

Measure J Capital Projects Fund
City of Palm Springs
Revenues and Expenditures
December 31, 2013 Report

Proj Code	2011-2012	2012-2013	2013-2014 Fiscal Year			Balances / Variances
	Final Actuals	Final Actuals	Revised Budget	YTD Actuals	Encumbered	
Revenues and Transfers In:						
Measure J Sales Tax Transfer In						
from General Fund	1,950,533	11,046,045	11,000,000	3,810,783	0	(7,189,217)
Interest Income	0	40,535	0	4,126	0	4,126
Unrealized Investment Gain or Loss	0	(65,095)	0	0	0	0
Total Revenues and Transfers In	1,950,533	11,021,484	11,000,000	3,814,909	0	(7,185,091)
Expenditures and Transfers Out:						
Unscheduled Capital Projects / Reserves:			Total = \$2,440,498			
Project Contingency Reserve (Remnant of 10%)	0000	0	1,020,498	0	0	1,020,498
Delayed Projects Under Discussion and Study	0000	0	770,000	0	0	770,000
Unscheduled Capital Projects Reserve	0000	0	650,000	0	0	650,000
Transfer Out to Debt Service Fund	0001	2,949,862	3,200,000	969,656	0	2,230,344
Measure J Implementation Costs	0002	29,519	0	0	0	0
Special Audit	0003	0	4,316	20,685	5,000	15,685
Communications Expenses	0004	0	2,594	7,406	1,592	2,709
Downtown Prop Maint and Landscaping	0005	0	77,202	300,353	27,015	261,519
Streets - 2013 - Reconstruction & Overlay	0006	0	6,897	2,332,639	1,401,956	171,414
Streets - 2013 - Slurry Seal	0008	0	9,834	650,629	599,162	39,826
Streets - 2014 - Reconstruction & Overlay	0008	0	0	1,000,000	0	1,000,000
Pavilion Kitchen Equipment Replacement	0009	0	12,575	1,425	0	1,425
Desert Highland Light Poles / Fixture Replacement	0010	0	793	79,207	273	78,934
Ruth Hardy Park Security Path Lighting	0011	0	83	49,917	137	44,206
Desert Highland Small Parking Lot Repairs	0012	0	2,411	37,589	61	37,528
Dog Park Improvements	0013	0	3,035	6,965	0	6,965
Sidewalk Replacement in Parks Citywide	0014	0	4,923	75,077	66,863	4,737
Demuth Park - Softball Field Wiring Replacement	0015	0	8,092	31,908	7,984	23,925
Demuth Community Center - Gym Floor Replacement	0016	0	2,006	37,994	382	37,612
Sunrise Park Water Valve Replacement	0017	0	28,473	21,527	6,826	14,701
Demuth and Ruth Hardy Parks - Parking Lot Repairs	0018	0	1,467	163,533	8,062	155,471
Stadium Fencing Repairs	0019	0	6,166	13,834	5,082	8,752
Replace 20 Trees - Palm Cyn, Indian Cyn, Sunrise Park	0020	0	345	124,655	971	117,934
Village Green - Electric Meter Panel Replacement	0021	0	0	25,000	55	24,945
Downtown / Uptown Crosswalks	0022	0	30,435	245,565	5,100	182,060
Light Poles - Raise Footings - Citywide	0023	0	670	149,330	585	136,690
Traffic Signal & Queing Study (Sunrise @ Ralph's Ctr)	0024	0	1,494	8,506	902	7,604
Palm Canyon Electric "Backbone" Replacement	0025	0	0	900,000	229	888,621
New Fire Station #5 Site Location and Design Study	0026	0	0	50,000	0	50,000
Wellwood Memorial Library Renovation Project	0027	0	0	582,446	1,952	548,254
iHUB Accelerator Campus	0029	0	0	500,000	500,000	0
Architecture and Design Museum	0030	0	0	283,334	283,000	334
Firefighting Support Unit	0031	0	0	350,000	0	332,914
Downtown Palm Springs Development	0032	0	0	365,000	0	365,000
Swim Center Deck	0033	0	0	180,000	0	164,000
Swim Center Underwater Lights	0034	0	0	12,000	0	9,795
Bike Crossing at Cat Cyn (50% paid for by Cat City)	0035	0	0	15,000	1,348	13,652
Shade Cover at Mizell Senior Center	0036	0	0	25,000	0	25,000
Trailhead Waste	0037	0	0	5,000	398	2,862
Airport Fire Station Back-up Generator (50% Airport)	0038	0	0	62,500	451	62,049
Security Cameras at Park Restrooms	0039	0	0	75,000	0	75,000
Baristo Sidewalk	0040	0	0	25,000	1,860	23,140
Palm Springs High School Auditorium Remodel	0041	0	0	291,000	0	291,000
Landscape Visitors' Center Landscaping	0042	0	0	25,000	0	25,000
Library Computers	0043	0	0	47,800	0	24,888
Library Planning	0043	0	0	150,000	0	150,000
Property Acquisition (near Chino Cone)	0044	0	0	1,000,000	0	1,000,000
JO Jessie DHUC - Gym Air Conditioning	0045	0	0	175,000	61	174,940
Entry Way Signs	0046	0	0	150,000	54	149,946
Police Training Center Upgrades	0047	0	0	100,000	0	100,000
Building Department Microfilm to Internet	0049	0	0	110,000	0	110,000
Veteran's Track "Pocket" Park (Ave. Evelita)	0050	0	0	12,960	0	12,960
Police Records / Lobby Remodel	0051	0	0	250,000	0	250,000

