.76
2001	350,498	65,000	443,416	508,416	0.69
2002	580,734	70,000	438,725	508,725	1.14
2003	478,823	75,000	433,555	508,555	0.94
2004	485,174	80,000	427,898	507,898	0.96
2005	480,762	85,000	421,875	506,875	0.95

Note: Revenues available for debt service consists of lease payments made by the Big League Dreams Sports, L.L.C to the City of Cathedral City.

Source: City of Cathedral City Finance Department

CITY OF CATHEDRAL CITY
Demographic Statistics
Last Ten Calendar Years

TABLE 15

Fiscal Year	Square Miles	Population	Population Percent Change	Riverside County Population	City Population Percent Of County
1996	19.6	35,473	-1.1%	1,381,879	2.6%
1997	19.6	34,927	-1.5%	1,379,956	2.5%
1998	19.6	36,028	3.2%	1,441,237	2.5%
1999	19.6	36,770	2.1%	1,473,307	2.5%
2000	19.6	38,632	5.1%	1,522,855	2.5%
2001	19.6	44,643	15.6%	1,609,356	2.8%
2002	19.6	45,417	1.7%	1,644,341	2.8%
2003	19.6	47,292	4.1%	1,705,537	2.8%
2004	19.6	48,588	2.7%	1,776,743	2.7%
2005	19.6	50,632	4.2%	1,877,000	2.7%

Sources:
1. California State Department of Finance
2. City of Cathedral City

CITY OF CATHEDRAL CITY
Property Value and Construction
Last Ten Fiscal Years
(In Thousands)

TABLE 16

Fiscal Year	Total Assessed Property Value	Percent Change	Number of Building Permits Issued	Percent Change	Estimated Valuation	Percent Change	Bank Deposits	Percent Change
1996	$1,687,517,612	-0.69%	1,317	-9.17%	$28,467,977	-35.90%	*	*
1997	1,642,470,107	-2.67%	1,233	-6.38%	30,260,396	6.30%	*	*
1998	1,629,599,054	-0.78%	1,366	10.79%	39,077,066	29.14%	*	*
1999	1,615,528,517	-0.86%	1,611	17.94%	80,123,546	105.04%	*	*
2000	1,668,208,173	3.26%	1,931	19.86%	110,926,884	38.44%	$157,536,000	*
2001	1,874,712,247	12.38%	2,056	6.47%	121,135,329	9.20%	144,944,000	-7.99%
2002	2,110,545,845	12.58%	2,030	-1.26%	115,282,438	-4.83%	165,395,000	14.11%
2003	2,324,701,143	10.15%	2,287	12.66%	128,810,054	11.73%	174,477,000	5.49%
2004	2,555,387,727	9.92%	2,065	-9.71%	130,598,770	1.39%	189,711,000	8.73%
2005	2,864,684,362	12.10%	2,204	6.73%	108,157,784	-17.18%	*	*

Notes: * Not available at time of printing.

Source: 1. Riverside County Auditor-Controller's Office
2. Findley Reports on California Financial Institutions

CITY OF CATHEDRAL CITY
Miscellaneous Statistics
June 30, 2005

TABLE 17

Date of Incorporation	November 16, 1981
Form of Government	Council-Manager/General Law
Registered Voters	19,231
Area in Square Miles	19.6
Miles of streets	205.36
Fire protection:	
Number of stations	3
Number of firefighters and officers	39
Police protection:	
Number of stations	1
Number of service offices	3
Number of sworn officers	56
Public education facilities:	
Elementary schools	4
Middle schools	2
High schools	1
Sewers and drains:	
Miles of storm drains	4.12
Recreation and culture:	
Park sites	4
Community centers	1
Libraries	1
Water Park	1
Amusement Parks/Family Entertainment Centers	1
Ball Park	1
Bowling Centers	1
Theaters	3
Full-time City employees (excluding Police and Fire)	94
Elected Officials	7
Part-time City employees	24
Population	50,632

Sources: 1. City of Cathedral City
2. State Department of Finance