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	Final Actuals	Final Actuals	Revised Budget	YTD Actuals	Encumbered	
NMTP / Biking Issues	0	0	1,004,544	859	0	1,003,685
Tahquitz Creek Master Plan Improvements	0	0	300,000	0	0	300,000
Repave Police Rear and Front Parking Lots	0	0	300,000	194	0	299,806
Fire Station #2 - Roof Replacement	0	0	20,000	60	0	19,940
Fire Station #2 - Chiller Replacement	0	0	60,000	0	0	60,000
Police Detective Bureau Redesign Study	0	0	100,000	0	0	100,000
Fire Stations Security Cameras	0	0	27,000	121	0	26,879
Fire Stations Keyless Entry System	0	0	50,000	0	0	50,000
Uptown Treewell Irrigation	0	0	45,000	0	0	45,000
Cornelia White House Improvements	0	0	50,000	121	16,150	33,729
Pavilion Gymnasium Floor Repair and Refinish	0	0	30,000	0	0	30,000
City Hall Security Design and Installation	0	0	100,000	0	0	100,000
Arnico Tract Sewer Improvements	0	0	181,000	0	0	181,000
City Hall Parking Lot Resurfacing	0	0	700,000	433	0	699,567
Tahquitz Cyn Median Landscaping Sunrise to El Cielo	0	0	1,030,000	0	0	1,030,000
Trolley Shuttle	0	0	25,000	0	4,800	20,200
Total Expenditures and Transfers Out	29,519	3,153,674	20,788,824	3,893,804	1,742,531	15,152,489
Net Surplus / (Deficit)	1,921,014	7,867,810	(9,788,824)	(78,895)		
Unallocated Fund Balance, Beginning of Fiscal Year	0	1,921,014	9,788,824	9,788,824		
Unallocated Fund Balance, End of Fiscal Year	1,921,014	9,788,824	0	9,709,930		

Cash as of 12/31/2013 = 9,775,025

Multi-Year Summary of Available Measure J Funds

City of Palm Springs

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Beginning Balance	\$9,788,824		
Projected Sales Tax Revenue	\$11,000,000	\$11,000,000	\$11,000,000
Reserves:			
Project Contingency Reserve	\$995,359		
Delayed Projects Under Discussion / Study	1,800,000		
Unscheduled Capital Projects	650,000		
Less Tahquitz Median	(1,000,000)		
Other Project Adjustment	(4,861)		
Net Reserves	(2,440,498)		
Total Available Funds	<u>\$18,348,326</u>	<u>\$11,000,000</u>	<u>\$11,000,000</u>
<i>Existing Budget Obligations:</i>			
Debt Service	\$3,200,000	\$3,200,000	\$3,200,000
Downtown Prop Maint & Other Expenses	328,443	350,000	375,000
Multi-Year Projects:			
iHub Accelerator Campus	\$500,000	\$250,000	\$250,000
Architecture and Design Museum	283,334	283,333	283,333
PSHS Auditorium Remodel	291,000	291,000	0
Property Acquisition (near Chino Cone)	1,000,000	1,000,000	1,000,000
Tahquitz Median	1,030,000	1,030,000	0
Arnico Tract (should be multi-year) *			
Total Multi-Year Projects	<u>\$3,104,334</u>	<u>\$2,854,333</u>	<u>\$1,533,333</u>
2012-2013 & 2013-2014 Single-Year Projects	\$11,715,549	\$0	\$0
Total Existing Budget Obligations	<u>\$18,348,326</u>	<u>\$6,404,333</u>	<u>\$5,108,333</u>
Net New Funds Available for Budgeting	<u>\$0</u>	<u>\$4,595,667</u>	<u>\$5,891,667</u>
Add Back 2013-2014 "Reserve" Holding Amounts		2,440,498	
Total Funds Available for Budgeting	<u>\$0</u>	<u>\$7,036,165</u>	<u>\$5,891,667</u>

* Note: Arnico Tract should have about \$280K budgeted between 14-15 & 15-16 but it was not addressed.

**CITY OF PALM SPRINGS, CALIFORNIA
MEASURE J FUND**

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2013

CITY OF PALM SPRINGS, CALIFORNIA
MEASURE J FUND

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2013

CITY OF PALM SPRINGS, CALIFORNIA

MEASURE J FUND
FINANCIAL STATEMENTS

JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Palm Springs, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure J Fund of the City of Palm Springs, California as of and for the year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure J Fund of the City of Palm Springs, California, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and Members of City Council
City of Palm Springs, California

Emphasis of a Matter

As described in Note 1 to the financial statement, the financial statement is prepared in accordance with Measure J which requires a financial statement that presents only the Measure J Fund and does not purport to, and does not, present fairly the financial position of the City of Palm Springs, California as of June 30, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Restriction of Use

Our report is intended solely for the information and use of the City of Palm Springs and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Brea, California
December 20, 2013

CITY OF PALM SPRINGS

MEASURE J FUND
 STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
 JUNE 30, 2013

	Measure J Fund	Adjustments	Statement of Net Position
Assets:			
Cash and investments	\$ 8,228,392	\$ -	\$ 8,228,392
Receivables:			
Accounts receivable	1,615,501	-	1,615,501
Accrued interest	11,791	-	11,791
Total Assets	<u>\$ 9,855,684</u>	<u>-</u>	<u>9,855,684</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	\$ 58,746	-	58,746
Accrued liabilities	8,113	-	8,113
Total Liabilities	<u>66,859</u>	<u>-</u>	<u>66,859</u>
Fund Balance:			
Restricted for public works	9,788,825	(9,788,825)	-
Total Fund Balance	<u>9,788,825</u>	<u>(9,788,825)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 9,855,684</u>		
Net Position:			
Restricted for public works		9,788,825	9,788,825
Total Net Position		<u>\$ -</u>	<u>\$ 9,788,825</u>

CITY OF PALM SPRINGS

**MEASURE J FUND
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2013**

	<u>Measure J Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Taxes	\$ 11,046,045	\$ -	\$ 11,046,045
Use of money and property	<u>(24,561)</u>	<u>-</u>	<u>(24,561)</u>
Total Revenues	<u>11,021,484</u>	<u>-</u>	<u>11,021,484</u>
Expenditures:			
Public Works	<u>203,811</u>	<u>-</u>	<u>203,811</u>
Total Expenditures	<u>203,811</u>	<u>-</u>	<u>203,811</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	10,817,673	-	10,817,673
Other Financing Sources (Uses):			
Transfers out	<u>(2,949,862)</u>	<u>-</u>	<u>(2,949,862)</u>
Total Other Financing Sources (Uses)	<u>(2,949,862)</u>	<u>-</u>	<u>(2,949,862)</u>
Net Change in Fund Balance/Net Position	7,867,811	-	7,867,811
Fund Balance/Net Position at Beginning of Year	<u>1,921,014</u>	<u>-</u>	<u>1,921,014</u>
Fund Balance/Net Position at End of Year	<u>\$ 9,788,825</u>	<u>\$ -</u>	<u>\$ 9,788,825</u>

**CITY OF PALM SPRINGS
MEASURE J FUND**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The City of Palm Springs, California Measure J Fund (the "Fund") is used to account for the Measure J Fund's activities. Measure J is a local revenue measure passed on November 8, 2011 to maintain local community services and economically revitalize the downtown area.

The Fund is a governmental fund of the City of Palm Springs, California, and the accompanying financial statements are included in the City of Palm Springs, California's basic financial statements.

The accompanying financial statements are for Measure J Fund only and are not intended to fairly present the financial position of the City of Palm Springs, California or the results of its operations.

b. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

c. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major funds. The government reports the following major governmental funds:

The Measure J fund (the "Fund") is the primary operating fund. It accounts for all financial resources.

d. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

e. Assets, Liabilities and Net Position or Equity

Cash and Investments

The fund's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the fund are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The fund pools its cash and investments with the City of Palm Springs.

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

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."

Fund Equity

In the fund financial statements, the fund reports the following fund balance classifications:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's governing board.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications.

CITY OF PALM SPRINGS
MEASURE J FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net Position is the excess of all the fund's assets over all its liabilities, regardless of fund. Net Position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the fund's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the government cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Note 2: Cash and Investments

Cash and investments as reported in the accompanying financial statements consisted of the following:

Cash and investments	<u>\$ 8,228,392</u>
Total	<u>\$ 8,228,392</u>

The fund's cash and investments are pooled with the City of Palm Springs cash and investment in order to generate optimum interest income. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the fund's pooled cash and investments is included in the City of Palm Springs' basic financial statements, which are available at 3200 East Tahquitz Canyon Way, Palm Springs, California 92262.

Note 3: Commitments and Contingent Liabilities

The fund is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the fund.

**CITY OF PALM SPRINGS
MEASURE J FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

Note 4: Risk Management

The fund is covered under the City of Palm Springs' insurance policies. Therefore, the limitations and self-insured retentions applicable to the City also apply to the fund. Additional information on coverage and self-insured retentions can be obtained by contacting the City of Palm Springs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of City Council
City of Palm Springs, California

Report on Compliance

We have audited the compliance of the Measure J Fund of the City of Palm Springs, California (the "City") with the types of compliance requirements described in the Measure J ballot passed on November 8, 2011, ("Measure J") for the year ended June 30, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of Measure J.

Auditor's Responsibility

Our responsibility is to express opinions on compliance with the requirements of Measure J based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Measure J. Those standards and Measure J require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on Measure J Fund of the City. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the Measure J Fund for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



To the Honorable Mayor and Members of City Council
City of Palm Springs, California

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Measure J on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Measure J. Accordingly, this communication is not suitable for any other purpose.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider material weaknesses as defined above.

This report is intended solely for the information and use of management and the Governing Board of the City and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Loughard, LLP

Brea, California
December 20, 2013

INDEPENDENT ACCOUNTANTS' REPORT

Mayor, City Council, and Measure J Commission
City of Palm Springs
Palm Springs, California

We have performed the procedures enumerated below, which were agreed to by the City of Palm Springs, solely to assist you in evaluating the actual revenues and expenditures of Measure J from April 1 through June 30, 2013 as presented on Schedule 1. The City of Palm Springs' management is responsible for the Measure J revenues and expenditures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have verified all Measure J revenues (sales tax receipts) from the State of California for the period noted in the first paragraph by reviewing documentation for each individual deposit. Total deposits for the period were \$4,703,531. Schedule 1 reports year-to-date revenues of \$11,046,045, of which we previously verified \$6,342,514.

We have verified the Measure J expenditures for the period noted above by reviewing prior Council approval of expenditures and supporting documentation. Total expenditures for the period were \$2,271,277. Schedule 1 reports year-to-date expenditures of \$3,153,674, of which we previously verified \$882,397.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Measure J revenues and expenditures. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor, City Council, and the Measure J Commission of the City of Palm Springs and is intended to be used by such parties to assist in meeting the requirements of section 3.22.140 "Independent Annual Audit" of Measure J, which requires an accounting of the revenues received and expenditures made from the transaction and use tax and is not intended to be used by anyone other than those specified parties.

Maryann Maden Gordon & Campbell

December 18, 2013

Proj Code	2011-2012	2012-2013	2013-2014 Fiscal Year			Balances / Variances
	Final Actuals	Final Actuals	Revised Budget	YTD Actuals	Encumbered	
Revenues and Transfers In:						
Measure J Sales Tax Transfer In						
from General Fund	1,950,533	11,046,045	11,000,000	1,981,460	0	(9,018,540)
Interest Income	0	40,535	0	4,126	0	4,126
Unrealized Investment Gain or Loss	0	(65,095)	0	0	0	0
Total Revenues and Transfers In	1,950,533	11,021,484	11,000,000	1,985,586	0	(9,014,414)
Expenditures and Transfers Out:						
Unscheduled Capital Projects / Reserves:			Total = \$3,445,359			
Project Contingency Reserve (Remnant of 10%)	0000	0	995,359	0	0	995,359
Delayed Projects Under Discussion and Study	0000	0	1,800,000	0	0	1,800,000
Unscheduled Capital Projects Reserve	0000	0	650,000	0	0	650,000
Transfer Out to Debt Service Fund	0001	2,949,862	3,250,138	0	0	3,250,138
Measure J Implementation Costs	0002	29,519	0	0	0	0
Special Audit	0003	0	4,316	20,685	5,000	15,685
Communications Expenses	0004	0	2,594	7,406	0	7,406
Downtown Prop Maint and Landscaping	0005	0	77,202	300,353	15,367	272,442
Streets - Reconstruction	0006	0	5,200	2,832,422	12,246	2,138,568
Streets - Overlay	0007	0	1,697	500,218	18	500,200
Streets - Slurry Seal	0008	0	9,834	650,629	452,880	123,757
Pavilion Kitchen Equipment Replacement	0009	0	12,575	1,425	0	1,425
Desert Highland Light Poles / Fixture Replacement	0010	0	793	79,207	220	78,986
New Fire Station #5 Site Location and Design Study	0026	0	0	50,000	0	50,000
Ruth Hardy Park Security Path Lighting	0011	0	83	49,917	110	49,807
Desert Highland Small Parking Lot Repairs	0012	0	2,411	37,589	33	37,556
Dog Park Improvements	0013	0	3,035	6,965	0	6,965
Sidewalk Replacement in Parks Citywide	0014	0	4,923	75,077	824	69,516
Demuth Park - Softball Field Wiring Replacement	0015	0	8,092	31,908	6,192	25,716
Demuth Community Center - Gymnasium Floor Repairs	0016	0	2,006	37,994	306	37,688
Sunrise Park Water Valve Replacement	0017	0	28,473	21,527	6,750	14,777
Demuth and Ruth Hardy Parks - Parking Lot Repairs	0018	0	1,467	163,533	3,922	159,610
Stadium Fencing Repairs	0019	0	6,166	13,834	5,082	8,752
Replace 20 Trees - Palm Cyn, Indian Cyn, Sunrise Park	0020	0	345	124,655	555	124,101
Village Green - Electric Meter Panel Replacement	0021	0	0	25,000	55	24,945
Downtown / Uptown Crosswalks	0022	0	30,435	245,565	1,757	185,403
Light Poles - Raise Footings - Citywide	0023	0	670	149,330	585	136,690
Traffic Signal & Queing Study (Sunrise @ Ralph's Ctr)	0024	0	1,494	8,506	0	7,439
Lighting - Replace Underground Electrical	0025	0	0	900,000	55	899,945
Wellwood Memorial Library Renovation Project	0027	0	0	582,446	825	572,041
iHUB Accelator Campus	0029	0	0	500,000	500,000	0
Architecture and Design Museum	0030	0	0	283,334	0	283,334
Firefighting Support Unit	0031	0	0	350,000	0	332,914
Downtown Palm Springs Development	0032	0	0	365,000	0	365,000
Swim Center Deck	0033	0	0	180,000	0	180,000
Swim Center Underwater Lights	0034	0	0	12,000	9,795	2,205
Bike Crossing at Date Palm (50% paid for by Cat City)	0035	0	0	15,000	0	15,000
Shde Cover at Mizell Senior Center	0036	0	0	25,000	0	25,000
Trailhead Waste	0037	0	0	5,000	2,862	2,138
Airport Back-up Generator (1/2 paid for by Airport)	0038	0	0	62,500	0	62,500
Security Cameras at Park Restrooms	0039	0	0	75,000	0	75,000
Baristo Sidewalk	0040	0	0	25,000	0	25,000
Palm Springs High School Auditorium Remodel	0041	0	0	291,000	0	291,000
Landscape Visitors' Center Landscaping	0042	0	0	25,000	0	25,000
Library Computers	0043	0	0	47,800	0	47,800
Library Planning	0043	0	0	150,000	0	150,000
Property Acquisition (near Chino Cone)	0044	0	0	1,000,000	0	1,000,000
JO Jessie DHUC - Gym Air Conditioning	0045	0	0	175,000	0	175,000
Entry Way Signs	0046	0	0	150,000	0	150,000
Police Training Center Upgrades	0047	0	0	100,000	0	100,000
Building Department Microfilm to Internet	0049	0	0	110,000	0	110,000
Veteran's Memorial	0050	0	0	12,960	0	12,960
Police Records Area - Redesign and Renovate	0051	0	0	250,000	0	250,000

Measure J Capital Projects Fund
 City of Palm Springs
 Revenues and Expenditures
 October 31, 2013 Report

Proj Code	2011-2012	2012-2013	2013-2014 Fiscal Year			Balances / Variances
	Final Actuals	Final Actuals	Revised Budget	YTD Actuals	Encumbered	
NMTP/Biking Issues	0	0	1,004,544	0	0	1,004,544
Tahquitz Creek Master Plan	0	0	300,000	0	0	300,000
Repave Police Rear and Front Parking Lots	0	0	300,000	0	0	300,000
Fire Station #4 - Roof Replacement	0	0	20,000	0	0	20,000
Fire Station #4 - Chiller Replacement	0	0	60,000	0	0	60,000
Police Dept Initial Design and Renovation	0	0	100,000	0	0	100,000
Fire Stations Security Cameras	0	0	27,000	0	0	27,000
Fire Stations Keyless Entry System	0	0	50,000	0	0	50,000
Uptown Treewell Irrigation	0	0	45,000	0	0	45,000
Village Green - Improvements	0	0	50,000	0	0	50,000
Pavilion Gymnasium Floor Repair and Refinish	0	0	30,000	0	0	30,000
City Hall Security Design and Installation	0	0	100,000	0	0	100,000
Arnico Tract Sewer Improvements	0	0	181,000	0	0	181,000
City Hall Parking Lot Resurfacing	0	0	700,000	0	0	700,000
Total Expenditures and Transfers Out	29,519	3,153,674	20,788,824	1,007,782	2,900,698	16,880,345
Net Surplus / (Deficit)	1,921,014	7,867,810	(9,788,824)	977,804		
Unallocated Fund Balance, Beginning of Fiscal Year	0	1,921,014	9,788,824	9,788,824		
Unallocated Fund Balance, End of Fiscal Year	1,921,014	9,788,824	0	10,766,628		

Cash as of 10/31/2013 = 10,826,321